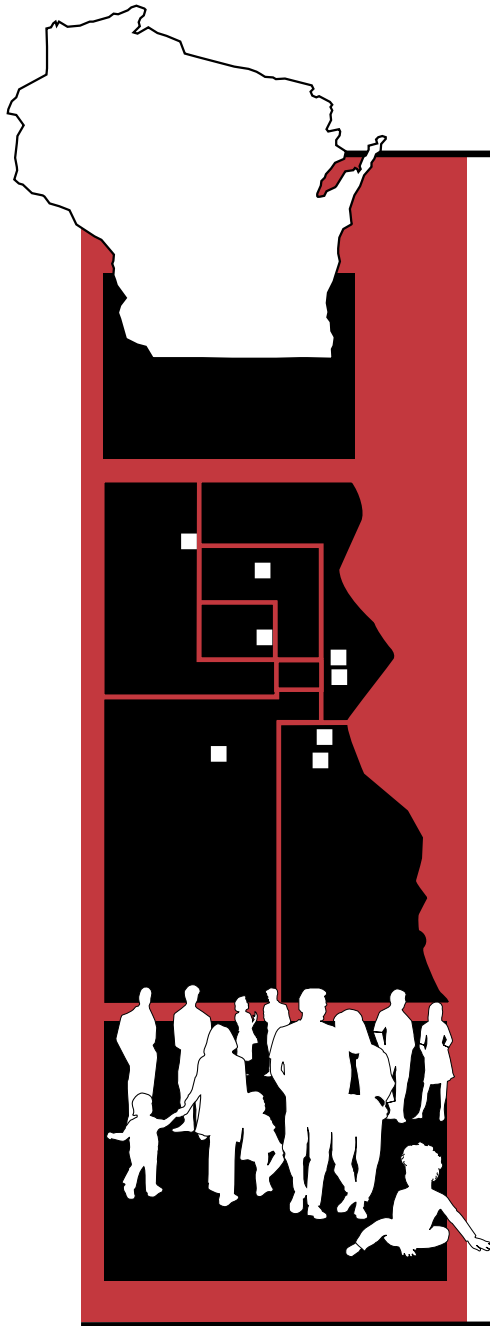


W-2

CONVERTING TO WISCONSIN WORKS



Where did families go when AFDC ended in Milwaukee?

A Report by Hudson Institute and
Mathematica Policy Research

Rebecca Swartz
Jacqueline Kauff
Lucia Nixon
Tom Fraker
Jay Hein
Susan Mitchell



In 1993, Governor Tommy Thompson signed the Wisconsin state legislation mandating an end to the Aid to Families with Dependent Children program in the state. The Hudson Institute recognized a rare opportunity to help shape one of the most important processes of social policy reform in a generation. With funding from the Bradley Foundation in Milwaukee and the Charles Stewart Mott Foundation, Hudson Institute opened an office in Wisconsin's capital city, Madison. After two years of research and planning, Thompson unveiled the Wisconsin Works (W-2) program, which indeed "ended welfare as we knew it" and set a benchmark for other state welfare reforms adopted in the 1990s. Since then, Hudson has continued to be a leading advisor to the state.

Today Hudson plays two distinct but related roles in Wisconsin:

- 1) It works from the inside to help make meaningful reform a reality, providing guidance and technical support relating to policy development, implementation and evaluation to the Department of Workforce Development, which administers the W-2 program; and
- 2) It conducts research from the outside, as a critical analyst of the process of policy formulation, adoption, and implementation.

Hudson calls this participatory research. Working closely with government officials, community advocates, business leaders, academics and scholars, politicians, and many other groups provides Hudson's researchers with a unique vantage point from which to understand the nature and significance of reform activity. Hudson believes that Wisconsin's experiences can inform other states and countries considering similar reforms.

To meet its goals, Hudson has engaged in two research projects. The first is a book on the development and implementation of W-2 entitled "Re-Working Welfare: The New Wisconsin Idea." Hudson plans to publish the book in early 2000. The second research project is this report which serves as a more analytic study of the W-2 implementation process. "Converting to Wisconsin Works: Where did families go when welfare ended in Milwaukee?" is a survey of individuals who were on AFDC the month before W-2 implementation. Some of these individuals converted to W-2, some went to work, some began receiving other types of government assistance, and some chose different strategies.

To conduct this survey, Hudson Institute contracted with Mathematica Policy Research Inc. (MPR), a nationally recognized social policy research and evaluation firm, to assist in designing and carrying out the study. Hudson Institute selected MPR as its partner for this study based on MPR's demonstrated ability to bring the highest standards of objectivity and excellence to the collection and analysis of data.

This study would not have been possible without the generosity and guidance of Michael Laracy of the Annie E. Casey Foundation, Tom Smith of the Edna McConnell Clark Foundation, Jennifer Phillips of the Charles Stewart Mott Foundation, and Phoebe Cottingham of the Smith Richardson Foundation.

We hope that this report will help inform the discussion about W-2 and TANF in general. The findings and the conclusion in this report are the authors' alone and do not necessarily represent the official positions or policies of the funders.

A handwritten signature in black ink, appearing to read "Herbert London". The signature is fluid and cursive, written over a light blue horizontal line.

Herbert London
President, Hudson Institute

W-2

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In addition to our funders, we would like to thank the Wisconsin Works Management and Evaluation Project (W-2 MEP) for providing access to state administrative data. We would also like to extend a special thanks to those who helped with the report. At Hudson, Andy Bush secured the funding for the report and laid out the initial framework. In addition, John Clark and John Weicher reviewed drafts and provided help with the direction of the report, Julia North worked tirelessly reviewing drafts and developing the graphics. At Mathematica, Valerie Williams and Natalie Lacireno-Paquet provided assistance in the development of the survey instrument, Anja Soldan provided research assistance for the analysis of the data, Harold Beebout reviewed an early draft of the report and provided many helpful comments, and Susan Mitchell directed the survey effort. In addition, we would like to thank those outside of Hudson and MPR who reviewed the draft: Jean Rogers and Jan Van Vleck from the Wisconsin Department of Workforce Development; Michael Wiseman from the Urban Institute; Larry Mead from New York University; Fred Doolittle from Manpower Demonstration Research Corporation, and Susan Gooden from Virginia Technical Institute. Their comments were much appreciated and helped to create a more cohesive report. When citing this report, please use the title “Converting to Wisconsin Works: Where did families go when AFDC ended in Milwaukee?”

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Glossary of Terms

Aid to Families with Dependent Children (AFDC)

AFDC was established by the Social Security Act of 1935 as a means-tested entitlement program to provide cash welfare payments for families with needy children who were deprived of parental support or care because a second parent was absent from the home continuously, was incapacitated, deceased or unemployed. Under AFDC, the federal government provided a matching grant, which increased and decreased with changes in the state's AFDC case-load. The AFDC entitlement program ended with the implementation of TANF.

Community Service Job (CSJ)

One of the three work training placements under W-2, CSJs serve individuals with little to no work history. CSJ participants receive a cash grant of \$673 per month for participation in work training and education activities.

Kinship Care

Kinship Care is a Wisconsin program that provides a \$215 per child monthly cash grant to non-legally responsible relatives, such as a grandmother or aunt who is not part of the foster care program, for caring for a minor child.

Temporary Assistance for Needy Families (TANF)

Established by the 1996 Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) signed into law on August 22, 1996, TANF replaces the former AFDC and Job Opportunities and Basic Skills Training (JOBS) program. Under TANF, states receive a block grant allocation which covers benefits, administrative expenses, and services. States determine eligibility and benefit levels and services provided to needy families.

Supplemental Security Income (SSI)

SSI is a federal means-tested program that provides a monthly benefit to individuals who are age 65 or older, blind, or disabled—defined as unable to work due to a medically determined physical or mental impairment expected to last for at least twelve months or to end in death. Adults as well as children may be eligible for SSI.

SSI Caretaker Supplement

SSI Caretaker Supplement is a Wisconsin program that provides a \$100 monthly cash grant for the dependent children of parents receiving SSI.

Trial Jobs

One of the three work training placements under W-2, Trial Jobs are for individuals who need extra work experience and training to assist them to move into unsubsidized employment. Trial Job participants are paid at least the minimum wage directly by their employer who receives a \$300 per month subsidy for providing additional training to the participant.

Wisconsin Works (W-2)

W-2 is Wisconsin's TANF program. It was implemented statewide in September 1997. W-2 assistance includes participation in the three work training placements (Trial Jobs, CSJs, and W-2 Transitions), as well as case management services for those who are already employed or otherwise not eligible for a work training placement, and help paying for child care.

W-2 Transitions

One of the three work training placements under W-2, W-2 Transitions serve individuals with more serious barriers to work such as drug abuse, domestic violence, or the care of a severely disabled child or family member. W-2 Transition participants receive a monthly cash grant of \$628 for participation in work training and education activities.

Executive Summary



In September 1, 1997, Wisconsin implemented one of the most ambitious welfare reform programs in the nation—Wisconsin Works (W-2). As the state’s Temporary Assistance for Needy Families (TANF) program, W-2 replaces the former Aid to Families with Dependent Children (AFDC) program, TANF’s predecessor.

Between September 1997 and March 1998 all AFDC cases were closed and clients interested in converting to W-2 were given an opportunity to do so.

Hudson Institute analysts wanted to know how the new program affected the lives of former AFDC recipients in Milwaukee County. Four foundations—Annie E. Casey, Edna McConnell Clark, Charles Stewart Mott, and Smith Richardson—supported the Institute’s effort to ascertain the answers. Hudson Institute contracted with Mathematica Policy Research Inc. (MPR) to assist in designing and conducting a study to assess the following characteristics of former AFDC recipients:

- Their experiences converting from AFDC to W-2
- The nature and level of their participation in W-2 and other assistance programs about a year after W-2 implementation
- Their employment and income about a year after W-2 implementation
- Other measures of their well-being

Hudson and MPR developed a telephone survey with questions pertaining to these four topics. A random sample of 400 cases was drawn from the population of all families residing in Milwaukee County, Wisconsin, who received an AFDC cash benefit in August 1997. Two hundred ninety-six individuals (74% of the sample) completed the survey interview between October 1998 and March 1999.

FINDINGS

Although the survey focuses on experiences with the conversion process as well as the family’s status about a year after W-2 implementation, it is not a “leavers” study, one that studies individuals who stopped receiving cash assistance at a point in time. While our sample “left” AFDC as it ended, they did not necessarily leave welfare. Some converted to W-2, some began working or receiving another form of government assistance, some found jobs, and some pursued different strategies. Key findings from the survey follow.

Experiences with conversion from AFDC to W-2

Forty-four percent began receiving W-2 assistance the month after their AFDC ended. Although 72 percent of former AFDC recipients went through at least some of the steps necessary to convert to W-2, such as attending an orientation or developing an employability plan, 44 percent converted initially—that is, began receiving W-2 assistance the month after their AFDC ended. W-2 assistance may include a work training placement, case management services, or help paying for child care. Those who had received W-2 assistance at some point after their AFDC ended generally described the conversion process as confusing, difficult, and time consuming.

SURVEY OF FORMER AFDC RECIPIENTS

Their experiences converting from AFDC to W-2

The nature and level of their participation in W-2 and other assistance programs about a year after W-2 implementation

Their employment and income about a year after W-2 implementation

Other measures of their well-being

KEY FINDINGS

Forty-four percent began receiving W-2 assistance the month after their AFDC ended.

Three-quarters received some type of cash grant after AFDC ended.

Although different in some ways, those who converted to W-2 the month after their AFDC ended shared several similarities with those who did not convert initially.

Those who converted initially remained more attached to public assistance programs.

Most of those receiving W-2 assistance were in a work training placement.

Some did not know they could get child care assistance, Food Stamps, and Medicaid without being in W-2.

Former AFDC recipients have mixed views about W-2.

Forty-one percent of former AFDC recipients were working in a regular job in the month prior to the survey interview.

On average, working parents had incomes above the poverty level, but those who were not employed did not fare as well.

Three-quarters received some type of cash grant after AFDC ended. Some former recipients who did not convert initially to W-2 began receiving W-2 assistance at a later point in time. In the 12 to 18 months following the implementation of W-2, 62 percent received W-2 assistance at some point in time, and 16 percent received cash assistance from another government program such as the federal SSI program or Wisconsin’s Kinship Care program. Twenty-two percent did not receive any government cash grant in the 12 to 18 months after AFDC ended.

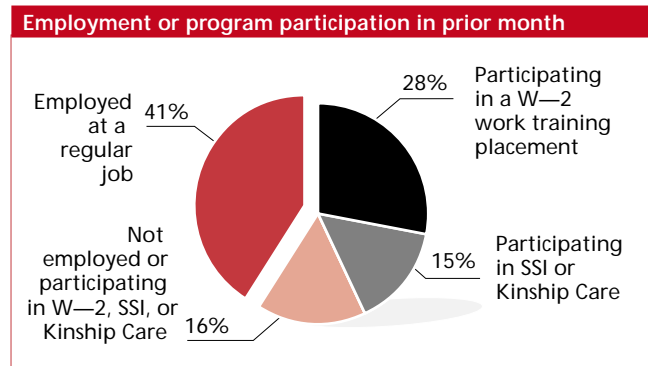
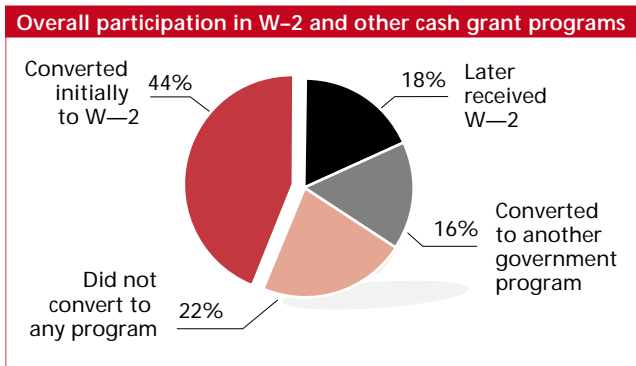
Although different in some ways, those who converted to W-2 the month after their AFDC ended shared several similarities with those who did not convert initially. Both groups were composed of primarily single African American women between the ages of 20 and 39 with young children. Those who did not convert initially, however, were significantly more likely to have a reported disability—that is, a self-reported personal or family member’s disability or health problem that limits the former AFDC recipient’s ability to work. Among other differences, those who did convert initially were significantly more likely to have a high school diploma or GED certificate than those who did not convert.

Participation in W-2 and other assistance programs

Those who converted initially remained more attached to public assistance programs. About a year after W-2 implementation, 86 percent of former AFDC recipients were receiving Medicaid, 61 percent were receiving Food Stamps, and 40 percent were receiving W-2 assistance. Those who converted initially to W-2 were more likely to be receiving W-2 assistance, Medicaid, and Food Stamps than those who did not convert initially.

Most of those receiving W-2 were in a work training placement. About a year after W-2 implementation, 72 percent of former AFDC recipients receiving some type of W-2 assistance were either in a Community Service Job or a W-2 Transitions placement—both are classified as work training placements and provide cash payments in return for participation in assigned activities. Thirty-eight percent reported a payment size lower than the maximum grant. This was most likely the result either of financial sanctions because of missed activities or of not being enrolled in the placement for the entire month. Most of those not in a W-2 work training placement received case management services or child care assistance.

Some did not know they could get child care assistance, Food Stamps, and Medicaid without being in W-2. Although Wisconsin provides child care subsidies to all low-income working parents, 42 percent of former AFDC recipients



Sample: Former AFDC recipients in Milwaukee who did not initially convert to W-2 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

were unaware that eligibility for child care assistance is not tied to W-2 participation. About 20 percent of former AFDC recipients did not know that families could qualify for Medicaid and/or Food Stamps without being in W-2.

Former AFDC recipients have mixed views about W-2. They are split over whether W-2 is a better program than AFDC—43 percent say W-2 is better, 47 percent say it is not, and 10 percent are uncertain. Recommendations to improve the W-2 program included increasing education and training opportunities and improving relations between W-2 staff and participants.

Employment and income

Forty-one percent of former AFDC recipients were working in a regular job—that is, an unsubsidized job outside the W-2 program—about a year after W-2 implementation. Although 41 percent were working in a regular job, 28 percent were not working but were participating in a W-2 work training placement; 15 percent were not working but receiving SSI or Kinship Care instead of W-2; and 16 percent fit into none of these categories (see graph). Of those in regular jobs, most worked 30 or more hours per week earning an average hourly wage of \$7.45. Half received health insurance from their current employer.

On average, working parents had incomes above the poverty level, but those who were not employed did not fare as well. Employed former AFDC recipients had an average total annual income of \$18,045, or \$4,912 above the poverty threshold for a family of three before factoring in the earned income credit which would raise their annual income even higher. Those participating in a W-2 work training placement had an average total annual income of \$12,432. Those receiving SSI or Kinship Care had an average total annual income of \$11,685. Those not engaged in any of these activities at the time of the interview had an average of \$7,450 in average total annual income.

Other measures of well-being

Most relied on some support from family and community. In the month prior to the survey interview, 69 percent of former AFDC recipients received help of some sort—transportation, money, or access to a telephone—from family, friends, and/or neighbors. Forty-one percent of them received help from a community organization after their AFDC ended. The most common community organization utilized was a food pantry. Former AFDC recipients who were working in a regular job were less likely to use either form of support than other former AFDC recipients.

The majority said their standard of living was the same or better than it was under AFDC. Generally, former AFDC recipients felt positively about their current standard of living—84 percent rated their current standard of living as at least fair with over one-third rating it as good or very good. Compared to AFDC, 71 percent said they are doing the same or better. Many who experienced a decline in standard of living had a reported disability.

CONCLUSIONS

The findings presented in this report may help Wisconsin citizens and policymakers to understand more fully the achievements and challenges of W-2 and may provide lessons to other states reforming their own welfare systems (see sidebar). ▀

CONCLUSIONS

Achievements Wisconsin has successfully conveyed the message that W-2 is about work, and former AFDC recipients seem to be heeding that message—69 percent of former AFDC recipients were either working in a regular job or participating in a W-2 work training placement. Those working in a regular job have an average total income above the poverty threshold.

Challenges W-2 now faces the challenge of ensuring that former AFDC recipients can retain their jobs and advance in the workplace. According to the former AFDC recipients themselves, accessible education and training is an important piece of this puzzle. While putting the employable to work, Wisconsin should also be sensitive to the needs of those who have a reported disability and those who have not experienced an increase in their standard of living.

Lessons Welfare reform was confusing to many welfare recipients in Milwaukee. Wisconsin's experience suggests that government agencies are well served by allocating generous resources to implementation issues. The lives behind the statistics, as shown in the survey spotlights, are not one-dimensional. Rather, these low-income mothers face numerous challenges, some of which can be addressed by government programs such as W-2, others of which cannot.

Introduction



On September 1, 1997, Wisconsin began implementing one of the nation’s most ambitious welfare reform programs, Wisconsin Works (W-2). Wisconsin policymakers drew on the state’s experiences with the Aid to Families with Dependent Children (AFDC) program and numerous welfare reform demonstrations to develop W-2, the state’s Temporary Assistance for Needy Families (TANF) program.

Representing a fundamental shift from the former AFDC program, W-2 eliminates the entitlement to assistance offered under AFDC and instead embraces the work-first model, moving individuals into employment as quickly as possible. W-2 operates under the assumption that, while some accommodations may be required, all persons are capable of contributing to society through work. Individuals receiving W-2 assistance either work in a regular unsubsidized job or participate in work training placements. W-2 cash assistance follows the principles of hourly employment. For example, payment is reduced for each assigned hour of participation that is not completed and payment does not vary by family size. In accordance with TANF, W-2 limits the amount of time families may receive assistance to five years over a lifetime. In addition, Wisconsin changed the way welfare is administered in the state. As the result of a competitive contracting process, five private agencies provide W-2 assistance in the state’s largest metropolitan area, Milwaukee County.

When Wisconsin implemented W-2, it did not automatically convert the AFDC caseload to W-2. Rather, over the course of the W-2 implementation period—September 1997 through March 1998—all AFDC cases in Wisconsin were closed and given the option to apply for W-2. This conversion period gave the W-2 agencies a chance to meet with the AFDC recipients and determine whether they were appropriate for W-2. Despite the fact that W-2 agencies took extensive measures to encourage AFDC recipients to apply for W-2, Wisconsin’s welfare caseload dropped 53 percent during the implementation period. At least initially, many AFDC recipients did not convert. In Milwaukee County, which represented 70 percent of the state’s welfare caseload in August 1997, the caseload decline in this period was 43 percent.

MOTIVATION FOR THE STUDY

The implementation of W-2 and the concurrent decline in the welfare caseload raised a number of questions about the experiences and financial status of former AFDC recipients in Wisconsin. What were AFDC recipients’ experiences with the implementation of W-2? How many and which families converted initially to W-2? How were former AFDC recipients faring financially about a year after the introduction of W-2?

FOUNDATION FUNDING

Annie E. Casey Foundation

Edna McConnell Clark
Foundation

Charles Stewart Mott
Foundation

Smith Richardson
Foundation

To address these questions and better understand the most dynamic period in Wisconsin's welfare reform history, Hudson Institute proposed surveying former AFDC recipients in Milwaukee. (From this point forward in this report, Milwaukee refers to Milwaukee County.) We chose Milwaukee as the focus of this study in part because its experiences can illuminate the challenges facing other major metropolitan areas across the country. Milwaukee, however, has an even more important story to tell. As the only county with a privatized welfare system, Milwaukee is an excellent test case for the devolution envisioned by the 1996 federal welfare legislation.

Hudson Institute contracted with Mathematica Policy Research, Inc. (MPR) to design (with Hudson's input) and conduct the survey, analyze the resultant data, as well as assist in writing this report. MPR and Hudson Institute's areas of expertise complement each other. Hudson Institute knows W-2 through its work with Wisconsin officials and legislators in designing W-2 and its current role as a provider of technical support to the Department of Workforce Development, which administers the program. MPR has conducted numerous studies of welfare reform demonstrations and programs in other states, including an evaluation of the Iowa Limited Benefit Plan, which contained a survey similar in structure and content to the Milwaukee survey.

Interest in the implications of Wisconsin's welfare reform experience prompted the following foundations to provide Hudson Institute with funding to conduct the survey: Annie E. Casey Foundation, Edna McConnell Clark, Charles Stewart Mott Foundation, and Smith Richardson Foundation.

RESEARCH OBJECTIVE

The broad objective of Hudson Institute and MPR's study of former AFDC recipients in Milwaukee is to understand the experiences of and financial implications for those who faced the conversion from AFDC to W-2. This report is not, however, a welfare "leavers" study. State leavers studies, such as the one being conducted by the Wisconsin Department of Workforce Development, collect data on individuals who left cash assistance at a particular point in time. While our sample members "left" AFDC as it ended, and are therefore referred to as "former AFDC recipients," they did not necessarily leave welfare. Some converted to W-2, some began working or receiving another form of government assistance, and some pursued different strategies.

The study's broad objective encompasses four research questions:

1. **What are former AFDC recipients' experiences with conversion from AFDC to W-2?** How did they experience the conversion process? Why did some former AFDC recipients choose not to convert to W-2 initially? To what extent have they relied on W-2 and other cash assistance programs since AFDC ended? Are there any objective differences between those who chose to convert initially and those who did not?
2. **To what extent do former AFDC recipients currently participate in W-2 and other assistance programs?** About a year after implementation of W-2, how many former AFDC recipients were relying on W-2 and other public assistance programs? Do current patterns of public assistance participation of those who did not convert initially to W-2 differ from the patterns of those who did? What kinds of assistance are W-2 participants receiving, and what do former AFDC recipients think about the new program?

3. What are former AFDC recipients' current employment and income?

What fraction of former AFDC recipients in Milwaukee are working outside the W-2 system? What are the job characteristics of those who are employed outside of the W-2 system? How does employment affect the self-esteem of former AFDC recipients? What is their overall financial situation about a year after W-2 implementation? Are they out of poverty?

4. How do former AFDC recipients fare on other measures of well-being?

What are former AFDC recipients' housing situations? To what extent are they relying on social support networks to meet basic needs? How would they rate their standard of living? How are they doing compared to how they were doing in their last month of AFDC? Specifically, how are those who reported a disability faring?

The findings in this report may help Wisconsin policymakers and interested citizens understand more fully the implications of its most recent welfare reforms. Other states contemplating, planning, or undertaking dramatic welfare reform initiatives may also benefit from the lessons provided in this report on the successes and challenges of implementing major welfare reforms.

THE PARTICIPANT SURVEY AND ANALYSIS

To respond to the research questions described above, this study relies exclusively on data from a customized survey of former AFDC recipients in Milwaukee County. The survey provides data on the personal characteristics of former AFDC recipients, their experiences with conversion from AFDC to W-2, and their economic status at the time of the interview, including reliance on public assistance, employment, income, and social support systems.¹

For this study, a random sample of 400 cases was drawn from the population of all families residing in Milwaukee County, Wisconsin, who received an AFDC cash benefit in August 1997—the month immediately prior to the introduction of W-2.² The survey was conducted from October 1998 through February 1999 as a mixed mode survey. Trained interviewers in MPR's telephone survey center in Maryland first attempted to complete interviews with sample members by telephone. A total of 240 cases completed the interview in this phase. Field interviewers attempted to locate in person those sample members unable to be reached by phone. These interviewers carried cellular phones which sample members used to call MPR's telephone center to complete the interview. Occasionally, if the sample member preferred, the field interviewer conducted the interview face-to-face. A total of 56 cases completed the interview after being located by a field interviewer.

Of the 400 sample members, 296 individuals, or 74 percent, completed the survey interview. Only 2 of the 104 nonrespondents—that is, those who did not complete a survey interview—refused to be interviewed. The remaining 102 nonrespondents were not interviewed either because they could not be located or could be located but could not be contacted within the data collection period. When we compared respondents to nonrespondents, we found that they were not significantly different across most demographic measures.

This study is based on an analysis of the data provided by the 296 survey respondents. To answer the research questions, we relied primarily on a descriptive statistical analysis of these data. We analyzed the survey data for

BASIC RESEARCH QUESTIONS

1. What are former AFDC recipients' experiences with conversion from AFDC to W-2?
2. To what extent do former AFDC recipients currently participate in W-2 and other assistance programs?
3. What are former AFDC recipients' current employment and income?
4. How do former AFDC recipients fare on other measures of well-being?

two key reference periods: (1) the conversion period, by which we mean the period leading up to the recipient's final AFDC check and the first month after the final check; and (2) the prior month, by which we mean the month prior to the survey interview.

Analysis of survey data for these two periods enables us to develop a comprehensive empirical picture of former AFDC recipients' experiences with conversion from AFDC to W-2 and their socioeconomic status about a year after W-2 implementation, respectively. The analysis also includes some comparisons of outcomes for recipients based on whether or not they converted initially to W-2 when AFDC ended as well as comparisons based on whether former AFDC recipients were working in a regular unsubsidized job in the month prior to the survey interview.

To enrich and augment the study's statistical portrait of former AFDC recipients in Milwaukee, we also present several narrative vignettes of individual survey respondents. We developed these vignettes solely based upon responses individuals provided in the telephone survey. We purposefully selected eight survey respondents to represent a range of W-2 conversion experiences and outcomes. These vignettes are scattered throughout the report. Names have been changed to protect the identities of the respondents.

THE STRUCTURE OF THE REPORT

This report has six chapters. After the introductory section, Chapter 2 provides an overview of the W-2 program and the implementation process in Milwaukee County. Chapters 3 through 6 present and discuss the results of our analysis of data from the survey of former AFDC recipients. Each of these four sections addresses one of the study's four central research questions. The last chapter summarizes our findings and discusses key lessons from the study and the policy implications we have drawn from them. Footnotes can be found at the end of the report (see page 42). Appendix A describes the survey methodology. Appendix B provides the source tables on which the report's tables and figures are based.

The Wisconsin Works Program



Wisconsin was the first state to eliminate the AFDC entitlement program and fully replace it with a work-based program—Wisconsin Works (W-2). W-2 represents major changes to welfare policy in Wisconsin as well as to the service delivery structure. While the W-2 program is groundbreaking, it is the culmination of ten years of smaller social policy reforms. This chapter provides a brief history of Wisconsin’s past welfare reforms, outlines policy changes that occurred with W-2, and describes the conversion process from AFDC to W-2 in Milwaukee.

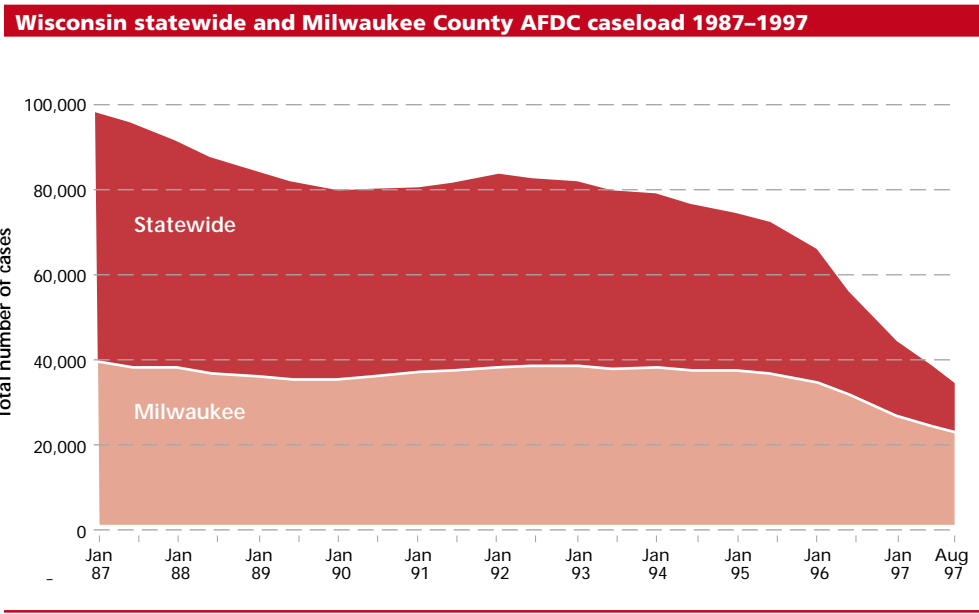
HISTORY AND BACKGROUND

W-2 is best understood in the context of Wisconsin’s ten years of welfare reform demonstration projects. In the late 1980s, the state, which was the first to implement a worker’s compensation system and a state unemployment insurance system, once again gained national attention for its social policy experiments.

Governor Tommy Thompson used welfare reform demonstrations to institute a social contract between the state and AFDC recipients. This new social contract conditioned welfare benefits on client behavior—school attendance, participation in work activities, cooperating with child support. At the same time, Wisconsin experimented with liberalized welfare rules (increasing the asset limit and lowering the barriers to eligibility for two-parent families) as well as expanded eligibility for supportive services (extending eligibility for transitional child care and Medicaid, and allowing AFDC families to keep more of their child support).

From 1988 to 1996, while other states’ caseloads were increasing, Wisconsin’s caseload dropped 29 percent (see Figure 2-1). Counties other than Milwaukee

FIGURE 2.1



Source: State of Wisconsin W-2 Caseload Reports

W-2 PHILOSOPHICAL PRINCIPLES

1. For those who can work, only work should pay.

2. W-2 assumes everybody is able to work within their abilities.

3. Families are society's way of nurturing and protecting children, and all policies must be judged in light of how well these policies strengthen the responsibility of both parents to care for their children.

4. W-2's fairness is gauged by comparing W-2 recipients with low-income families who work for a living.

5. There will be no entitlement. The W-2 rewards system aims to reinforce behavior that leads to independence and self-sufficiency.

6. Individuals belong to communities of people and places. W-2 operates in ways that enhance the way communities support individual efforts to achieve self-sufficiency.

7. The new system provides only as much service as an eligible individual needs. Many people do better with just a light touch.

8. W-2's objectives are best achieved by working with the most effective providers and by relying on market and performance mechanisms.

drove much of this decline. Milwaukee County's caseload held fairly steady during this same time period, dropping only 9 percent. Democratic legislators were frustrated with the AFDC system and with the governor's reforms, which they considered small initiatives aimed at small counties. They wanted systematic reform in the state's one urban center—Milwaukee. In 1993, the Democratic-led state legislature passed a bill requiring AFDC to end by the year 1999. The legislature hoped to force the governor's hand—so that he would either implement systematic welfare reform or concede that his reforms thus far were small in scope.

Much to the legislature's surprise, and to the surprise of his own administration, Thompson signed the bill using his line-item veto power to avoid some of the legislature's mandates, such as guaranteed jobs. The Thompson administration, with the help of the Hudson Institute, spent the next two years researching and designing the AFDC replacement program—W-2. Thompson's team first developed a set of philosophical principles (see side bar).³ The development of policy and system changes centered on these principles. In the spring of 1996, the Wisconsin state legislature adopted the W-2 plan into law with minor changes. While Wisconsin was waiting for federal waiver approval to implement W-2, the federal Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 became law, effectively ending AFDC. The passage of PRWORA allowed Wisconsin to implement most of W-2 without a waiver, with the exception of the proposed W-2 health plan.

In preparation for W-2, Wisconsin gradually phased out its individual welfare reform demonstration projects and phased in key aspects of W-2. The major precursors to W-2—Pay for Performance and Self-sufficiency First—were expanded statewide in March 1996 to help counties make the transition to W-2. They required applicants to explore family and community resources before going on cash assistance, and it required participants to engage in work training activities in exchange for their grant. From March 1996 to August 1997 the month before W-2 implementation, Milwaukee's caseload dropped 32 percent—from 33,718 to 22,947 cases.

POLICIES AND ADMINISTRATIVE STRUCTURE

The W-2 program combines the work-first approach with an emphasis on helping all low-income working parents. Applicants are encouraged to find other forms of support; participants are required to work or engage in work activities; and certain supportive services are available to all working parents, not just those in a W-2 work training placement. This section describes the policies that make up the W-2 program as well as the new administrative structure that governs it.

W-2 Employment Ladder

W-2 caseworkers place eligible parents—custodial parents age 18 years or older with incomes under 115 percent of the federal poverty line (\$15,698 for a family of three)—on the highest appropriate rung of the W-2 “employment ladder.”

Unsubsidized Employment The goal for all W-2 participants is a regular unsubsidized job in which the employer pays the individual but receives no W-2 subsidy. Those who are able to find such employment or are already employed when they apply for W-2 assistance are placed in the “unsubsidized employment” position. These parents do not receive cash assistance, but do receive case management services such as job search and retention services, money management classes, or help locating a training program. If an unemployed parent

classified as job ready cannot find employment within a “reasonable amount of time” (undefined by W-2 policy), he or she is reconsidered for one of the lower rungs of the employment ladder.

Trial Job Individuals appropriate for a subsidized Trial Job are capable of working in an unsubsidized job but lack the work experience necessary to get one. Employers agree to hire these participants and provide additional supervision and training in exchange for a \$300 per month subsidy from the W-2 agency. The employer then pays the Trial Job participant at least minimum wage for all hours worked.

Community Service Job (CSJ) Individuals in a CSJ have little to no work history and do not have the skills to get an unsubsidized job. In exchange for a \$673 cash grant per month, the average CSJ client participates up to 30 hours per week in work training positions and up to 10 hours per week in education and training activities (which can be aggregated to accommodate a training program). Work training positions range from office work at a non-profit organization to painting public housing units. The goal is to teach the soft skills the participant needs to find regular unsubsidized employment, such as getting to work on time and following instructions.

W-2 Transitions The W-2 Transitions placement is for individuals who have more serious barriers to work than those in a CSJ, such as drug abuse, a history of domestic violence, or the need to care for a severely disabled child or family member. In exchange for a \$628 cash grant per month, the average W-2 Transitions participant engages in up to 28 hours per week of W-2 Transitions activities and up to 12 hours per week of education and training (which can be aggregated to accommodate a training program). W-2 Transitions activities may include engaging in alcohol and other drug treatment services, receiving counseling, caring for a disabled family member, obtaining shelter, or holding a work training position similar to a CSJ but with more supervision and support.

W-2 participants are limited to 24 months in each of the three work training placements (Trial Job, CSJ and W-2 Transitions) and to 60 months for all three placements combined. In an attempt to replicate the working world, CSJ and W-2 Transitions placements offer a grant that is tied to participation rather than family size. Individuals who do not meet the participation requirements receive a payment reduction of \$5.15—the minimum wage—for every hour of participation missed.

The only exception to the participation rules is for individuals caring for a newborn under the age of three months. Classified as Caretakers of a Newborn, they receive a \$673 monthly cash grant and do not have a work requirement.

W-2 case management and other supportive services

Case management and other supportive services are not restricted to those in W-2 work training placements. Rather, W-2 offers supportive services to all low-income working parents. Families may also be eligible for Food Stamps and Medicaid entitlement programs, regardless of whether the parent is participating in a W-2 work training placement.

Case Management Only Three groups of individuals are ineligible for cash assistance but may receive case management services: pregnant women with no born children, noncustodial parents, and minor parents. Pregnant women and noncustodial parents must meet the W-2 financial and nonfinancial eligibility requirements to qualify for W-2 case management services. Minor parents,

**W-2
EMPLOYMENT
LADDER**



W-2 SUPPORTIVE SERVICES

Case Management

Child Care Assistance

Job Access Loans

INDIVIDUALS INELIGIBLE FOR W-2

Parents on SSI

Caretaker relatives

however, do not need to meet the financial eligibility requirements. Case management services may include but are not limited to employment and financial planning, school-to-work activities, or a work training position similar to a CSJ but without a grant.

Child Care Assistance Eligibility for child care assistance is not tied to W-2 participation. A parent with income under 165 percent of the federal poverty level (\$22,522 for a family of three) is eligible for child care assistance while working, participating in W-2 activities, or combining work with education. Teen parents can receive child care assistance for the hours they attend high school. Once eligible, families continue to receive child care assistance until their total income reaches 200 percent of the poverty line (\$27,300 for a family of three). While the state pays the bulk of child care costs, all parents pay part of their child care costs on a sliding scale up to 16 percent of their total income.

Job Access Loans Parents participating in any one of the four W-2 employment positions, minor parents, and pregnant women may receive a no-interest job access loan in amounts ranging from \$25 to \$1,600 to meet expenses related to getting or keeping a job. Potential uses include purchase of an automobile, purchase of clothing or uniforms for work, payment of rent or security deposits, or start-up money for a personal business.

Individuals ineligible for W-2

Under AFDC, the children of parents receiving Supplemental Security Income (SSI)⁴ and children living with and being cared for by a relative who is not legally responsible received an AFDC grant targeted to meet the needs of the child only. In these situations, the head of the family—either the SSI parent or the caretaker relative—was not included in the grant calculation. The AFDC “child-only” grant was \$363 per month for one child and \$77 more for each additional child. With the implementation of W-2 and its strong work requirements, Wisconsin policymakers created two programs to serve parents or caretakers who are either unable to work (SSI parents) or who should not be required to work (caretaker relatives).

SSI Caretaker Supplement Disabled parents who receive SSI are ineligible for W-2 because their disability renders them unable to work. Instead, these parents receive a Caretaker Supplement to meet the needs of their children in addition to their own SSI benefit. When W-2 was first implemented, the Caretaker Supplement was \$77 per month per child; the benefit was increased to \$100 per month per child in July 1998. Parents on SSI receiving a child-only AFDC grant were automatically switched from the old AFDC program to the new SSI Caretaker Supplement program in December 1997 and January 1998. These individuals did not have to take any proactive steps to receive the Caretaker Supplement. The SSI Caretaker Supplement program is administered by the local county human services agency and does not have a time limit or work requirements.

Kinship Care Caring for a child who is a relative, such as a niece or grandson, does not qualify the adult for a W-2 cash grant.⁵ The philosophy behind the Wisconsin law is that these adults are doing a service to society and should be eligible for cash assistance that does not entail a work requirement or a time limit. Caretaker relatives who pass a criminal background check may be eligible for Kinship Care instead of a W-2 cash assistance if the county child welfare department determines that the placement is in the best interest of the child. The Kinship Care program provides \$215 per month per child. Caretaker relatives receiving a child-only AFDC grant were not automatically switched to the Kinship Care program. Instead, these cases were referred by the W-2

agencies to the county’s child welfare agency for an assessment to determine whether the placement was in the best interest of the child. As a result, not all individuals who received a child-only AFDC grant for caring for a relative were eligible for the Kinship Care program. Like the SSI Caretaker Supplement, Kinship Care is administered by the local county human services agency and does not have a time limit or work requirements.

Changes to the service delivery system

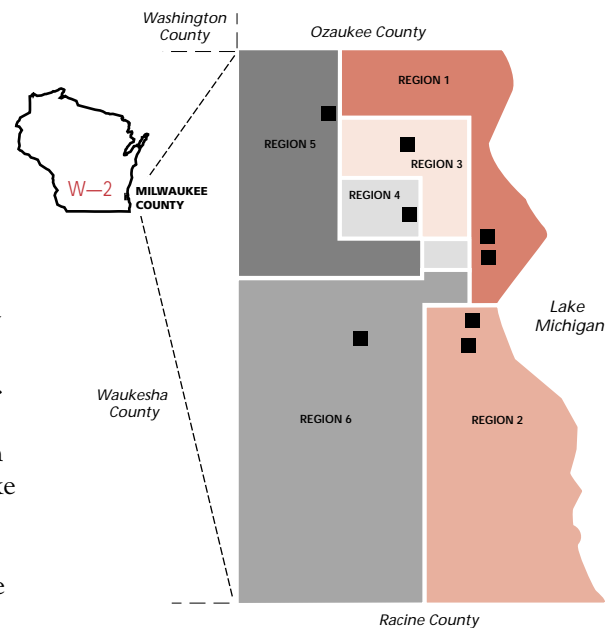
When Wisconsin implemented W-2, it also made dramatic changes to the service delivery system. In an attempt to replicate the successes of smaller counties with more manageable caseloads, Milwaukee was divided into six regions (see Figure 2-2). Service providers statewide, including those in Milwaukee, had to earn the right to administer W-2 by meeting criteria based on past performance or winning a competitive bid. Most of the state’s county human services agencies administering the AFDC program earned the right to be the W-2 agency based on their past performance of caseload reduction and success engaging recipients in participation activities while reducing program costs. Milwaukee, along with four other counties and two tribes, however, did not earn the right to be a service provider based on their past performance. Milwaukee County Department of Human Services chose not to submit a competitive bid. As a result, private agencies bid to administer W-2 in Milwaukee. Five private agencies—three nonprofit and two for-profit—administer W-2 in Milwaukee (one agency serves two regions). Including the Milwaukee agencies, a total of 14 W-2 agencies across the state are administered by private organizations while the remaining 66 agencies are administered by county agencies. All agencies operate under a 28-month contract, which ends on December 31, 1999.

While dividing Milwaukee into regions allowed for more interactions with the participants, introducing multiple private service providers during W-2 implementation may have initially complicated the process. Although most of the W-2 agencies had a history of providing services in Milwaukee, low-income residents did not generally associate these agencies with the receipt of cash assistance. In addition, the new regional system confused some Milwaukee residents—they were not sure which region they resided in or which W-2 agency served that region. The agencies, therefore, had to make a concerted effort to reach these residents to tell them where to go for service. This effort took on special importance because the first meeting between participants and the new agency was often the one that determined participants’ W-2 eligibility.

In addition to confusion over the W-2 regions, there was also some initial confusion over how the W-2 agencies and Milwaukee County would work together. W-2’s authors designed the program around a primary case worker who would determine eligibility for W-2, Food Stamps, Medicaid, and child care, assign participation activities, and eventually help the individual get a job and stay in that job. This approach, however, was not possible in Milwaukee. The federal government did not grant the waivers necessary for Wisconsin to have nongovernment workers determine eligibility for the two federal entitlement programs—Food Stamps and Medicaid. As a result, these functions stayed with the Milwaukee County Department of Human

FIGURE 2-2

Milwaukee County W-2 Regions



■ = Job Center

Region 1	YW WORKS
Region 2	UMOS
Region 3	OIC-GM
Region 4	Employment Solutions
Region 5	Employment Solutions
Region 6	MAXIMUS

Services. The county successfully negotiated with the state to continue administering the child care payment system. Operationally, this means that county workers are located in each of the W-2 agencies to determine eligibility for Food Stamps and Medicaid and process the child care subsidy. In the best situations, the county worker and the W-2 agency worker are paired and work together on cases. These partnerships, however, have been tense at times and have resulted in miscommunications and confusion for the organizations involved as well as for the W-2 participants.

IMPLEMENTATION OF W-2 IN MILWAUKEE

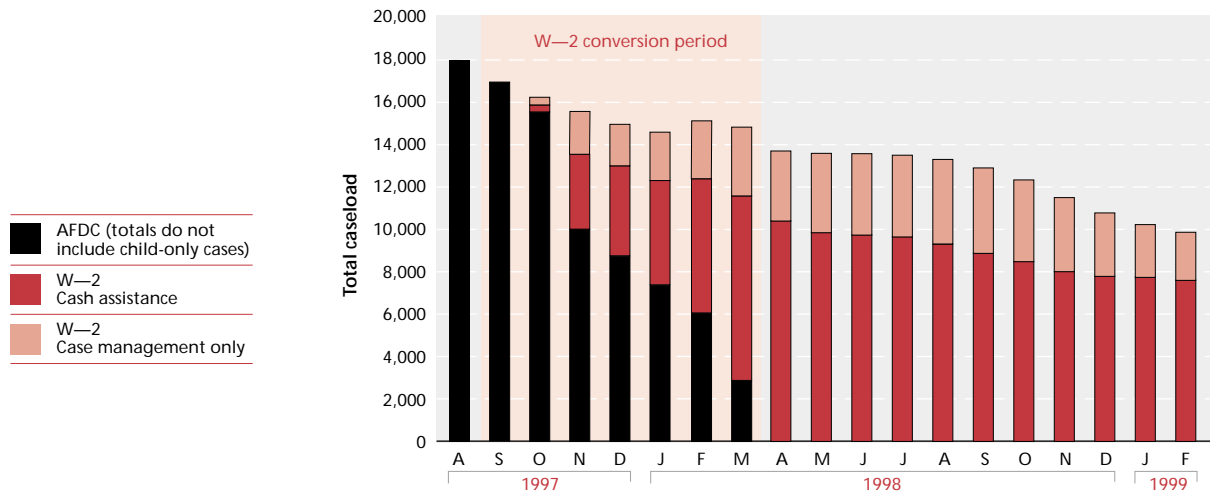
Although new welfare applicants were subject to W-2 after September 1, 1997, the state gave the W-2 agencies seven months to convert their existing caseloads from AFDC to W-2. AFDC cases were not automatically converted to W-2. Rather, W-2 agencies met with parents interested in converting to determine if they were eligible for W-2 and if so, where their appropriate placement on the employment ladder would be. Parents who failed to attend a W-2 orientation meeting after the W-2 agency made repeated attempts to contact them were considered not interested in W-2, and their cases were closed.

Milwaukee W-2 agencies took the full seven months to convert their caseloads. During the conversion process, the Milwaukee caseload dropped 43 percent. In August 1997, the month before W-2 was implemented, Milwaukee's AFDC caseload was 17,847.⁶ By April 1998, the month after the W-2 conversion was complete, the W-2 caseload receiving a cash grant (Trial Job, CSJ, W-2 Transitions) was 10,227 (see Figure 2-2). Another 3,326 cases in Milwaukee were receiving W-2 case management services only with no cash grant.

Two things happened during the conversion period: over half of AFDC recipients did not convert initially to W-2, and the number of new applicants fell. This report focuses on the first phenomenon and attempts to ascertain how former AFDC recipients went through the conversion process and how they were faring a year later.

FIGURE 2-3

Milwaukee County AFDC and W-2 caseload from August 1997–February 1999



Source: Wisconsin Department of Workforce Development Caseload Reports

Experiences with Conversion from AFDC to W-2

During the seven-month-long conversion period, the Milwaukee W-2 agencies closed the county’s AFDC cases and provided former AFDC recipients an opportunity to apply for W-2. Some people took this offer and converted initially to W-2, some got jobs, some converted to other government programs, and some pursued different strategies. This chapter describes the steps former AFDC recipients took to convert to W-2, the results of that process, and the differences between the former AFDC recipients who converted initially to W-2 and those who did not.

STEPS IN THE CONVERSION PROCESS

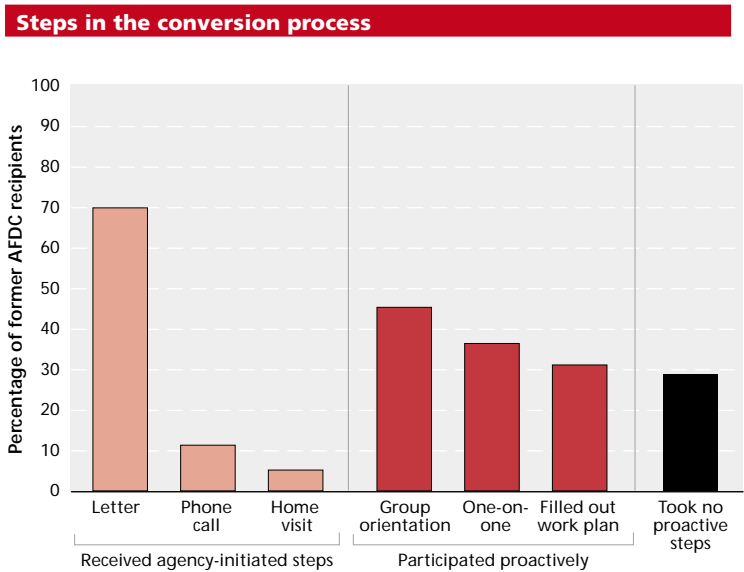
The W-2 agencies were responsible for informing AFDC recipients that the entitlement program was ending and that they could apply for conversion to W-2. We asked former AFDC recipients to think back to the W-2 conversion period and tell us what steps they took to convert to W-2, whether the W-2 agency made any special efforts to locate them, and what their general feelings were about the conversion process. These questions required the individual to recount events that took place 12 to 18 months earlier; some may have had trouble remembering the details of the conversion process.

Mandatory conversion steps

During the W-2 conversion period, the five new W-2 agencies in Milwaukee had a chance to meet with AFDC recipients interested in W-2 to assess their eligibility. As outlined in Chapter 2, not all AFDC recipients were eligible or appropriate for W-2, and as we will see in this report, not all AFDC recipients were interested in participating. Those interested, however, had to take some proactive steps to convert to W-2, namely, attend an orientation meeting and work with the W-2 case worker to develop and sign an employability plan (see Figure 3-1). Clients who took these steps did not experience a gap in their benefits. If an AFDC recipient failed to take steps, despite the W-2 agency’s attempts to contact them, the case was closed. The responsibility for converting, therefore, ultimately rested with the AFDC recipients.

While the state provided W-2 agencies with guidelines on how to convert a case, the state also gave agencies significant discretion in developing and implementing their conversion plan. As a result, each of the five Milwaukee

FIGURE 3-1



Sample: Former AFDC recipients in Milwaukee
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee



SURVEY SPOTLIGHT

Shirlie, a mother of two children ages 5 and 8, is pregnant with her third child. She has never been married. This African American woman is 25 years old, has completed high school, and has a vocational school certificate in medical assisting.

After participating in all of the conversion steps, Shirlie got a job and decided not to convert to W-2. She works as a referral specialist at a health clinic earning \$8.17 per hour and has vacation, sick leave, and health insurance.

In addition to her earnings and fringe benefits, Shirlie receives child care subsidies, Medicaid, WIC, lives in public housing, and her children are part of the school lunch program. She applied for Food Stamps and was not eligible. Shirlie's total reported monthly income was \$1,272 (all from earnings).

While she describes herself as having made a successful transition from welfare to work, she says that she is somewhat worse off relative to AFDC and that her standard of living is poor. She feels the W-2 program is unfair, and she does not prefer it to AFDC. Her suggested changes to the program include increasing child support enforcement efforts (Shirlie did not receive child support in the previous month) and increasing education opportunities.

agencies approached the conversion process differently. One commonality, however, is that all five W-2 agencies sent letters telling the AFDC recipients to come into the W-2 agency if they wished to convert to W-2. In our survey of former AFDC recipients, a substantial majority (70%) remembered receiving such a letter (see Figure 3-1). Since the W-2 agencies were required to send such letters to all AFDC recipients in their region, it is possible that some of the 30 percent who said they did not receive a letter may have received a letter but had trouble recalling it. Others may not have received the letter due to an administrative error or because they moved.

Some Milwaukee W-2 agencies held group orientations, others held one-on-one orientations, and some held both. Fifty-nine percent of former AFDC recipients reported attending either a group or a one-on-one meeting or both. Group orientation meetings provided an opportunity for the W-2 agency to describe the new W-2 program and its participation requirements. At these meetings, AFDC recipients learned about the eligibility requirements for W-2 and the conversion steps. Almost half (45%) of former AFDC recipients reported attending a group meeting to learn about converting from AFDC to W-2. Of those attending these meetings, 63 percent said they received useful information.

One-on-one meetings could have served as the individual's orientation as well as a chance to determine eligibility. Thirty-six percent of former AFDC recipients reported attending a one-on-one meeting with someone at the W-2 agency. Eighty-three percent of former AFDC recipients who attended a one-on-one meeting reported receiving useful information. While these meetings were more useful to former AFDC recipients than were the group orientations, the majority of former AFDC recipients who attended either type of meeting—more than four out of five—said they were treated fairly and with respect.

The final step in the conversion process was for the AFDC recipient and case manager to develop and sign a written agreement called an employability plan. This individualized plan outlined the participant's employment goals and specified W-2 activities necessary to reach those goals. While 40 percent of former AFDC recipients reported starting an employability plan, 30 percent reported completing their plan. Of those who did complete and sign a plan, 77 percent were satisfied with it, and 88 percent said they had input into developing the plan.

Efforts to reach those who had not converted

From the W-2 agencies' perspective, the most difficult part of the conversion process was contacting the AFDC families and getting them to come into the agency.⁷ Given the transient nature of this population, reaching families by mail was often problematic. Agencies, therefore, employed some creative approaches: they stayed open on weekends and evenings, attended community meetings, gave away gift certificates, advertised in community newspapers, and hosted parties. Despite these efforts, however, some AFDC recipients still failed to attend a W-2 orientation meeting.

In response to the high no-show rate and advocate concerns that cases would be closed indiscriminately, the state issued guidelines encouraging agencies to send at least two letters followed by a phone call and home visit before closing an AFDC case. Phone calls and home visits were generally targeted to those who failed to respond to the letters. Seventy percent of former AFDC recipients

reported receiving a letter, 11 percent reported receiving a phone call, and 5 percent reported receiving a home visit. These figures may underrepresent the number of attempts the W-2 agencies made to locate former AFDC recipients. W-2 agencies may have made unsuccessful calls or visits; those efforts are not measured in our study.

A sizeable minority (28% or 84 former AFDC recipients) reported taking no proactive steps to convert to W-2 before their AFDC ended. Despite these reports, 23 of these 84 former AFDC recipients converted initially. These individuals may not have recalled taking the conversions steps we asked about, such as developing and signing an employability plan. Among the 61 who reported taking no proactive steps and, in fact, did not convert initially, 17 said they did not convert because they switched to SSI or Kinship Care instead, and 15 said they did not convert because they were working. Presumably, these cases did not need to take any steps to convert to W-2. In addition, 10 later received W-2. Some, however, reported not converting because they did not understand the process, did not know about W-2, or thought that they were ineligible.

Perceptions of the conversion process

We asked all former AFDC recipients who had ever received W-2 assistance how they felt about the conversion process. Generally, they reported having a difficult time with it. Seventy percent said they found the process confusing, 68 percent found it difficult, and 54 percent found it very time consuming (see Table 3-1). Although this series of questions was not asked of former AFDC recipients who did not participate in W-2, it is reasonable to assume that if it had, their responses might have been similar. The W-2 implementation date ushered in not just a new program, but a new set of acronyms, new service providers, new case workers, and new work requirements, all of which may have been confusing to the former AFDC recipients.

CONVERSION RESULTS

This section examines the outcomes of the conversion process. In particular, it outlines the percentage of former AFDC recipients who converted initially to W-2 and the percentage of former AFDC recipients who later received W-2 assistance.

Initial conversion to W-2

Forty-four percent of all former AFDC recipients began receiving W-2 assistance in the month after their last AFDC check (see Figure 3-2). This report defines “converted cases” as those that received W-2 assistance within the first month after their AFDC ended and experienced no breaks in their cash assistance. Families who later received W-2 or another form of government assistance were placed in the “did not convert” category for purposes of this study.

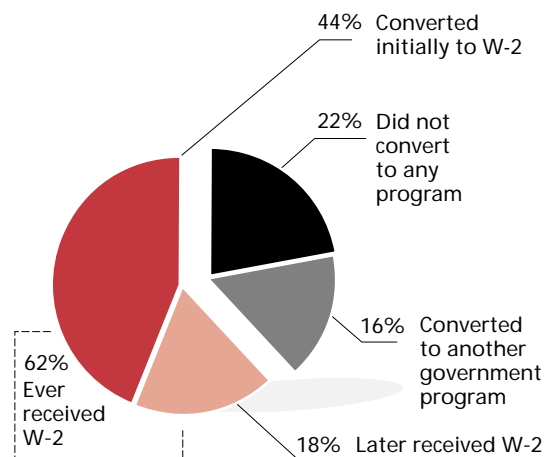
TABLE 3-1

Perceptions of the conversion process	
	PERCENTAGE WHO AGREE OR STRONGLY AGREE
Process was confusing	70
Process was difficult	68
Process was very time-consuming	54

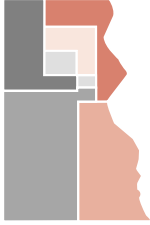
Sample: Former AFDC recipients in Milwaukee who ever received W-2 assistance
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

FIGURE 3-2

Overall participation after AFDC ended



Sample: Former AFDC recipients in Milwaukee
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee



SURVEY SPOTLIGHT

Lenore is a married mother of five children ages 10 through 17, who is not living with her spouse. She is a 33-year-old African American woman with a 10th-grade education.

Lenore converted initially to W-2 and was placed in W-2 Transitions so that she could care for a family member with a health problem. In addition to her W-2 benefit, she receives Medicaid, Food Stamps, lives in public housing, and her children are part of the school lunch program. She reported receiving a job access loan but said she did not need W-2 child care assistance. Her total reported monthly income was \$879 (\$628 in W-2 benefits and \$251 in Food Stamps).

Lenore rates her standard of living as fair overall and the same relative to AFDC. Although Lenore thinks the W-2 program is not fair, she said that W-2 caseworkers want people like her to succeed. In addition to the community service jobs and other work supports, she feels W-2 needs to offer more jobs. She also believes that the training provided by W-2 is inadequate and rushed.

We asked former AFDC recipients who did not convert initially to W-2 their reasons for not converting. We did not provide a list of answers; rather, we allowed the respondents to state in their own words their reasons for not converting initially to W-2. Multiple responses were allowed, although few individuals provided more than one.

The most common reason for not converting initially (given by one out of four respondents) was that they had gone to work (see Table 3-2). Unlike AFDC, which in some states supplements earnings, working parents generally are not eligible for W-2 work training placements, which provide a cash grant, instead these parents may receive case management services such as financial planning classes or help finding a better job.

The second most common reason (offered by 17 percent of respondents) for not converting initially to W-2 was that the family had converted to another form of government assistance, particularly Kinship Care or SSI. (A small number of former AFDC recipients in the SSI category actually may be receiving Disability Insurance instead of SSI. Since the number of former AFDC recipients receiving Disability Insurance is most likely small, we limit our discussion to SSI.)

The two most common reasons for not converting initially to W-2—employment and receiving another form of government assistance—are arguably positive reasons for not converting. In contrast, thirteen percent of those who did not convert initially said that their assistance was terminated or they were sanctioned (financially penalized) off the program by the welfare agency—an arguably negative reason for not converting. The remaining reasons for not converting, however, are more ambiguous. Thirteen percent of former AFDC recipients who did not convert initially said they did not want to participate in W-2 and/or did not want to meet the W-2 requirements. Some of these individuals may have found it more appealing to find a job on their own rather than work through the W-2 agency. Others may have been overwhelmed by the conversion process and decided to rely on other sources of income such as help from families and friends. Finally, 11 percent of those who did not convert initially said that they were ineligible for W-2 or did not think they were eligible. These two types of responses may reflect ineligibility due to income, lack of understanding of the eligibility rules or conversion process, or a personal choice not to receive assistance.

Subsequent reliance on W-2

While 44 percent of all former AFDC recipients converted initially to W-2, 18 percent entered W-2 after some delay. Most of those who later entered W-2 (81%) took some proactive steps to convert initially but they were more

TABLE 3-2

Most common reasons provided for not converting initially to W-2

	PERCENTAGE
Got a job or was working	25
Receiving SSI and/or Kinship Care instead	17
Did not want to participate and/or meet W-2 requirements	13
Assistance terminated or sanctioned	13
Not eligible or did not think eligible (not related to disability)	11
Other	11

Sample: Former AFDC recipients in Milwaukee who did not initially convert to W-2
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

likely to find the conversion process difficult than all former AFDC recipients who ever received W-2 (81% compared to 68%).

The reasons for not converting initially cited by those who later received W-2 reflect some of this frustration. Those who later converted to W-2 were more likely to say they did not convert initially because they did not want to participate or meet W-2 requirements than all former AFDC recipients who did not convert initially (23% compared to 13%). Later converters were also more likely to cite negative reasons for not converting initially. Yet like all former AFDC recipients who began W-2 the month after their AFDC ended, a substantial minority (21%) of later converters said they did not convert because they were working.

Of those who never received W-2 assistance, many switched to other forms of government assistance. We specifically asked those who never received W-2 if they switched from AFDC to SSI, Kinship Care, Foster Care assistance, or some combination of those programs. Forty-one percent said yes, which amounted to 16 percent of all former AFDC recipients. This is consistent with the finding that the second most common reason for not converting given was receiving SSI and/or Kinship Care instead.⁸ As a result, most former AFDC recipients received some type of government cash assistance in the time after their AFDC ended but before the survey interview. In all, 78 percent of former AFDC recipients received some type of cash grant during the 12 to 18 months following the implementation of W-2.

PROFILE OF INDIVIDUALS

Who converted initially to W-2 and who did not? We looked at demographic characteristics to determine if any one group of former AFDC recipients was more likely to have converted initially. Former AFDC recipients provided demographic information based on their situation at the time of the interview. While some of these characteristics may be time-sensitive, it is likely that most did not change between the W-2 conversion period and the month prior to the survey interview.

The typical former AFDC recipient was a single black mother between the ages of 20 and 39 with young children (see Table 3-3). Only 13 percent of former AFDC recipients were white, and 9 percent were Hispanic. More than half of former AFDC recipients (56%) had at least one child under the age of six at the time of the survey interview. Most former AFDC recipients (74%) had never been married. Although only 15 percent of former AFDC recipients were cohabiting—that is, living with a spouse or with an unmarried partner—at the time of the survey interview, former AFDC recipients reported an average of 1.7 adults in the household. This result indicates that a substantial number of former AFDC recipients live with and share living expenses with adults other than a romantic partner.

The most striking difference between those who converted initially and those who did not is likelihood of a reported disability—that is, a self-reported personal or family member’s disability or health problem that limits the former AFDC recipient’s ability to work. Former AFDC recipients who did not convert initially were almost twice as likely to have reported a personal disability that limits their ability to work—35 percent compared to 19 percent. Those who did not convert initially were also three times as likely to report that a family member’s disability limits their ability to work—16 percent compared to

5 percent. The higher incidence of a reported disability in the group who did not convert initially is consistent with the substantial minority who said they converted to other government cash assistance programs such as SSI. It is important to note, however, that these are self-reported incidences of disability and may not necessarily mean the individual is eligible for the SSI program.

Besides reported disability, those who converted initially were more likely to have some demographic characteristics often associated with greater need. Those who converted initially were more often never married and more likely to have at least one child of preschool age or younger. These characteristics are consistent with the finding that former recipients who converted initially also tended to be younger than those who did not convert initially, although this finding was not statistically significant.

Along another dimension, however, former AFDC recipients who converted initially are better equipped to succeed in the workplace—they are more likely to have a high school diploma or GED. On the one hand, this finding may indicate that their higher education helped former AFDC recipients who converted initially better navigate the conversion process. On the other hand, this finding may indicate that the lack of a high school diploma or GED did not hinder former AFDC recipients’ ability to find employment.

TABLE 3-3

Comparison of self-reported household characteristics

	FORMER AFDC RECIPIENTS	INITIALLY CONVERTED TO W-2	DID NOT INITIALLY CONVERT
Female	98	98	99
Age —			
15-29 years	44	50	39
30+ years	33	33	34
Race —			
White	13	14	12
African American	79	79	78
Other	9	10	7
Hispanic	9	10	7
Youngest child 0-5 years**	56	64	50
Never married**	74	80	69
Not cohabiting (spouse or unmarried partner)	85	89	82
High School credential***	55	64	47
Work-limiting disability/health problem —			
Recipient	28	19	35
Other family member***	11	5	16
Average number of adults	1.7	1.7	
Average number of children**	2.6	2.8	2.4
Total in household**	4.3	4.4	4.1

* Difference between subgroups significant at the .10 level ** Difference between subgroups significant at the .05 level *** Difference between subgroups significant at the .01 level

Sample: Former AFDC recipients in Milwaukee
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

Current Participation in W-2 and Other Programs



Understanding the nature and extent of reliance on public assistance by former AFDC recipients after the implementation of W-2 is one of the main objectives of this study. This chapter explores participation in and perceptions of public assistance programs by former AFDC recipients in Milwaukee in the month prior to the survey interview. It also explores the reasons why some former AFDC recipients did not participate in public assistance programs in the month prior to the survey interview and how they felt about the W-2 program.

PARTICIPATION IN GOVERNMENT PROGRAMS

This section examines participation in public assistance programs by former AFDC recipients. We asked former AFDC recipients about their participation in specific government programs in the month prior to the survey interview.

Overall participation rates

A little over one year after the introduction of W-2, less than half of former AFDC recipients were participating in W-2—that is, receiving cash grants from a work training placement, case management, and/or supportive services (see Table 4-1). In particular, 40 percent of families reported participating in W-2 in the month prior to the survey interview (September–December 1998, or January–February 1999). As discussed in Chapter 3, 44 percent of former AFDC recipients in the study reported W-2 participation in the month immediately after their AFDC cash assistance ended. Although the W-2 caseload likely consisted of different families at those two points in time, roughly the same percentage of former AFDC recipients participated in W-2 at the time of conversion as participated one year later.

Eligibility for Medicaid and Food Stamps is not conditioned on participation in W-2; rather, access to these programs remains an entitlement for all low-income families that meet the eligibility requirements. Indeed, the majority of former AFDC recipients continue to participate in Medicaid and Food Stamps. About 86 percent of former AFDC recipients reported receiving Medicaid for themselves or their children in the month prior to the survey interview, and 61 percent reported receiving Food Stamps in that month. The fact that rates of participation in these programs exceed the rate of participation in W-2 suggests that continued access to medical and food assistance is important not only to former AFDC recipients who continue to rely on W-2, but also to those who do not. The higher rate of participation in Medicaid than Food Stamps likely reflects a higher rate of eligibility for Medicaid (due to Medicaid eligibility expansions for children). It also could reflect a greater value placed by former AFDC recipients on Medicaid than on Food Stamp benefits.

TABLE 4-1

Receipt of public assistance in prior month

	PERCENTAGE
Medicaid	86
Food Stamps	61
W-2 Assistance	40
Supplemental Security Income (SSI)	18
Kinship Care	10

Sample: Former AFDC recipients in Milwaukee
Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

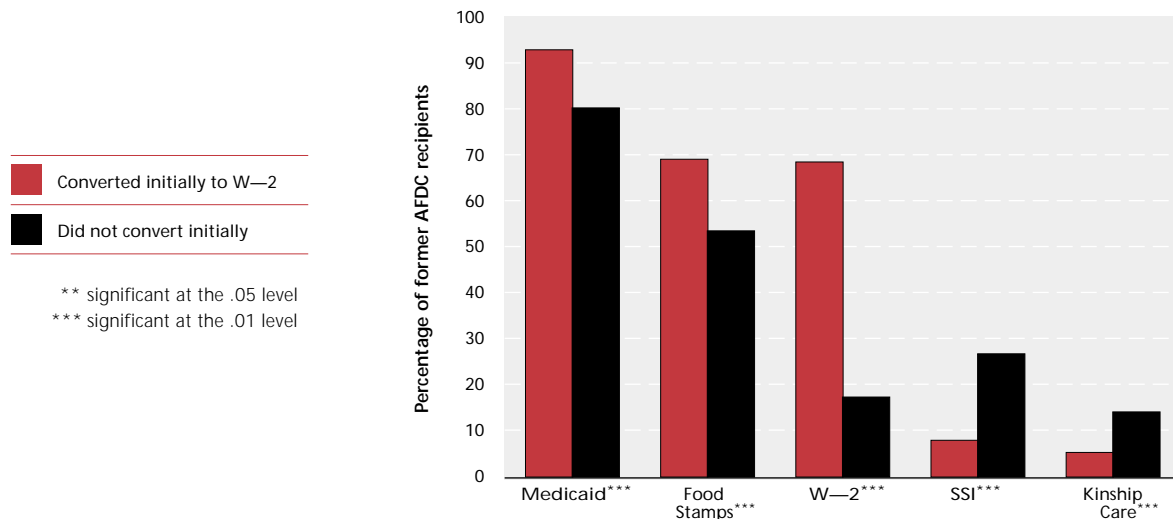
At the time of the survey interview, just under 18 percent of former AFDC recipients reported receiving benefits for themselves or their children through SSI, and 10 percent reported receiving benefits through Kinship Care.⁹ In addition to the conversion of some AFDC child-only cases headed by an SSI parent to the new SSI Caretaker Supplement program, W-2 agencies may have encouraged some adult AFDC recipients who were not previously receiving SSI to apply for it. Other AFDC recipients may have more actively pursued SSI on their own when faced with the work requirements of W-2.

Differences in participation by conversion status

About a year after W-2 was introduced, AFDC recipients who converted initially to W-2 were not only more likely to be participating in W-2, but were also more likely to be receiving Food Stamps and Medicaid than those who did not convert initially (see Figure 4-1). Some AFDC recipients who did not convert initially may have decided not only to do without W-2 assistance, but also to do without the entire welfare “package.” Others may have been unaware that they were still eligible for Food Stamps and Medicaid regardless of W-2 participation. Indeed, more of those who converted initially knew eligibility for Food Stamps and Medicaid was not tied to receipt of W-2 than did those who did not convert initially (84 percent compared with 74 percent for Food Stamps, 87 percent compared with 78 percent for Medicaid). The lower participation rates among those who did not convert initially support the concern among some policymakers, advocates for the poor, and researchers that families that leave welfare often go without other assistance programs for which they are still eligible.

In the month prior to the survey interview, more AFDC recipients who did not convert to W-2 initially were receiving SSI and/or Kinship Care than were those who did convert initially. Many who did not convert initially and were receiving assistance from these programs in the prior month probably did not meet the eligibility requirements for W-2. Rather, they switched to SSI or Kinship Care instead and remained attached to these programs. The status of

FIGURE 4-1
Public assistance profile in prior month by W-2 conversion status



Sample: Former AFDC recipients in Milwaukee
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

some former AFDC recipients changed over time so that those who originally converted are now receiving SSI or Kinship Care. Those reporting receipt of SSI in the prior month may have converted initially to W-2 while their SSI application was pending or they may have reported their child's SSI benefits in the prior month. Former AFDC recipients who converted initially but reported Kinship Care in the prior month may have taken in the child of a relative while they continued to care for their own child(ren).

EXPLORING NONPARTICIPATION

This section examines reasons for nonparticipation in Food Stamps, Medicaid, and W-2. An analysis of these reasons may suggest ways in which the state could increase participation by eligible families in need of such services.

Understanding nonparticipation in Food Stamps and Medicaid

The most common reason for nonparticipation in Food Stamps or Medicaid was individuals' actual or perceived ineligibility for these programs. When individuals who were not receiving Food Stamps in the month prior to the survey interview were asked why, 64 percent reported that it was because they were ineligible (see Table 4-2). Similarly, 53 percent of those not receiving Medicaid said they were ineligible. It is likely that some who reported ineligibility had actually applied for Food Stamps or Medicaid and had been officially determined ineligible by the program. It is also likely, however, that some who cited ineligibility as the reason for nonparticipation were making this judgment or assumption based on their own understanding—correct or incorrect—of eligibility rules. In fact, 22 percent of former AFDC recipients were unaware that families can qualify for Food Stamps, and 18 percent were unaware that families can qualify for Medicaid, without being in W-2 (see Table 4-3).

TABLE 4-2

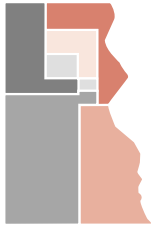
Most common reasons for nonparticipation in Food Stamps and Medicaid in prior month		
	FOOD STAMPS PERCENTAGE	MEDICAID PERCENTAGE
Was not eligible or did not think was eligible	64	53
Applied, waiting for approval	5	3
Problems with administrative systems	4	3
Did not need it	1	25

Sample: Former AFDC recipients in Milwaukee who were not receiving Food Stamps or Medicaid in prior month
Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

TABLE 4-3

Understanding eligibility rules	
	PERCENTAGE WHO UNDERSTAND THE STATED POLICY
It is possible for families who don't qualify for W-2 to qualify for Medicaid	82
Everyone in W-2 is required to participate in work or work activities	82
It is possible for families who don't qualify for W-2 to qualify for Food Stamps	78
It is possible for families who don't qualify for W-2 to qualify for child care assistance	58
W-2 can give people loans to help them solve problems that keep them from working, like a loan to fix a broken car	24

Sample: Former AFDC recipients in Milwaukee
Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee



SURVEY SPOTLIGHT

Serena is a single, 19-year-old mother of a 3-year-old. This African American woman with a ninth-grade education now shares an apartment with two other adults and their two children.

Serena converted to W-2 the month after her AFDC ended. At the time of the interview, she was in training at her CSJ placement and receiving child care assistance. Serena reported that her monthly W-2 check amount, which was \$515 in the month prior to the interview, has been reduced in the past because she was unable to participate in all of her assigned activities. Since AFDC ended, Serena said she did not work at times because she wanted to take care of her child, which might explain her reduced payment. In addition to W-2 cash assistance, she also receives Medicaid, Food Stamps, WIC, and her child participates in the school lunch program. Serena received a lot of help from family and friends to help make ends meet in the month before the survey inter-view. Her total reported income that month was \$1,420 (\$515 in W-2 benefits, \$105 in Food Stamps, and \$800 from other household members earnings).

Despite being homeless for a period after her AFDC ended, she says she is somewhat better off relative to when she was on AFDC. While she does not think W-2 is better than AFDC, she believes that W-2 is fair and does not think it requires too much of parents with young children. She rates her standard of living as poor but did not provide any suggestions for improving W-2.

One-fourth of former AFDC recipients reported that they did not participate in Medicaid because they did not need it. The lack of need for Medicaid is consistent with the finding that about half of those employed received health insurance as a fringe benefit (see Chapter 5). Almost no one (1%) cited lack of need as a reason for nonparticipation in the Food Stamp Program.

Understanding nonparticipation in W-2

In order to assess whether W-2 is succeeding in moving participants into unsub-sidized employment, we asked the 62 former AFDC recipients who were not currently receiving W-2 assistance, but had received W-2 assistance in the past, why they left the program. Most often they said they were no longer receiving W-2 assistance because they got a job or were working (see Table 4-4). Other, less frequent reasons for no longer receiving W-2 assistance included not being able to or not wanting to meet program requirements, no longer wanting W-2 assistance, and perceiving that they were not eligible. Most former AFDC recipients (82%) understand that W-2 requires participants to engage in work or work activities; some may have opted to find employment on their own or locate sources of income to enable them to avoid the work requirement.

TABLE 4-4

Most common reasons for nonparticipation in W-2 in prior month

	PERCENTAGE
Got a job or was working	40
Could not or did not want to complete program requirements	16
No longer want or need W-2 services	13
Income too high or did not think was eligible	13

Sample: Former AFDC recipients in Milwaukee who ever participated in W-2 but were not participating in the prior month
Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

W-2 PARTICIPATION

As described in Chapter 2, the W-2 program is structured like an employment ladder, with the top rung representing unsubsidized employment, and the lower three rungs representing three W-2 work training placements—Trial Jobs (or subsidized employment), Community Service Jobs (CSJs), and W-2 Transitions. Among former AFDC recipients receiving W-2 assistance in the month prior to the survey interview, 72 percent were in a work training placement (see Figure 4-2). The other 28 percent were not in a work training placement, but received other case management and/or supportive services from W-2. This section describes the work training placements of and services received by former AFDC recipients participating in W-2 in the month prior to the survey interview.

W-2 work training placements

The most common W-2 work training placement in the month prior to the survey interview was a CSJ (61 percent among those in a work training placement). Seventeen percent of those in a work training placement were in W-2 Transitions—the lowest rung on the W-2 employment ladder. None were in Trial Jobs. Just over 10 percent were placed on the same rung as CSJ, but classified as Caretaker of a Newborn, and another 12 percent did not know the name of their placement even after hearing a description of each, which

included the benefit amount. While the relatively lower placement rate in W-2 Transitions may indicate that many individuals in work training placements do not have significant barriers to work (such as drug abuse, domestic violence, or a severely disabled family member), there still remains a portion of the caseload who do.

The CSJ and W-2 Transition work training placements provide a monthly cash payment in return for participation in assigned activities. For each hour of assigned participation that is not completed, the participant's monthly W-2 payment is reduced by \$5.15. Among former AFDC recipients participating in a W-2 placement, 62 percent received the maximum payment in the month prior to the survey interview (see Figure 4-3). Twenty-seven percent received at least half of the maximum payment, and 11 percent received less than half. While some participants may not accurately recall the amount of their cash grant and others may have received W-2 for only part of the month, these results indicate that a portion of the W-2 caseload may not be cooperating with the program fully. The state may want to explore the reasons for this phenomenon and ways to increase compliance with assigned activities so that participants can reap the program's full benefits.

The absence of any Trial Jobs positions in the prior month may be the result of a good economy. It is widely believed that because of Milwaukee's low unemployment rate, employers do not need the Trial Job subsidy of \$300 per month for 3-6 months to entice them to hire W-2 participants. The reporting requirements and paper work involved may also be discouraging employers from requesting these wage subsidies. In fact, among all those in the survey who had ever received W-2 assistance since AFDC ended, only 6 percent had been in a Trial Job at some point.

Other services received from W-2

In addition to work training placements, W-2 provides case management and other support services, such as loans or child care. Twenty-eight percent of W-2 participants were not in a work training placement but made use of these services in the month prior to the survey interview. Generally, three types of individuals not in a work training placement use W-2 case management services: (1) those working in an unsubsidized job who want to get a better job; (2) those who are unemployed and do not want to be in a W-2 work training placement; and (3) those who are not eligible for a work training placement, but are eligible for W-2 services (for example, teen parents). Use of these services among all W-2 participants in the prior month—both those in work training placements and those receiving other services only—is described below.

Case Management Services Case management services can include job search assistance, financial planning assistance, or help applying for assistance programs other than W-2. Former AFDC recipients participating in W-2 are considerably more likely to receive job search assistance than to receive financial planning assistance or help applying for other programs.

FIGURE 4-2

W-2 participation in prior month

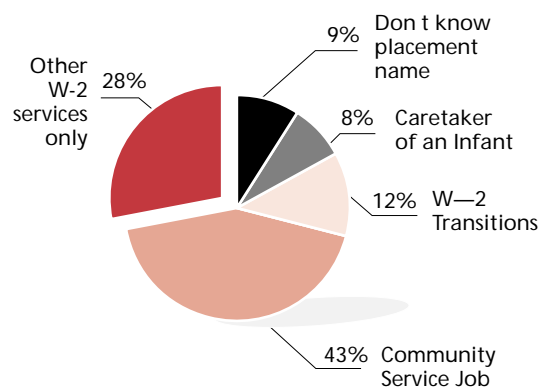
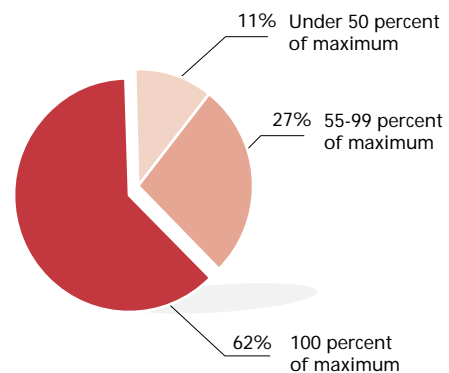
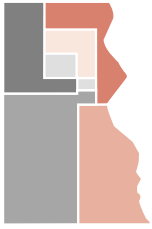


FIGURE 4-3

W-2 payment received in prior month



Sample: Former AFDC recipients in Milwaukee who were in a W-2 work training placement in the prior month
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee



SURVEY SPOTLIGHT

Tanya is a mother of five children ages 2 through 13. She is a 33-year-old African American woman who has completed eleventh grade and has never been married.

When Tanya converted to W-2, she was placed in a CSJ and assigned to a day care center where she is a teacher's assistant. Tanya reports that she has a health problem or disability that limits her ability to work in a regular unsubsidized job. She receives Medicaid, WIC, Food Stamps, and her children participate in the school lunch program. In addition, Tanya said that she has visited a food pantry since her AFDC ended. Her total reported monthly income was \$1,190 (\$673 in W-2 benefits, and \$517 in Food Stamps).

Tanya describes her standard of living as much worse than when she was on AFDC. She does not think W-2 is fair and believes that it is not better than AFDC. She worries about paying her bills which makes it hard for her to concentrate on reaching her goals. She wishes that some benefits were guaranteed, although she does not think that W-2 should give out checks without requiring people to work. She feels motivated to get a job and is hopeful that she will not need W-2 three months from now.

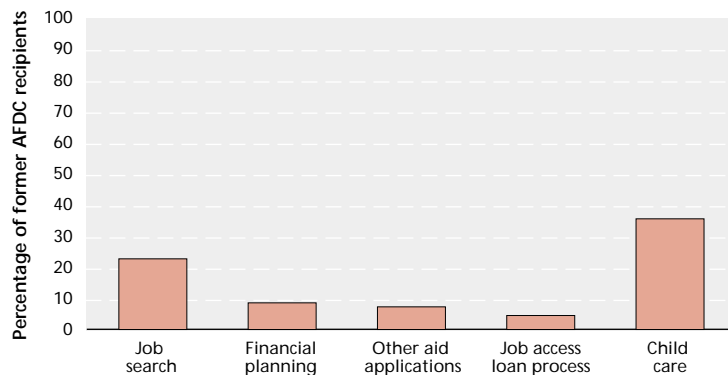
While 23 percent of those participating in W-2 reported job search assistance in the month prior to the survey interview, only 9 percent reported financial planning assistance, and only 7 percent reported help applying for other assistance programs (see Figure 4-4). The relatively larger emphasis on job search assistance may reflect W-2's primary focus on work. It may also indicate, however, some lack of awareness on the part of participants of the availability of other types of case management services or a tendency on the part of case managers to focus only on job placement.

Job Access Loans W-2 can provide job access loans of between \$25 and \$1,600 to help participants meet expenses related to getting or keeping a job. These kinds of loans, however, are provided infrequently and are not well understood by former AFDC recipients. In the month prior to the survey interview, only 4 percent of W-2 participants received a Job Access Loan. Even among all former AFDC recipients who had ever received W-2 assistance, only 9 percent had ever obtained a Job Access Loan. Only 24 percent of all former AFDC recipients were even aware that W-2 agencies are able to make these types of loans.

Child Care Relatively few W-2 participants received child care assistance through W-2. In the month before the survey interview, only 35 percent of W-2 participants were receiving child care subsidies. When we asked those not receiving child care assistance why they were not, the majority (56%) said they did not need it. An additional 19 percent said that they thought they were ineligible for child care assistance or that their application had been denied. Some W-2 recipients are ineligible for child care assistance because their children are too old; child care subsidies are available only for participants with children younger than 13 years of age. Some of the remaining W-2 participants who were not receiving child care had applied for assistance and were awaiting approval; others did not want child care assistance. Only 1 percent of W-2 participants not receiving child care assistance said that they did not know that child care was available.

FIGURE 4-4

W-2 services received in prior month



Sample: Former AFDC recipients in Milwaukee who received W-2 assistance in the prior month
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

Among all former AFDC recipients, however—both those who were participating in W-2 and those who were not—42 percent did not know that families can get state child care assistance without being in a W-2 work training placement. This result suggests that many families may be uninformed about the expanded child care assistance aimed at helping low-income working parents. This lack of information may result in some families not receiving assistance for which they are eligible and of which they are in need.

PERCEPTIONS OF W-2

Former AFDC recipients had mixed views on the value and utility of W-2. Most said that the intentions underlying the new program are good—76 percent said that W-2 workers want participants to succeed, 71 percent said that W-2 motivates participants to get jobs and get off welfare, and 56 percent said that W-2 provides useful training and good job opportunities for participants (see Table 4-5). However, former AFDC recipients were split over whether W-2 is a better program than AFDC—43 percent said it is, 47 percent said it is not, and 10 percent were uncertain. In fact, 70 percent said that the program requires too much of parents with young children, and 45 percent felt that the government should give monthly checks to all families who need help without requiring them to work. These latter results suggest that the state and the W-2 agencies may not have been very successful in portraying W-2 in a positive light or casting away negative perceptions about its work-first philosophy. There also may be a disconnect between former AFDC recipients’ perceptions about W-2 and their actual experiences with the program. These mixed results are disconcerting given that if low-income families have some reservations about W-2, they may be reluctant to seek assistance from the program even if they need it.

TABLE 4-5
Perceptions of W-2

	PERCENTAGE AGREEING
W-2 workers want people like me to succeed	76
W-2 motivates people to get jobs and get off welfare	71
W-2 requires too much of parents with young children	70
W-2 provides useful training and good job opportunities	56
Government should give checks to all families who need help without requiring them to work	45
W-2 is a fair program	43
W-2 is better than the old welfare program, AFDC	43

Sample: Former AFDC recipients in Milwaukee
Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

When asked whether they had suggestions for improving the W-2 program, 71 percent of former AFDC recipients said yes. While many former AFDC recipients felt that W-2 provides useful education and training, 28 percent of former AFDC recipients who had suggestions for improvements said that they

would like more opportunities to receive education and training (see Table 4-6). In addition, 10 percent would like W-2 agencies to provide better job development—that is, referrals to and placements in jobs. These responses suggest that former AFDC recipients believe that improving their skills and pool of opportunities would help them obtain better jobs and enable them to move up the employment ladder.

Twenty-five percent of former AFDC recipients who offered a suggestion for improving W-2 recommended that the W-2 agencies take steps to improve relations between their staff and W-2 clients. The first year of the W-2 program was a confusing time for participants and providers. Both groups had to learn a new program while adjusting to new facilities and new relationships with one another. While relations are likely to have improved over time, state and agency officials may want to pay particular attention to this issue.

Improved child care assistance was the third most commonly recommended improvement. Twenty-two percent of former AFDC recipients who provided a suggestion made this recommendation. For most low-income mothers, access to affordable and safe child care is essential for moving into the workforce. Other important supports for working mothers include Food Stamps and Medicaid. Nine percent of former AFDC recipients who provided recommendations addressed the need to ensure maintenance of food and medical assistance.

TABLE 4-6

Recommendations to improve W-2	
	PERCENTAGE IN FAVOR
Increase education/training opportunities	28
Improve staff/client relations, staff access, administrative process	25
Improve child care assistance	22
Have better job development	10
Ensure maintenance of food and medical assistance	9

Sample: Former AFDC recipients in Milwaukee who provided a recommendation to improve W-2
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

Current Employment and Income



One of the central research questions guiding this study is, “Where did former AFDC recipients wind up, and what is their financial status approximately one year after implementation of W-2?” In the month prior to the survey interview, 41 percent of former AFDC recipients were employed at a regular job—that is, an unsubsidized job outside the W-2 program; 28 percent were not employed but were participating in a W-2 work training placement; 15 percent were not employed or in a W-2 placement but were participating in either SSI or Kinship Care; and 16 percent were not engaged in any of these activities (see Figure 5-1).¹⁰ This chapter explores the financial status of former AFDC recipients in each of these subgroups. It first describes the nature of employment among those working at regular jobs and then presents total household income in the month prior to the survey interview for all four groups.

EMPLOYMENT STATUS

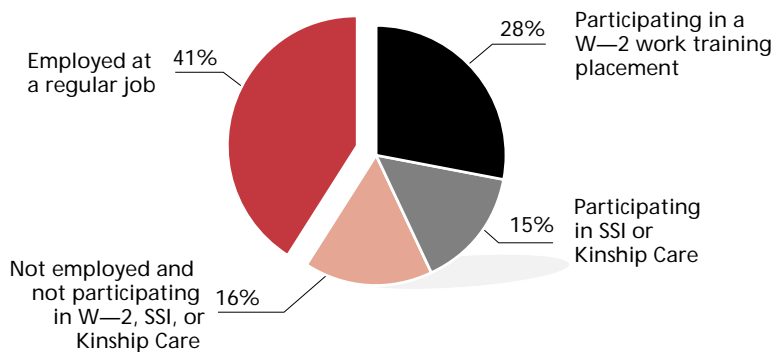
Perhaps the most important goal of W-2 is to move low-income families from dependency on government cash assistance to self-sufficiency. Employment plays a central role in this process. W-2 is structured to ensure that all individuals in the program obtain unsubsidized employment or participate in work activities to the best of their ability.

Employment rate

Work is an important aspect of the lives of many former AFDC recipients. Overall, 69 percent of former AFDC recipients were either working in a regular job or participating in a W-2 work training placement. When asked, 60 percent of all former AFDC recipients agreed with the statement, “I made a successful transition from welfare to work.” While not all of these individuals were working in a regular job, it is encouraging that so many former AFDC recipients feel they have been successful in moving toward work.

FIGURE 5-1

Employment or program participation in month prior to survey interview



Sample: Former AFDC recipients in Milwaukee

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee



SURVEY SPOTLIGHT

Marla is the guardian of one child who is 16 years old. Marla, a 44-year old, is an African American high school graduate. She is divorced, but has lived with a partner for more than 12 months.

When W-2 was implemented, Marla switched to the Kinship Care program. In addition to her standard \$215 Kinship Care grant, Marla earns \$9.95 per hour as a bus driver, working 40 hours per week but with no benefits. She has had her job almost seven years. Marla lives in public housing and her child participates in the school lunch program, but she said she does not need Medicaid and that she is not eligible for Food Stamps. Her total reported monthly income is \$2,215 (\$1,500 in earnings, \$500 in earnings from another household member, and \$215 in Kinship Care).

Marla feels that her standard of living is good and that she is much better off relative to AFDC. She thinks W-2 is fair and that it is better than the old AFDC program. She did not provide any suggested changes for the W-2 program.

Job characteristics

Although it is encouraging that many former AFDC recipients are working at regular jobs, it is important to explore the characteristics of these jobs in order to assess their quality and the likelihood that they may lead to increased self-sufficiency. The philosophy embedded in W-2 is that any job is a good job and that success can be measured by the number of participants who obtain employment in regular jobs. The employment rate alone, however, is not as encouraging if the jobs do not provide former recipients with the earnings they need to support their families and if they do not provide advancement opportunities.

In this section we limit our analysis to those who are working in a regular job and not participating in a W-2 work training placement. It is possible that some former AFDC recipients were working at part-time or unreported jobs while participating in a W-2 placement in the month prior to the survey interview. In an attempt to isolate those in regular jobs and to avoid double counting income from a W-2 work training placement as earnings from a regular job, all former AFDC recipients in a W-2 work training placement were excluded from the analysis of job characteristics.

We also limit our analysis to former AFDC recipients' primary—that is, the regular unsubsidized job at which they worked the most hours—in the month prior to the survey interview. Few (10%) of those working in regular jobs worked concurrently at two or more regular jobs in the month prior to the survey interview. On the one hand, this is not surprising given that most former AFDC recipients are single mothers of young children; working additional shifts would likely exacerbate child care issues. On the other hand, this may be surprising in light of widespread opinion that former welfare recipients in the low-wage labor market need to work at multiple jobs to make ends meet.

Former AFDC recipients have succeeded in obtaining regular jobs that pay as well or better than a W-2 grant. On average, former AFDC recipients employed in regular jobs earn substantially more than the minimum wage—\$7.45 compared with \$5.15—and 34 hours per week (see Table 5-1).¹¹ More than half earn more than \$7.00 per hour and about half work full-time or more. Almost all (more than 90%) of those employed at regular jobs work at least part-time—that is, at least 20 hours per week. Former AFDC recipients working at regular jobs earn an average of \$1009 per month, \$336 more (or 50% more)

TABLE 5-1
Characteristics of primary regular unsubsidized job

	OF THOSE IN A REGULAR JOB
Usual weekly hours (%)	
29 or less	26
30 to 39	23
40 or more	51
Average hourly pay	\$7.45
Average monthly earnings	\$1009.09
Duration of employment (%)	
6 months or less	45
7 months or more	55
Health insurance (%)	54

Sample: Former AFDC recipients in Milwaukee who were employed in prior month
Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

than the maximum amount they would be able to earn through a W-2 work training placement (\$673 for a CSJ placement). More than half (54%) have health care insurance through their employer. About an equal percentage have been working at their primary job longer than six months. In general, the jobs of former AFDC recipients increase families' financial well-being above what it would be under W-2.

Former AFDC recipients work in a range of industries and occupations. Twenty percent of former AFDC recipients are employed in the health industry while 17 percent are in an occupation that entails the provision of health care (see Table 5-2). Other common occupations include administrative worker, cashier or sales associate, and general laborer.

TABLE 5-2

Most common industry and occupation of primary regular unsubsidized jobs	
	PERCENTAGE
Industry	
Health care	20
Retail	18
Food service/hospitality	13
Manufacturing/packaging/marketing	13
School/day care	13
Transportation	6
Occupation	
Clerical/administrative worker	18
Health care provider	17
Cashier/sales associate	13
Laborer	11

Sample: Former AFDC recipients in Milwaukee who were employed in prior month
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

Effects of working on self-esteem and parenting

Former AFDC recipients recognize the value of work in their lives. Most (84%) of those who were not working at regular jobs or participating in a W-2 work training placement in the month prior to the survey interview had worked at regular jobs at some point in their lives. Overwhelmingly, former AFDC recipients who have ever been employed at a regular unsubsidized job feel positively about the effects of working on their self-esteem and on their relationships with their children. When they work, 92 percent said they feel they have more self-confidence and are better role models for their children (see Table 5-3). Despite the conflicts that mothers in all economic strata, but particularly in the lower income brackets, face in caring for their children and meeting their financial responsibilities simultaneously, a solid majority of former AFDC recipients (86%) reported that they were better able to meet the needs of their children when working.

TABLE 5-3

Perceived effects of working on self-esteem and parenting	
	PERCENTAGE WHO AGREE OR STRONGLY AGREE
Have more self-confidence when working	92
Are better role models when working	92
Are better able to meet their children's needs when working	86

Sample: Former AFDC recipients in Milwaukee who have ever been employed
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee



SURVEY SPOTLIGHT

Marissa, an African American mother of a 3-year-old child, is 22 years old. She has both a high school diploma and a Certified Nursing Assistant (CNA) degree.

Marissa said she did not convert to W-2 because she was not interested in the program. She has, however, received child care subsidies since her AFDC ended. Currently working, Marissa earns \$10 per hour as a CNA for a temporary agency. This part-time job provides paid sick leave but not health insurance or paid vacation. She receives Medicaid, WIC, Head Start, Section 8 housing assistance, and her child is part of the school lunch program. Marissa said she was not receiving Food Stamps because of an administrative problem. Her total reported income in the prior month was only \$305 (\$55 in earnings and \$250 in informal child support). She said her earnings were low last month because she worked just one day.

She rates her standard of living as fair and says that she is much better off than when she was on AFDC. Because Marissa never converted to W-2, she does not have any recommendations for program improvements, but she thinks the program is unfair. Nonetheless, she feels that she has more self-confidence and is a better role model for her children when she is working.

Reasons for not working

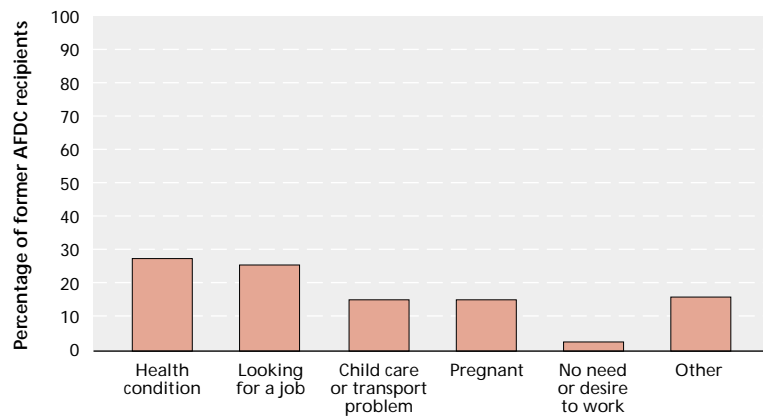
As indicated earlier in this chapter, 16 percent of former AFDC recipients were not working in a regular job outside the W-2 program and not receiving a government cash grant through W-2, SSI, or Kinship Care in the month prior to the survey interview. To understand this group better, we examined the reasons they provided for not working in a regular unsubsidized job.

Twenty-eight percent of former AFDC recipients not working and not receiving a government cash grant cited a personal disability (which includes physical and mental health conditions) as their reason for not working in the prior month (see Figure 5-2). These individuals may need more than simple job search assistance to move them into the workforce. Help applying for SSI or participation in W-2 Transitions may be more appropriate for these individuals. The 15 percent who said they were not working because they were pregnant also may be in need of W-2 cash assistance through a work training placement. Pregnant women with no other children are not eligible for W-2 work training placements. Once the child is born, however, the mother may be eligible for W-2 and receives a 12-week exemption for the W-2 work requirement.

The second most common reason for not working in a regular unsubsidized job in the prior month, cited by 26 percent, was that they were looking for employment. Another 15 percent said that child care or transportation problems kept them from working. As a result, 41 percent of former AFDC recipients who were not working and not receiving a government cash grant listed barriers to employment that may be addressed by the W-2 program which provides job search assistance, child care subsidies, and help paying for transportation.

FIGURE 5-2

Reasons for not working at a regular job in prior month



Sample: Former AFDC recipients in Milwaukee who were not employed, not participating in a W-2 work training position, and not in SSI or Kinship Care in the month prior to the survey
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

HOUSEHOLD INCOME

Total household income is perhaps the best objective measure of how well former AFDC recipients are faring approximately one year after implementation of W-2. This section discusses the amount of income available to former AFDC recipients in the month prior to the survey interview and explores the relative importance of different sources of income.

Total Income

Average total household income in the month prior to the survey interview was approximately \$1,172 (see Table 5-4). Assuming monthly income is steady, this translates to \$14,067 per year. As discussed in Chapter 3, the average household of former AFDC recipients in Milwaukee contains a total of four people. The 1998 U.S. Census Bureau's poverty threshold for a family of four is \$16,588,¹² well above the average income of former AFDC recipients in this study.

Seventy-one percent of former AFDC recipients in Milwaukee reported incomes below the federal poverty line in the month prior to the survey interview. Those below poverty had, on average, incomes that were 58 percent of the average poverty threshold falling \$585 short. Those above poverty, in contrast, had average incomes that were 146 percent of the average poverty threshold with an additional \$615 per month.

Total income of former AFDC recipients varied depending on current employment and W-2 participation status. Former AFDC recipients who were employed in regular jobs—that is, unsubsidized jobs outside of the W-2 program—had \$1,504 in average total monthly household income and had an average family size of three. Their average annual total income of \$18,045, therefore, placed them well above the poverty threshold for their family size, \$13,133. In addition, these families are likely eligible for between \$4,000 and \$5,000 in federal and state earned income credits. Former AFDC recipients not working in regular jobs, however, generally had average incomes below the poverty threshold. Those in W-2 work training placements had \$1,036 in average total monthly household income (\$12,432 annually) and were not eligible for any earned income credits. Those in SSI or Kinship Care and not working in a regular job had an average monthly income of \$974 (\$11,685 annually), and those not engaged in any activity had \$621 (\$7,450 annually). Only about two percent of all former AFDC recipients reported having no income in the month prior to the survey interview.

To gauge whether the financial situation of former AFDC recipients improved after the implementation of W-2, we compared their reported income for the month prior to the survey interview to the estimated amount of government benefits they would have received in their last month on AFDC.¹³ These amounts were substantially different for former AFDC recipients employed at regular jobs.

TABLE 5-4

Comparison of household income in month prior to survey

	ALL FORMER AFDC RECIPIENTS	WORKING AT A REGULAR UNSUBSIDIZED JOB	NOT WORKING BUT IN A W-2 TRAINING PLACEMENT	NOT WORKING OR IN W-2 BUT IN SSI OR KINSHIP CARE	NOT WORKING AND NOT IN W-2, SSI, OR KINSHIP CARE
Government Assistance (W-2, Food Stamps, SSI, Kinship Care, Unemployment Compensation, Emergency Assistance, Social Security)	\$ 461	\$ 207	\$ 827	\$ 787	\$ 221
Earnings (respondent and other household members)	602	1210	113	2	275
Child Support (formal and informal)	54	61	54	28	65
Other	55	26	42	157	60
Total Monthly Income	\$ 1,172	\$ 1,504	\$ 1,036	\$ 974	\$ 621

Sample: Former AFDC recipients in Milwaukee

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

These individuals fared the best relative to their last month on AFDC. Their income in the month prior to the survey interview was almost double what they would have received in government benefits under AFDC.

Reported income in the month prior to the survey interview and government benefits under AFDC were substantially similar for the remaining groups. Those receiving Kinship Care and not employed or participating in a W-2 placement had an income in the prior month that was 37 percent higher than their government benefits under AFDC (much of this increase was due to \$295 in income from “other” sources). Former AFDC recipients participating in a W-2 placement were also better off financially than their estimated government benefits under AFDC (with a 20% increase under W-2). Former AFDC recipients not working at regular jobs or participating in W-2, but receiving SSI, were worse off financially than they were under AFDC (a 12% decrease under W-2).¹⁴ While the 16 percent of former AFDC recipients, not employed and not participating in a W-2 work training placement, SSI, or Kinship Care, fared the worst. Their income in the month prior to the survey interview was about two-thirds of what they would have received in government benefits under AFDC.

Income sources and amounts

Former AFDC recipients relied more heavily on earnings from regular jobs—either their own earnings or earnings from another household member—than on government assistance in the month prior to the survey interview.¹⁵ Earnings accounted for roughly half (51%) of their total household income, while government assistance accounted for 39 percent. The earnings were primarily from regular jobs held by the former AFDC recipients themselves rather than from jobs held by other household members. About one-third of the income from government assistance was in the form of W-2 payments. Smaller but still substantial proportions of the income from government assistance came from Food Stamps and SSI. Unlike AFDC, W-2 allows most participants to receive 100 percent of their child support payments without reducing the W-2 grant. Despite this policy, child support accounted for a small proportion (5%) of former AFDC recipients’ total household income in the month prior to the survey interview.

The income mix differs by current employment and program participation status. Earnings accounted for about 80 percent of the total household income of former AFDC recipients who were employed at regular unsubsidized jobs. These former recipients still received some government assistance, though, primarily in the form of Food Stamps. Conversely, government assistance accounted for about 79 percent of the total household income of former AFDC recipients who were in W-2 work training placements. The W-2 cash grant represented the largest portion of all government assistance to this group. Government cash grants also accounted for the bulk of total income among former AFDC recipients participating in SSI or Kinship Care. Those on Kinship Care had substantial income from “other” sources (\$295) as well as income from formal child support (\$64), whereas those on SSI had little income from child support (\$9 including formal and informal support). While those who were not participating in the above activities had the lowest total income, they had the highest amount of income from other household members’ earnings (\$275), and the highest amount of income from child support (\$65).

Other Measures of Well-Being



In addition to employment and household income, other measures can shed light on former AFDC recipients' socioeconomic status and family well-being approximately one year after the implementation of W-2. This chapter explores some of these measures, including housing and homelessness, reliance on social support networks, and self-reported standard of living. Together with Chapter 5, these results provide a comprehensive picture of how former AFDC recipients are faring in a new policy environment that emphasizes work and real consequences for failing to take steps toward self-sufficiency.

HOUSING ARRANGEMENTS

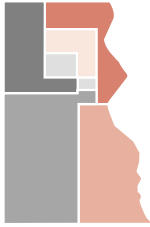
The housing arrangements of former AFDC recipients are fairly typical of low-income families. Most former recipients (88%) lived in rental housing at the time of the survey interview; only 6 percent lived in a home they owned (see Table 6-1). Some former AFDC recipients received government housing assistance; 19 percent resided in public housing and 7 percent received a subsidy or voucher to help pay for housing costs. Average out-of-pocket housing expenditures in the month prior to the survey interview were \$323. In general, the frequency with which former AFDC recipients in Milwaukee move is slightly higher, though fairly consistent, with that of the average low-income renter in Milwaukee. Almost half (46%) of former AFDC recipients had been in their current housing arrangement for less than a year, while according to the 1994 American Housing Survey—the latest available—about 40 percent of renters below the poverty threshold in Milwaukee moved in the previous year.

Most former AFDC recipients were able to meet their basic need for shelter in the year prior to the survey interview. We determined this by looking at the rate of homelessness, perhaps the most extreme measure of former recipients' inability to meet their basic need for shelter, during that period. In the survey, homelessness was defined as living on the street or in an emergency housing shelter. By this definition, 92 percent of former AFDC recipients had never been homeless during the prior year. Still, the rate of homelessness in this study

TABLE 6-1

Housing arrangements	
	PERCENTAGE OR AVERAGE
Current housing type (%)	
Rent	88
Own	6
Other	6
Time in current arrangement (%)	
12 months or less	46
More than 12 months	54
Public housing (%)	19
Government housing subsidy or voucher	7
Homeless or in a shelter at any time during past year (%)	8
Average housing cost	\$323

Sample: Former AFDC recipients in Milwaukee
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee



SURVEY SPOTLIGHT

Natalie is 33 years old and has a GED. She is among the 21 percent of former AFDC recipients in Milwaukee who is white. Her three children are ages 16, 11, and 2.

When W-2 was implemented, Natalie began receiving SSI—she reported both mental and physical disabilities that limit her ability to work. She receives Food Stamps, Medicaid, and lives in Section 8 housing. Her social network provided transportation and money in the month prior to the interview. She also visited a food pantry and thrift shop. Her total reported monthly income was \$1,100 (\$840 in SSI payments, \$180 in Food Stamps, and \$80 in earnings from another household member).

Natalie says that her standard of living is good but feels that she is somewhat worse off relative to AFDC. She thinks W-2 is fair, but does not believe it is better than the AFDC program. She believes her life was better when she was on welfare. Natalie wishes the state would fight harder for child support. She also thinks W-2 should provide more money for day care.

(8%) is slightly higher than what experts, such as the National Alliance to End Homelessness, believe is the national rate of homelessness in a given year—approximately 5.6 percent of those below the poverty line.¹⁶ For most former AFDC recipients, the year prior to the survey interview largely corresponded to the year since their AFDC ended and W-2 began. Since we do not know the extent of homelessness among this population prior to the implementation of W-2, it is difficult to assess whether W-2 affected the rate of homelessness.

RELIANCE ON SOCIAL SUPPORT NETWORKS

Most former AFDC recipients rely on support from social networks to help make ends meet. They obtain this support more often through informal networks such as family, friends, and neighbors than through community organizations. This section explores the extent and nature of support received from these two types of social networks.

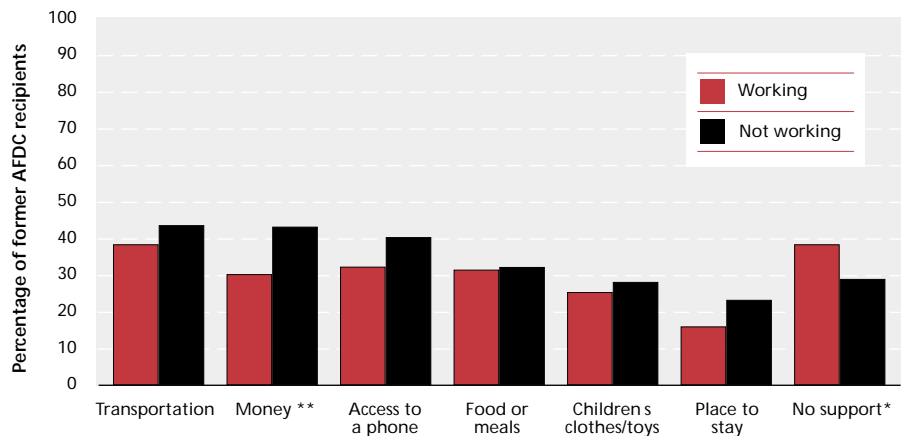
Support from family, friends, and neighbors

More than two-thirds of former AFDC recipients relied on support from family, friends, and neighbors to make ends meet in the month prior to the survey interview. The most common types of support from these sources were transportation assistance (41%), money (37%), and access to a telephone (36%). Just under one-third (31%) of former AFDC recipients did not rely on family, friends, or neighbors at all in the month prior to the survey interview.

Former AFDC recipients who were not working at a regular job in the month prior to the survey interview relied on support from family, friends, and neighbors more than those who were working (see Figure 6-1). Receipt of monetary assistance, access to a telephone, and a place to stay were particularly greater among former AFDC recipients who were not working at regular jobs. Those who were employed most often looked to family, friends, and neighbors for help with transportation, most likely to get to and from their job.

FIGURE 6-1

Types of help received from family, friends, and neighbors in prior month



* Difference between subgroups significant at the .10 level

** Difference between subgroups significant at the .05 level

Sample: Former AFDC recipients in Milwaukee

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

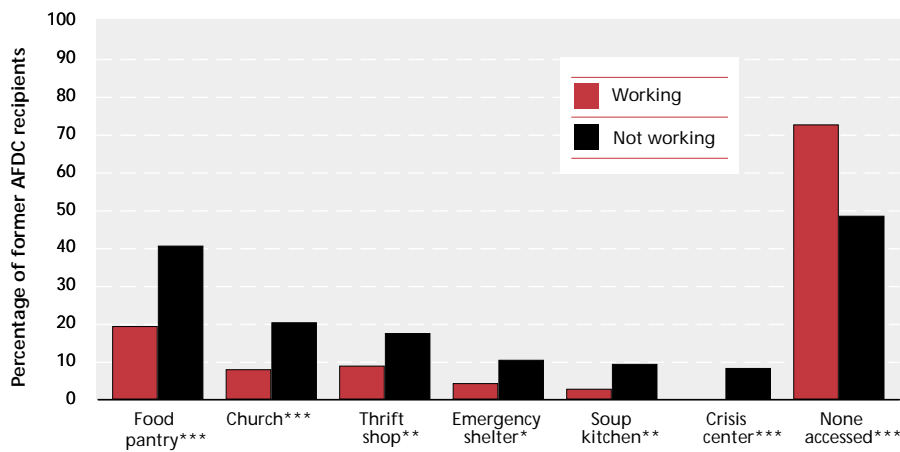
Support from community organizations

Most former AFDC recipients were considerably less likely to seek support from community organizations than they were from family, friends and neighbors. Almost sixty percent of former AFDC recipients had not received support from community organizations since their AFDC cash grants ended, a time period of six to seventeen months. A substantial minority (41%), however, had accessed this type of support at some time after their AFDC ended. Food pantries were by far the most common community organizations relied upon by former AFDC recipients (33%), followed by churches (16%), and thrift shops (14%).

Former AFDC recipients relied on emergency shelters, soup kitchens, and crisis centers to a lesser extent than other less intensive community supports such as food pantries, churches and thrift shops. It may be that former AFDC recipients are less in need of the more intensive supports. It may also be that former AFDC recipients are relying more often on those community resources that may be accessible and potentially less stigmatizing than others. For instance, churches and thrift shops are relatively easy to access and are generally used for a variety of reasons by a broad population. Former AFDC recipients may feel more comfortable or less self-conscious visiting these types of organizations than emergency shelters or crisis centers, where individuals or families in dire situations go.

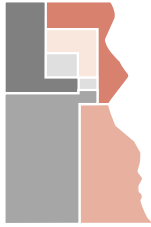
Those who were working at regular jobs in the prior month were much less likely to use community organizations than those who were not working. Only 26 percent of former AFDC recipients who were employed at regular jobs in the month prior to the survey interview relied on community organizations at some point after their AFDC ended (see Figure 6-2). In contrast, 51 percent of former AFDC recipients who were not working did. Almost across the board, former AFDC recipients who were not working were twice as likely to use the various community supports studied in this report than were employed former AFDC recipients.

FIGURE 6-2
Community organizations accessed for help since AFDC ended



* Difference between subgroups significant at the .10 level
 ** Difference between subgroups significant at the .05 level
 *** Difference between subgroups significant at the .01 level

Sample: Former AFDC recipients in Milwaukee
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee



SURVEY SPOTLIGHT

Dani is a 21-year-old African American woman with three children ages 6, 3, and 2. Although Dani did not finish high school, she did get her GED. Dani has never been married but she has been living with a partner for almost a year.

The only W-2 assistance Dani received was help paying for her child care. Dani currently works as a machine operator for \$8.06 per hour. She started her job in June 1997 and works 35 hours per week. Her job provides paid vacation, paid sick leave, and employer-sponsored health insurance. In addition to her earnings, she receives Medicaid and WIC benefits, but said she is not eligible for Food Stamps. Dani's total reported monthly income was \$1,878 (\$1,300 in earnings, \$5 in informal child support, and \$573 in SSI, presumably received by another household member).

Dani rates her standard of living as very good and says that she is much better off than when she was on AFDC. She thinks W-2 is fair and is better than AFDC. Although she has three young children, she does not think W-2 requires too much of parents with young children. When asked what improvements she would like made to the W-2 program, Dani expressed her concern that parents who are drug addicts will not work and support their children.

STANDARD OF LIVING

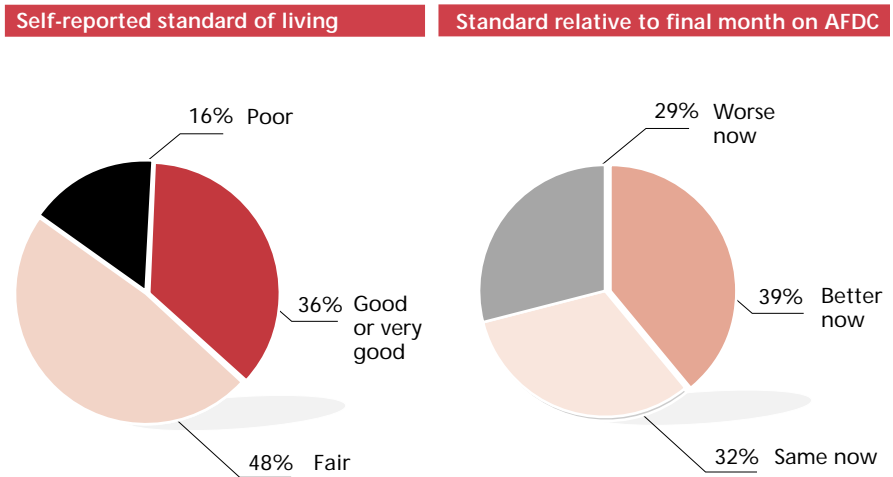
Many of the survey findings reported in this and earlier chapters have been quantitative measures based directly on responses from former AFDC recipients. From these findings, readers may formulate their own conclusions about the overall socioeconomic status of former AFDC recipients in Milwaukee in the new W-2 program environment. In this section, we shift our focus to more subjective, qualitative data, and explore how former recipients themselves feel about their overall socioeconomic status and standard of living. We first report on the perceptions of the entire group of former AFDC recipients and then on the characteristics of those who perceive that they are not faring as well now as they were before the implementation of W-2.

Perceived standard of living

Generally, former AFDC recipients in Milwaukee said they feel positively about their current standard of living. We asked them to consider things such as their housing and living environment, food, medical care, and recreation when rating their standard of living. Despite their generally modest incomes, most former recipients (84%) reported their current standard of living to be at least fair, and more than one-third rated their standard of living as good or very good (see Figure 6-3).

In order to assess whether their perceived standard of living had changed since the implementation of W-2, we asked former AFDC recipients to compare their current standard of living to their standard of living in the month before their AFDC ended. A substantial majority (71%), reported that their standard of living was at least the same or better now than while they were still receiving AFDC. This rate differed, however, depending on whether the former AFDC recipient was working in a regular job or participating in W-2, SSI and Kinship Care. The majority (82%) of former AFDC recipients who were working in a regular job about a year after W-2 implementation said that they had the same

FIGURE 6-3



Sample: Former AFDC recipients in Milwaukee
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

or better standard of living than their last month on AFDC (see Table 6-2). This was the case for 70 percent of those in a W-2 work training placement, 60 percent of those on SSI or in Kinship Care, and 52 percent of those in none of the above categories.

TABLE 6-2
Perceived standard of living by employment or program participation*

	PERCENTAGE REPORTING THE SAME OR BETTER STANDARD OF LIVING
Employed in a regular unsubsidized job	82
Not employed, but in a W-2 work training placement	70
Not employed, and not in W-2 but in SSI or Kinship Care	60
Not employed and not in W-2, SSI or Kinship Care	52

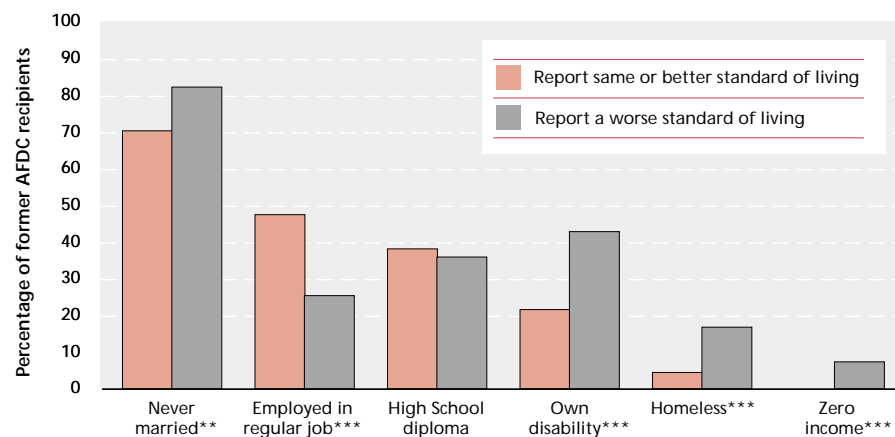
* in the month prior to the survey interview

Sample: Former AFDC recipients in Milwaukee
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

Understanding those who perceived a decline in their standard of living

Twenty-nine percent of former recipients overall reported that they were worse off now than they were under AFDC. To understand those who perceived a decline in their standard of living since the implementation of W-2, we compared the characteristics of former AFDC recipients who reported that their standard of living is the same or better than under AFDC with the characteristics of those who reported a decline. Those who reported a decline in their standard of living were much less likely to be employed at regular unsubsidized jobs than former AFDC recipients who reported doing about the same or better now than under AFDC (see Figure 6-4). Average household earnings among former recipients reporting a decline in standard of living were less than half of household earnings

FIGURE 6-4
Characteristics of former AFDC recipients relative to their reported standard of living



** Difference between subgroups significant at the .05 level

*** Difference between subgroups significant at the .01 level

Sample: Former AFDC recipients in Milwaukee
 Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

among other former AFDC recipients, and average total household income was approximately \$357 per month, or almost \$4,300 per year, lower.

Former AFDC recipients who reported a decline in their standard of living also appear to have more challenges to overcome than other former recipients. They are much more likely to have a reported disability. They are more likely to be never married and slightly less likely to have a high school diploma. They were also four times as likely (16% to 4%) to report a period of homelessness since their AFDC ended than other former AFDC recipients.

To make ends meet, former AFDC recipients who reported a decline in their standard of living relied on formal and informal support networks to a greater extent than other former recipients (see Table 6-3). Roughly 86 percent of those who experienced a decline received help from family, friends, and neighbors in the month prior to the survey interview. Their reliance on this type of support was about 26 percentage points higher than other former AFDC recipients. Those who reported a decline in their standard of living also were much more likely to have used the resources of community organizations—food pantries, churches, thrift shops, emergency shelters, soup kitchens, and crisis centers—than were other former AFDC recipients.

Former AFDC recipients who reported a decline in their standard of living, however, relied on W-2 to get by in the month prior to the survey interview to a similar extent as other former recipients. They relied on Food Stamps and Medicaid less. Their substantially lower total income suggests that former AFDC recipients who reported a decline in their standard of living should be eligible for W-2, Food Stamps, and Medicaid at a higher rate than other former AFDC recipients. Their lower rates of participation suggest that they may not be using support for which they are eligible. Their rate of participation in SSI (the Caretaker Supplement) was higher than that of other former AFDC recipients. As noted in Chapter 2, the benefits provided under the SSI Caretaker Supplement are less generous than those that were provided under AFDC. It is not surprising, then, that the receipt of SSI benefits did little to ward off the perception of a lower standard of living following the end of AFDC.

TABLE 6-3

Sources of assistance relative to reported standard of living

	PERCENTAGE WITH SAME OR BETTER STANDARD OF LIVING	PERCENTAGE WITH A DECLINE IN STANDARD OF LIVING
Received help from family, friends and neighbors in the prior month***	60	86
Received help from community resources since AFDC ended***	34	56
Received assistance in the prior month:		
W-2	40	40
Food Stamps	62	58
Medicaid	87	84
Kinship Care***	14	0
SSI***	14	29

*** Difference between subgroups significant at the .01 level

Sample: Former AFDC recipients in Milwaukee

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

UNDERSTANDING THOSE WITH A REPORTED DISABILITY

One-third of all respondents had a reported disability—that is, a self-reported personal or family member’s disability or health problem that limits the former AFDC recipient’s ability to work. Just under half (45%) of those with a reported disability also reported a decline in their standard of living compared to just 22 percent of those without a reported disability. To better understand why so many of these individuals reported a decline in their standard of living, we took a closer look at the policies governing these individuals, where they were in the prior month, and their perceptions of the W–2 programs.

Some former AFDC recipients with a reported disability were receiving SSI and some were not. Former AFDC recipients who were on SSI at the time of conversion and were receiving a child-only AFDC grant did not go through the regular conversion process. Rather, these families were automatically transferred to the SSI Caretaker Supplement program in December 1997 and January 1998. To the recipient, the conversion was seamless—one month they received a child-only AFDC grant, the next month they received an SSI Caretaker Supplement grant. The Caretaker Supplement grant, however, is substantially lower than what families received under AFDC. When cases were first switched to the SSI Caretaker Supplement program, the grant was \$77 per month per child. Even with the increase to \$100 in the July 1998, the Caretaker Supplement did not meet the level of AFDC child-only grant of \$363 per month with \$77 for each additional child. While Food Stamp benefits made up some of this lost income, it is likely that former AFDC recipients on SSI receive less assistance under W–2 than under AFDC (see Chapter 5).

For those not already on SSI at the time of conversion, the conversion process was more complicated. Parents with a reported personal disability who were not already on SSI had to go through the conversion process if they wanted to receive a W–2 cash benefit. Since most individuals with a health problem or other physical or mental limitations were exempted from AFDC’s work requirements, they did not always pursue SSI because the application process takes an average of one year. W–2’s strong work requirement and time limits changed that equation. W–2 agencies now have strong incentives to seek SSI applications for those potentially eligible. Not only does the parent avoid a work requirement but the agency has one less individual on their caseload since SSI and the SSI caretaker supplement are not handled by the W–2 agency. Former AFDC recipients, however, had to get through the W–2 conversion process to receive a W–2 cash benefit while their SSI application was pending. Some may not have been able to navigate through the conversion waters successfully because of their disability. Others may have quit before they began in order to avoid the work requirement.

Where did former AFDC recipients with reported disabilities end up? In the month prior to the survey interview, they were spread across all four employment and program participation subgroups. Thirty-seven percent were receiving SSI or Kinship Care and not working or participating in W–2

in the prior month (see Table 6-4). Another 25 percent were not working but participating in a W-2 work training placement. Presumably, at the time of the survey interview, these individuals were in a W-2 Transition placement either applying for SSI or caring for a disabled family member. Some of those with a reported disability were employed in the prior month (16%). Finally, 23 percent were in none of the above categories. Although 22 people with a reported disability were in the none-of-the-above category, only 13 of them mentioned a disability as the reason for not working in the prior month (see Chapter 5).

Former AFDC recipients with a reported disability did not have positive perceptions of the W-2 program. While 47 percent of all former AFDC recipients did not think that W-2 is better than the old AFDC program, 57 percent of former AFDC recipients with a reported disability did not think that W-2 is better. These negative perceptions may be discouraging individuals with a disability from seeking assistance at the W-2 agency.

TABLE 6-4

Employment and program participation for those who reported a disability*	
	PERCENTAGE
Employed at a regular unsubsidized job	16
Not employed, but in a W-2 work training placement	25
Not employed, and not in W-2 but in SSI or Kinship Care	37
Not employed and not in W-2, SSI or Kinship Care	23

* in the month prior to the survey interview

Sample: Former AFDC recipients in Milwaukee who reported a personal disability or health problem or the disability or health problem of a family member
Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee

Summary and Conclusion



Disassembling the AFDC entitlement program in Wisconsin and replacing it with W-2 was one of the most ambitious welfare reform projects ever undertaken by any state. Research on this transition by the Hudson Institute and Mathematica Policy Research Inc. resulted in a set of findings and associated policy implications. We summarize them below.

PRINCIPAL FINDINGS

Telephone interviews with 296 former AFDC recipients shed light on the experiences and outcomes of those who faced conversion from AFDC to W-2. Findings are organized around the study's four central research questions.

What are former AFDC recipients' experiences with conversion from AFDC to W-2?

Most former AFDC recipients indicated interest in converting from AFDC to W-2 by participating to some degree in the conversion process. Typically, however, they found this process to be confusing, time consuming, and difficult. In all, only 44 percent converted to W-2 in the month after their AFDC ended. The most common reason for not converting initially was that they were working or had found a job. Former AFDC recipients who converted initially were less likely to be affected by disabilities (either their own or of someone in their family) than those who did not convert initially. However, no other demographic indicators provided much insight into why some individuals converted to W-2 while others did not.

Although 56 percent of former AFDC recipients did not convert initially to W-2, many later began receiving W-2 assistance or other cash grants from government programs such as SSI or Kinship Care. In all, more than three-fourths of former AFDC recipients participated in W-2 or received SSI or Kinship Care at some point after their AFDC ended.

To what extent do former AFDC recipients currently participate in W-2 and other assistance programs?

Most former AFDC recipients received some type of government assistance in the month prior to the survey interview. Forty percent received W-2 assistance, 86 percent received Medicaid for themselves or their children, and 61 percent received Food Stamps. Former AFDC recipients who converted initially to W-2 remained more attached to these programs than former recipients who did not convert initially to W-2. The vast majority of those receiving W-2 assistance received a cash grant by participating in a work training placement; few received only W-2 case management supportive services.

Former AFDC recipients had mixed views about the value and utility of W-2. Most believed that the intentions underlying the program are good, but they were split over whether W-2 is better than the old AFDC program. The most common suggestion former AFDC recipients gave for improving W-2 was increasing education and training opportunities. They also suggested improving relations between agency staff and W-2 participants.

BASIC RESEARCH QUESTIONS

1. What are former AFDC recipients' experiences with conversion from AFDC to W-2?
2. To what extent do former AFDC recipients currently participate in W-2 and other assistance programs?
3. What are former AFDC recipients' current employment and income?
4. How do former AFDC recipients fare on other measures of well-being?

What are former AFDC recipients' current employment and income?

In the month prior to the survey interview, most former AFDC recipients were either working at regular unsubsidized jobs (41%), participating in a W-2 work training placement (28%), or receiving a cash grant through SSI or Kinship Care while not working (15%). On average, employed former AFDC recipients found jobs that paid more than 50 percent of the maximum W-2 grant. When other sources of income such as Food Stamps and child support (but not the earned income credit) are added, these families had total incomes well above the poverty threshold. In addition to monetary gains, parents who had never worked cited boosts in self-esteem when employed. Former AFDC recipients who were not employed in regular jobs, however, did not fare as well. In general, these families did not escape poverty.

How are former AFDC recipients faring on other measures of well-being?

To help make ends meet, most former AFDC recipients relied on support from social networks. Two-thirds received on help from family, friends, and neighbors in the month prior to the survey interview, most commonly for transportation and money. About 40 percent had accessed community resources—such as food pantries, churches, or thrift shops—since their AFDC ended. Employed individuals were less likely than non-working individuals to rely on either of these types of support.

Despite their modest incomes, former AFDC recipients generally felt positively about their current standard of living. Most felt that they were doing the same or better now than when they were receiving AFDC. Some former AFDC recipients, however, experienced a decline in their standard of living following the conversion to W-2. These individuals were more likely to have a disability and are more likely to not be working. Although their average income was substantially lower than that of other former AFDC recipients, those who reported a decline in their standard of living had not accessed government supports such as W-2, Food Stamps, and Medicaid at a higher rate.

POLICY IMPLICATIONS

Wisconsin implemented major welfare policy changes at the same time it implemented a new administrative structure and introduced new service providers. Implementation of such a large-scale social policy change was an enormous administrative burden. This was evident in the confusion experienced by many who went through the W-2 conversion process. AFDC recipients and other low-income parents in need of cash assistance were exposed to new requirements, a new process, and new caseworkers within a short period of time. At the same time that former recipients were trying to figure out the new system, so too were the W-2 agencies, especially in Milwaukee. The roles of the five Milwaukee W-2 agencies and the county human services department were still evolving when W-2 was implemented. It took some time to establish mutually agreed upon working relationships.

Despite the initial confusion, 71 percent of former AFDC recipients said their standard of living was the same as or higher now than it was in their last month of AFDC. This leads one to believe that either these parents are incredibly resilient, or that over the course of the first 12 to 18 months of W-2, some of the administrative problems were ironed out. Responses to our survey show a little of both. Wisconsin's experience suggests that government agencies are well-served by allocating generous resources to implementation efforts, and that multiple forms of communication, such as those employed by the W-2 agencies in Milwaukee, are necessary to reach a broad array of targeted audience members.

The most resilient—those capable of working—fared the best under the new system. W-2 successfully replaced the culture of welfare dependency with a culture of work. Over 80 percent of former AFDC recipients knew that W-2 requires everyone to participate in work or work activities. Most felt that W-2 motivates participants to get jobs and get off welfare, and believed that W-2 workers wanted people like them to succeed. Former AFDC recipients heeded W-2’s messages about work. Sixty-nine percent of former AFDC recipients were either working in a regular unsubsidized job or participating in a W-2 work training placement in the month prior to the survey interview. Of those in a regular job, many were earning a decent wage, receiving some fringe benefits, and working close to full time. On average, those working at a regular job escaped poverty before factoring in the federal and state earned income credits. Eighty-two percent of those who were working said they were as well or better off under W-2 than they had been under AFDC.

While many former AFDC recipients are now working, the program continues to face the challenge of ensuring that they retain these jobs and advance in the workplace. Increasing education and training opportunities was the most common recommendation to improve W-2 provided by former AFDC recipients. Other important supports for working parents include child care, Medicaid, and Food Stamps. Some former AFDC recipients, however, were unaware that they may qualify for these supports without being in W-2. Ensuring that low-income working families maintain access to the assistance for which they are eligible may take time, effort, and creativity.

Another challenge Wisconsin faces is the provision of adequate support for the least resilient—those who reported a health condition or disability (either their own or that of a family member). The issue of disability comes up time and again throughout the report. Most distressing is the fact that 45 percent of those who reported a disability also reported a decline in their standard of living. Parents on SSI experienced a decline in their cash assistance with the advent of W-2, which may explain some of this drop in standard of living. The Wisconsin legislature is currently considering an increase to the SSI Caretaker Supplement grant amount. This policy initiative may address the income concerns of parents on SSI, but the state should also focus additional attention both on disabled parents who are either applying for or are not eligible for SSI and on parents who care for a disabled family member.

Perhaps the most important lesson from W-2 implementation is the diversity of participants’ experiences. As the survey spotlights reveal, the lives behind the statistics are anything but one-dimensional. Many former AFDC recipients now enjoy a better life than they did under AFDC. Yet significant challenges remain both for those who are already in the workplace and for those who remain on the welfare rolls. Life events other than welfare reform implementation—the birth of a child for Sherlie, for instance, or Dani’s new live-in partner—can change individual choices and circumstances. As a result, the ways that former AFDC recipients perceive the quality of their lives are not always what conventional wisdom would lead us to expect. Low-income mothers face numerous challenges. Some can be addressed by government programs such as W-2, others cannot. ■

CONCLUSIONS

Achievements Wisconsin has successfully conveyed the message that W-2 is about work, and former AFDC recipients seem to be heeding that message.

Challenges W-2 now faces the challenge of ensuring that former AFDC recipients can retain their jobs and advance in the workplace. While putting the employable to work, Wisconsin should also be sensitive to the needs of those with a reported disability.

Lessons Wisconsin’s experience suggests that government agencies are well served by allocating generous resources to implementation issues. Low-income mothers face numerous challenges, some of which can be addressed by government programs such as W-2, others of which cannot.

Notes

- ¹ A copy of the survey instrument may be obtained by calling Hudson's Madison office at (608) 251-8162, or by accessing Hudson's website: <http://www.welfare-reformer.org>
- ² Appendix A provides a more detailed description of the survey sample and methodology.
- ³ "Wisconsin Works" pamphlet. Wisconsin Department of Workforce Development DWD DES-893 (R. 1/98)
- ⁴ Adults as well as children may be eligible for SSI. Parents with children on SSI may be eligible for W-2; that child's SSI income, however, may put the family over the W-2 income limit. Single parents on SSI are not eligible for W-2. In a two-parent family, at least one parent must be able to meet the W-2 work requirements (that is, not on SSI) in order to receive W-2 assistance.
- ⁵ Individuals may receive a Kinship Care benefit in addition to their W-2 grant if they care for their own child(ren) as well as the child of a relative.
- ⁶ The AFDC child-only cases are not included in this total because these cases were not eligible for W-2. Most of the 5,100 child-only AFDC cases in Milwaukee began receiving the SSI Caretaker Supplement or Kinship Care following W-2's implementation.
- ⁷ We gathered this information through conversations with the five W-2 agencies about what steps they took to convert AFDC recipients to W-2.
- ⁸ Sixteen percent, or 47 respondents, never received W-2 but, when asked specifically, said they received SSI or Kinship Care when their AFDC ended. This number is higher than the 25 respondents, or 17 percent of those who did not convert, who provided "receiving SSI and/or Kinship Care instead" as their reason for not converting. Some respondents who switched to SSI or Kinship Care may have listed other reasons for not converting to W-2.
- ⁹ The number of former AFDC recipients receiving SSI or Kinship Care reported here is higher than the SSI and Kinship Care figures reported in Chapter 3 for three reasons: (1) Chapter 4 measures receipt in the prior month, and Chapter 3 measures receipt when AFDC ended; (2) Chapter 4 measures receipt for respondents and their children, and Chapter 3 measures receipt for respondents only; and (3) Chapter 4 measures receipt among all former AFDC recipients, and Chapter 3 measures receipt only among those who did not convert to W-2.
- ¹⁰ We derived these subgroups by first counting all those employed at a regular job and not in a W-2 placement, then counting all those in a W-2 placement, then counting those in SSI or Kinship Care, and then counting the remainder. Among the 121 former AFDC recipients who were employed at a regular job, 22 also received SSI or Kinship Care. Among the 84 former AFDC recipients in W-2 work training placements, 10 also received SSI or Kinship Care.
- ¹¹ These findings are consistent with those from a recent study of TANF leavers in Milwaukee which found the average hourly wage to be \$7.42 and average hours of employment to be 36 among employed individuals who left welfare. (See "Survey of Those Leaving AFDC or W-2 January to March 1998: Preliminary Report." State of Wisconsin Department of Workforce Development, January 13, 1999.)
- ¹² This threshold applies to cash income only and does not consider in-kind transfers such as food stamps. The monetary value of food stamps, however, is included in our calculation of total income.
- ¹³ Although former AFDC recipients may have been working in the last month they received an AFDC check, we assumed for this purpose that they were not. We estimated the maximum AFDC and Food Stamp benefits as of August 1997 for each subgroup's median family size and added the equivalent amount of other cash grants (SSI, Social Security, Emergency Assistance, Unemployment Insurance, and Workers Compensation) each subgroup reported for the month prior to the survey interview. See appendix B for a discussion of these differences.
- ¹⁴ Former AFDC recipients who received SSI and/or Kinship Care while working in a regular job were included in the calculation for those who were employed.
- ¹⁵ Other household members may include unmarried partners cohabiting with the former AFDC recipient as well as other adult household members (i.e., relatives, friends, or adult children).
- ¹⁶ Because the homeless population is difficult to contact and thus count, this rate is an estimate obtained by taking the estimated number of homeless in a given year, about two million people, and comparing it to the census count of people in poverty in 1997, about 35.5 million.

Survey Methodology



This appendix describes the methodology used in the Hudson Institute/MPR survey of former AFDC recipients in Milwaukee. It includes a discussion of the sample design, survey pretest, data collection and preparation, and the response rate and reliability of the survey estimates.

Sample design

The sampling frame for the survey consisted of clients receiving AFDC cash benefits in Milwaukee County when Wisconsin replaced AFDC with W-2. The Wisconsin Department of Workforce Development (DWD) compiled the sampling frame from its administrative data system. August 1997—the month immediately prior to the implementation of W-2—was used because the purpose of the survey was to learn about the experiences of former AFDC recipients during and after Wisconsin’s conversion from AFDC to W-2. From the sampling frame, DWD selected a random sample of 500 cases. These cases represented just over 2 percent of the 22,947 cases receiving an AFDC benefit in Milwaukee in August 1997. From the 500 cases, MPR randomly selected 100 cases to be used for the pretest, leaving 400 cases for the survey sample.

Survey pretest

MPR developed the survey instrument in consultation with the Hudson Institute. Prior to administration, MPR pretested the instrument with 20 of the 100 pretest cases. MPR telephone interviewers called the cases, and project staff monitored interviews in progress. Results from the pretest were used to improve the flow and sequencing of the questionnaire, to improve the clarity of questions, and to clarify interviewer instructions. Changes were made to the questionnaire in an iterative fashion and pretested with later cases.

Survey data collection

The survey of former AFDC recipients in Milwaukee County was conducted from October 1998 through February 1999. As a first step, MPR sent an advance letter to the sample cases explaining the study, encouraging participation, offering a \$25 incentive payment, and inviting sample members to call MPR’s toll-free number to complete the survey interview. About 120 of the sample members (30%) called MPR in response to this letter. MPR telephone interviewers then called sample members who did not respond to the advance letter (280 individuals) to conduct an interview or schedule a time to do so. DWD supplied addresses and telephone numbers. If the contact information was invalid or outdated, MPR’s locating department used a variety of techniques to find valid contact information, including calling directory assistance, identifying neighbors through reverse directories, and searching a number of computerized databases. About 140 sample members, or one-half of those who did not call MPR in response to the advance letter, required searching in this way. Pursuing these techniques, MPR was able to interview another 120 sample members from their phone center in Columbia, Maryland.

MPR conducted in-person follow-up with the 160 sample members (40%) who had not responded to the telephone phase of data collection. MPR staff trained five field interviewers from the Milwaukee and Chicago areas for this work. Field interviewers carried cellular telephones which sample members used to call MPR’s central telephone facility in Columbia, Maryland. Once connected, sample members completed the questionnaire with a telephone interviewer trained for this study. Occasionally, a field interviewer conducted the survey interview face-to-face with the sample member if this was the sample member’s preference. Using this protocol, MPR conducted most of the survey interviews as telephone interviews. This reduced the potential for a mode effect caused by differences between telephone interviewing and face-to-face interviewing. A total of 56 sample members (14%) completed the interview after being located by a field worker.

Survey data preparation

MPR staff logged completed questionnaires into a receipt control system that kept track of the status of all cases. Coding staff then carried out a variety of checks and prepared the questionnaires for data entry. Specifically, they resolved incomplete or contradictory answers (calling back respondents if necessary), reviewed “other, specify” responses for possible backcoding to a listed response, and assigned numeric codes to open-ended questions (for example, “What type of changes would you like to see made to the W–2 program?”).

After coding, cases were sent to data entry. The data entry program ensured that only values within allowable ranges were entered and that skip patterns were followed correctly. MPR applied a series of edits to the data in batch mode. These edits reconciled logically inconsistent answers and distinguished between missing data that was legitimate (that is, part of a skip pattern), and missing data that represented true item nonresponse. After completing the edits, MPR produced a final survey data file for analysis.

Survey response rate

Of the 400 cases in the survey sample, interviews were completed with 296 sample members (74%). The remaining 26 percent were not interviewed because: (1) they were not located, (2) they were located but not interviewed before the field period ended, or (3) they refused to be interviewed. The majority of these cases were in the first category. Table A-1 shows the final sample disposition.

TABLE A-1

Final sample disposition		
FINAL DISPOSITION	NUMBER	PERCENT
Completed interview	296	74
Called MPR	120	30
MPR called	120	30
Located by field interviewers	56	14
Not interviewed	104	26
Not located or located but not interviewed before the end of the field period	102	25
Refused	2	0.5
Total	400	100

Reliability of the survey estimates

Because the estimates shown in this report are based on a sample, they may vary from those that would be obtained if all members of the target population were surveyed (using the same questionnaire and data collection methods). It is possible to introduce some error in the results when a sample, rather than the full population, is the basis of analysis. Looking at potential sources of error, however, can help estimate the accuracy and precision of the survey results. Potential sources of error in the survey of former AFDC recipients in Milwaukee include:

Coverage errors. These can occur when some members of the target population are not identified and therefore do not have a chance to be selected for the sample.

Response errors. These can occur either when the wrong individual completes the survey or when the correct individual cannot accurately recall the events being questioned. Response errors can also arise from deliberate misreporting or poor question wording that leaves room for inconsistent interpretation by respondents.

Processing errors. These can occur if data is not edited, coded, or entered properly.

Nonresponse errors. These can occur if survey data are not collected for the entire sample.

For this survey, coverage errors are likely to be minimal because the sampling frame, originating from DWD, is considered a complete census of all cases receiving AFDC in August 1997. The sample was drawn at random from the sampling frame. Response errors are likely to be minimal because we made every effort to assure that the wrong person did not complete the survey interview by matching respondents' self-reported birth dates and the last four digits of their social security numbers with DWD records. We also carefully evaluated question wording and interpretation as part of the questionnaire pretest. It is possible, however, that some respondents had trouble accurately recalling events that may have occurred during the conversion period, twelve to eighteen months before the survey interview. Processing errors are likely to be minimal because we carefully cross-checked, edited, and entered the survey data.

The largest potential source of error in this survey is nonresponse error. Nonresponse error can bias the results if responses from some sample members cannot be obtained. The extent of nonresponse bias depends upon the “representativeness” of the respondents, that is, how well respondents' characteristics compare with those of the population from which they were chosen. If the respondents do not accurately represent the population, this would result in inaccurate population estimates. One method of exploring how well respondents represent the population is to compare the characteristics of respondents with those of nonrespondents. If they differ in significant ways, then this suggests that estimates based on the respondents alone would differ from estimates based on a census of the entire population (or respondents and nonrespondents combined). Data on a number of characteristics for respondents and nonrespondents are available from DWD administrative records. These data are used in Table A-2 to compare the two groups.

Across most characteristics we measured, there were no statistically significant differences between survey respondents and nonrespondents. Two significant differences appeared in the percentage of sample members who were female and in the number of persons associated with the welfare case. Among respondents, the percentage of females was 99 and among nonrespondents the percentage was 95. Among respondents, the mean number of persons in the case was 3.82 and among nonrespondents the mean was 4.22 persons. Why these differences occurred or how they impacted the survey estimates is difficult to say with certainty. However, the lack of significant differences across most characteristics, coupled with a reasonably high response rate for this type of population, suggests that the survey results are reliable estimates of the population of interest. As a result, the responses were not weighed for nonresponse error.

TABLE A.2

	FULL SAMPLE	RESPONDENTS	NON-RESPONDENTS	DIFFERENCE BETWEEN RESPONDENTS & NONRESPONDENTS	
				AMOUNT	STATISTICAL SIGNIFICANCE
Number	400	296	104	na	na
Percentage of sample	100	74	26	na	na
Female (%)	97.8	98.6	95.2	3.4	0.04
Black (%)	70.0	70.6	68.3	2.3	0.65
Mean Value					
Birth year of respondent	65.57	65.05	67.03	-1.98	0.12
Number of eligible adults	0.76	0.74	0.82	-0.08	0.13
Number of eligible children	2.24	2.20	2.34	-0.14	0.38
Number of persons in case	3.93	3.82	4.22	-0.40	0.03
Benefit issued, Aug. '97 (\$)	434.66	431.73	442.98	-11.25	0.56
Gross income, Aug. '97 (\$)	82.99	82.97	83.04	-0.07	1.00

na = not applicable

NOTE: Significance testing was performed using two-sided t-tests on the differences in means between respondents and nonrespondents. Alpha levels (shown in the last column) of less than .05 are statistically significant at the 95 percent confidence level.

Source: DWD CARES data

appendix B

Tables of Study Results



This compendium presents tables of results that were used to develop the analyses and exhibits throughout the body of the report for the study of former AFDC recipients in Milwaukee. These results come from the telephone survey of former AFDC recipients in Milwaukee. Some of the tables present more results than were discussed in the report. The following list references the report chapter to which each table relates.

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APPENDIX TABLE 1

Steps in the W-2 conversion process

	NUMBER	PERCENTAGE
Received notice from agency about converting to W-2		
Letter in the mail	206	69.6
Telephone call	32	10.8
Home visit	14	4.7
Attended informational meetings about W-2		
Group meeting	133	44.9
One-on-one meeting	107	36.1
Both group and one-on-one meeting	66	22.3
Developed employability plan for W-2		
Started employability plan	119	40.2
Completed and signed employability plan	90	30.4
Took other proactive steps to convert to W-2	8	2.7
Took no proactive steps to convert to W-2	84	28.4
SAMPLE SIZE	296	...

APPENDIX TABLE 2

Perceptions of group and individual conversion meetings and employability plan

	NUMBER	PERCENTAGE
Attended group meeting	133	44.9
Got useful information at group meeting		
Agree or strongly agree	84	63.2
Disagree or strongly disagree	49	36.8
Treated fairly and with respect at group meeting		
Agree or strongly agree	112	84.2
Disagree or strongly disagree	21	15.8
Attended individual meeting	107	36.1
Got useful information at individual meeting		
Agree or strongly agree	89	83.2
Disagree or strongly disagree	18	16.8
Treated fairly and with respect at individual meeting		
Agree or strongly agree	90	84.1
Disagree or strongly disagree	17	15.9
SAMPLE SIZE	296	...

NOTE: Some percentages may not sum exactly to 100 due to rounding.

APPENDIX TABLE 3

Perceptions of employability plan

	NUMBER	PERCENTAGE
Plan goals and activities chosen by		
Worker only	11	12.2
Respondent only	45	50.0
Both respondent and worker	34	37.8
Satisfaction with plan		
Very satisfied	24	26.7
Somewhat satisfied	45	50.0
Somewhat dissatisfied	9	10.0
Very dissatisfied	12	13.3
SAMPLE SIZE	90	...

NOTE: Some percentages may not sum exactly to 100 due to rounding.

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 4

Overall participation in W-2 among those who took no proactive conversion steps

	NUMBER	PERCENTAGE
Ever received W-2		
Converted initially	23	27.4
Converted later	10	11.9
Subtotal	33	39.3
Never received W-2	51	60.7
SAMPLE SIZE	84	...

APPENDIX TABLE 5

Contacts from the W-2 agency among those who took no proactive conversion steps

	NUMBER	PERCENTAGE
Received notice from agency about converting to W-2		
Letter in the mail	48	57.1
Telephone call	6	7.1
Home visit	5	6.0
SAMPLE SIZE	84	...

APPENDIX TABLE 6

Most common reasons for not converting initially to W-2*

	NUMBER	PERCENTAGE
Got a job or was working	15	25.4
Receiving SSI, Disability Insurance, and/or Kinship Care instead	17	28.8
Did not want to participate and/or meet W-2 requirements	8	13.6
Assistance terminated or sanctioned	7	11.9
Not eligible or did not think eligible (not related to disability)	5	8.5
Did not understand or did not know about W-2	6	10.2
Administrative delay	1	1.7
Other	3	5.1
SAMPLE SIZE	59	...

* among those who took no proactive conversion steps

NOTE: Percentages may sum to more than 100 because multiple responses were allowed.

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 7

Perceptions of the conversion process among those who ever received W-2

	NUMBER	PERCENTAGE
Converting to W-2 was easy for people to do		
Strongly agree	12	6.6
Agree	39	21.5
Disagree	52	28.7
Strongly disagree	71	39.2
Do not know	7	3.9
Converting to W-2 was very time consuming		
Strongly agree	44	24.3
Agree	53	29.3
Disagree	64	35.4
Strongly disagree	16	8.8
Do not know	4	2.2
Converting to W-2 was a confusing process		
Strongly agree	67	37.0
Agree	60	33.1
Disagree	38	21.0
Strongly disagree	13	7.2
Do not know	3	1.7
SAMPLE SIZE	181	...

NOTE: Some percentages may not sum exactly to 100 due to rounding.

chapter 3

B appendix

APPENDIX TABLE 8

Initial result of the W-2 conversion process

	NUMBER	PERCENTAGE
Converted to W-2		
Yes, started W-2 in month after final AFDC check	131	44.3
No, did not start W-2 in month after final AFDC check	159	53.7
Do not know	6	2.0
SAMPLE SIZE	296	...

APPENDIX TABLE 9

Most common reasons for not converting initially to W-2 among those

	NUMBER	PERCENTAGE
Got a job or was working	40	25.3
Receiving SSI, Disability Insurance, and/or Kinship Care instead	26	16.5
Did not want to participate and/or meet W-2 requirements	20	12.7
Assistance terminated or sanctioned	20	12.7
Not eligible or did not think eligible (not related to disability)	18	11.4
Did not understand or did not know about W-2	10	6.3
Administrative delay	9	5.7
Other	17	10.8
SAMPLE SIZE	158	...

NOTE: Percentages may sum to more than 100 because multiple responses were allowed.

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 10

Overall participation in W-2 and other cash grant programs after AFDC ended

	NUMBER	PERCENTAGE
Ever received W-2		
Converted initially	131	44.3
Converted later	52	17.6
Subtotal	183	61.8
Never received W-2	113	38.2
If never received W-2 ^a		
Switched from AFDC to SSI or Disability Insurance	28	25.2
Switched from AFDC to Kinship Care or Foster Care	20	18.0
Did not switch to any of the above	65	58.6
SAMPLE SIZE	296	...

NOTE: Percentages may sum to more than 100 because multiple responses were allowed.

^a Sample size for this item is 111 due to missing data.

APPENDIX TABLE 11

Steps in the W-2 conversion process among those who later received W-2

	NUMBER	PERCENTAGE
Took any proactive step to convert to W-2	42	80.8
Took no proactive steps to convert to W-2	10	19.2
SAMPLE SIZE	52	...

APPENDIX TABLE 12

Perceptions of the conversion process among those who later received W-2

	NUMBER	PERCENTAGE
Converting to W-2 was easy for people to do		
Strongly agree	2	3.8
Agree	7	13.5
Disagree	19	36.5
Strongly disagree	23	44.2
Do not know	1	1.9
Converting to W-2 was very time consuming		
Strongly agree	14	26.9
Agree	13	25.0
Disagree	18	34.6
Strongly disagree	6	11.5
Do not know	1	1.9
Converting to W-2 was a confusing process		
Strongly agree	18	34.6
Agree	20	38.5
Disagree	10	19.2
Strongly disagree	4	7.7
Do not know	0	0.0
SAMPLE SIZE	52	...

NOTE: Some percentages may not sum exactly to 100 due to rounding.

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 13

Most common reasons for not converting initially to W-2 among those who later received W-2

	NUMBER	PERCENTAGE
Got a job or was working	10	20.8
Receiving SSI, Disability Insurance, and/or Kinship Care instead	1	2.1
Did not want to participate and/or meet W-2 requirements	11	22.9
Assistance terminated or sanctioned	7	14.6
Not eligible or did not think eligible (not related to disability)	4	8.3
Did not understand or did not know about W-2	5	10.4
Administrative delay	7	14.6
Other	5	10.4
SAMPLE SIZE	48	...

NOTE: Percentages may sum to more than 100 because multiple responses were allowed.

APPENDIX TABLE 14

Comparison of self-reported characteristics of former AFDC recipients

	FORMER AFDC RECIPIENTS WHO INITIALLY			DIFFERENCE	SIGNIFICANCE
	ALL FORMER AFDC RECIPIENTS	CONVERTED TO W-2	DID NOT CONVERT TO W-2		
Female (%)	98.3	97.7	98.8	-1.1	0.476
Age (%) ^a					0.128
15-19 years	1.7	2.3	1.2	1.1	
20-29	43.9	49.6	39.4	10.2	
30-39	33.3	32.6	33.9	-1.3	
40+	21.1	15.5	25.5	-10.0	
Race (%) ^b					0.643
White	12.9	13.7	12.3	1.4	
Black	78.6	79.4	77.9	1.5	
Other	8.5	6.9	9.8	-2.9	
Hispanic origin (%) ^c	8.8	10.4	6.9	3.5	0.303
Born in the United States (%) ^c	95.9	94.5	97.7	-3.2	0.168
Marital status (%) ^d					
Never married	73.6	80.2	68.5	11.7	0.024
Married, living with spouse	6.1	3.8	7.9	-4.1	0.147
Divorced, separated, widowed	20.3	16.0	23.6	-7.6	0.107
Cohabitation status (%) ^d					
Living with spouse	6.1	3.8	7.9	-4.1	0.147
Living with unmarried partner	9.2	7.7	10.3	-2.6	0.442
Neither, not cohabiting	84.7	88.5	81.8	6.7	0.116
High school graduation (%) ^d					
High school diploma	37.2	45.8	30.3	15.5	0.006
GED	17.6	18.3	17.0	1.3	0.763
Health problem/disability (%)					
Own	27.7	19.1	34.5	-15.4	0.003
Other family member	11.1	4.6	16.4	-11.8	0.001
Average number of persons ^d					
Adults	1.7	1.7	1.6	0.1	0.614
Children	2.6	2.8	2.4	0.4	0.037
Total	4.3	4.5	4.1	0.4	0.046
Age of youngest own child (%) ^d					
0 to 2 years	35.8	39.7	32.7	7.0	0.216
3 to 5 years	20.3	24.4	17.0	7.4	0.114
6 or more years	36.8	31.3	41.2	-9.9	0.080
No own child in household	7.1	4.6	9.1	-4.5	0.134
SAMPLE SIZE	296	131	165	...	--

NOTE: Some percentages may not sum exactly to 100 due to rounding.

^a Sample size for this item is 294 (129 for converted; 165 for did not convert) due to missing data.
^b Sample size for this item is 294 (131 for converted; 163 for did not convert) due to missing data.
^c Sample size for this item is 295 (131 for converted; 164 for did not convert) due to missing data.
^d Sample size for this item is 295 (130 for converted; 165 for did not convert) due to missing data.

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

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APPENDIX TABLE 15

Rates of participation in public assistance programs in the month prior to the survey interview

	ALL FORMER AFDC RECIPIENTS	FORMER AFDC RECIPIENTS WHO INITIALLY		DIFFERENCE	SIGNIFICANCE
		CONVERTED TO W-2	DID NOT CONVERT TO W-2		
Medicaid	86.1%	93.1%	80.6%	12.5	0.002
School Lunch	63.9	65.6	62.4	3.2	0.568
Food Stamps ^a	60.7	69.2	53.9	15.6	0.008
Wisconsin Works (W-2)	39.9	67.9	17.6	50.3	0.000
WIC ^a	39.0	42.7	36.0	6.7	0.237
SSI	18.2	7.6	26.7	-19.1	0.000
Kinship Care	10.1	5.3	13.9	-8.6	0.015
Social Security	7.4	4.6	9.7	-5.1	0.096
Unemployment Compensation	1.7	3.1	0.6	2.5	0.105
Emergency Assistance	0.7	0.8	0.6	0.2	0.870
Other ^a	3.7	0.8	6.1	-5.3	0.016
SAMPLE SIZE	296	131	165	...	...

^a Sample size for this item is 295 (131 for Converted; 164 for Did Not Convert) due to missing data.

APPENDIX TABLE 16

Most common reason for nonparticipation in Food Stamps or Medicaid

	FORMER AFDC RECIPIENTS WHO DID NOT RECEIVE	
	FOOD STAMPS	MEDICAID
Was not eligible or did not think was eligible	56.9%	50.0%
Applied, but denied	6.9	2.5
Applied, waiting for approval	5.2	2.5
Problems with administrative systems	4.3	2.5
Did not want it	3.4	0.0
Did not know it was available	2.6	0.0
Too much hassle	1.7	0.0
Did not need it	0.9	25.0
Other	12.9	10.0
Don't know	5.2	7.5
SAMPLE SIZE	116	40

NOTE: Some percentages may not sum exactly to 100 due to rounding.

APPENDIX TABLE 17

Most common reasons for nonparticipation in W-2 in the onth prior to the survey interview*

	NUMBER	PERCENTAGE
Got a job or was working	25	40.3
Could not or did not want to complete program requirements	10	16.1
No longer interested or did not want W-2 anymore	8	12.9
Income too high or did not think eligible	8	12.9
Administrative issue	5	8.1
Benefits terminated or sanctioned	4	6.5
Change in household members or got married	1	1.6
Other	4	6.5
SAMPLE SIZE	62	...

* among former AFDC recipients who had ever participated in W-2

NOTE: Percentages may sum to more than 100 because multiple responses are possible.

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 18

W-2 participation and work-training placements in the month prior to the survey interview

	NUMBER	PERCENTAGE
W-2 work-training placement		
Yes	85	72.0
No	33	28.0
If in a W-2 work-training placement, type of placement ^a		
Trial job	0	0.0
Community service job or CSJ	51	60.7
W-2 transition or W-2T	14	16.7
Caretaker of an infant	9	10.7
Other or don't know	10	11.9
Case management services		
Job search assistance	27	22.9
Financial planning	10	8.5
Help applying for other assistance	8	6.8
Supportive services		
Child care assistance ^b	40	35.1
Job access loan	5	4.2
SAMPLE SIZE	118	...

^a Sample size for this item is 84 due to missing data.

^b Sample size for this item is 114 due to missing data.

NOTE: Percentages may sum to more than 100 because multiple responses are possible.

APPENDIX TABLE 19

W-2 payment levels and activities in the month prior to the survey interview*

	NUMBER	PERCENTAGE
Percentage of full grant received ^a		
Less than 50 percent	8	10.8
50 to 99 percent	20	27.0
100 percent	46	62.2
W-2 activities		
Work activities only	23	27.4
Education activities only	10	11.9
Work and education activities	21	25.0
Caring for a newborn	9	10.7
Other activities	14	16.7
None or don't know	7	8.3
SAMPLE SIZE	84	...

^a Sample size for this item is 74 because the full grant amount is unknown for the 10 respondents whose work-training placement is "other/don't know."

* among those in W-2 work-training placements

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appendix

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 20

Knowledge and understanding of W-2

	NUMBER	PERCENTAGE
TRUE STATEMENTS		
Everyone in W-2 is required to participate in work or work activities.		
True	244	82.4
False	37	12.5
Don't know	15	5.1
It is possible for families who don't qualify for W-2 to still qualify for State child care assistance.		
True	171	57.8
False	74	25.0
Don't know	51	17.2
W-2 can give people loans to help them solve problems that keep them from working, like a loan to fix a broken-down car.		
True	72	24.3
False	159	53.7
Don't know	65	22.0
FALSE STATEMENTS		
If you have a full-time job, you can't get any help from the W-2 agency.		
True	120	40.5
False	149	50.3
Don't know	27	9.1
Everyone in W-2 gets a monthly check from W-2.		
True	105	35.5
False	147	49.7
Don't know	44	14.9
SAMPLE SIZE	296	...

NOTE: Some percentages may not sum exactly to 100 due to rounding.

APPENDIX TABLE 21

Knowledge and understanding of other public assistance programs

	ALL FORMER AFDC RECIPIENTS	FORMER AFDC RECIPIENTS WHO INITIALLY		DIFFERENCE	SIGNIFICANCE
		CONVERTED TO W-2	DID NOT CONVERT TO W-2		
It is possible for families who don't qualify for W-2 to still qualify for Food Stamps.					
True	78.4	84.0	73.9	10.1	0.101
False	15.5	12.2	18.2	-6.0	
Don't know	6.1	3.8	7.9	-4.1	
It is possible for families who don't qualify for W-2 to still qualify for Medicaid or Medical Assistance.					
True	81.8	87.0	77.6	9.4	0.112
False	11.8	8.4	14.5	-6.1	
Don't know	6.4	4.6	7.9	-3.3	
SAMPLE SIZE	296	131	165	...	...

NOTE: Some percentages may not sum exactly to 100 due to rounding.

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 22

Reasons for not receiving child care in the month prior to the survey interview

	NUMBER	PERCENTAGE
Did not need it	41	56.2
Was not eligible/did not think was eligible	12	16.4
Applied, waiting for approval	8	11.0
Didn't want it/too much hassle	3	4.1
Applied but denied	2	2.7
Didn't know it was available	1	1.4
Don't know	1	1.4
Other	5	6.8
SAMPLE SIZE	73	...

APPENDIX TABLE 23

Perceptions of W-2

	NUMBER	PERCENTAGE
W-2 workers want people like me to succeed. ^a		
Agree or strongly agree	224	76.0
Disagree or strongly disagree	53	17.9
Don't know	18	6.1
W-2 motivates people to get jobs and get off welfare.		
Agree or strongly agree	211	71.3
Disagree or strongly disagree	69	23.3
Don't know	16	5.4
W-2 requires too much of parents with young children.		
Agree or strongly agree	208	70.3
Disagree or strongly disagree	60	20.3
Don't know	28	9.5
W-2 provides useful training and good job opportunities for participants.		
Agree or strongly agree	165	55.7
Disagree or strongly disagree	97	32.8
Don't know	34	11.5
W-2 is a fair program.		
Agree or strongly agree	126	42.6
Disagree or strongly disagree	145	49.0
Don't know	25	8.4
W-2 is better than the old welfare program, AFDC.		
Agree or strongly agree	127	42.9
Disagree or strongly disagree	138	46.6
Don't know	31	10.5
Government should give monthly checks to families who need help w/o requiring them to work.		
Agree or strongly agree	133	44.9
Disagree or strongly disagree	149	50.3
Don't know	14	4.7
Participating in W-2 is easier than getting a job on your own.		
Agree or strongly agree	90	30.4
Disagree or strongly disagree	173	58.4
Don't know	33	11.1
SAMPLE SIZE	296	...

^a Sample size for this item is 295 due to missing data.

NOTE: Some percentages may not sum exactly to 100 due to rounding.

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 24

Recommendations to improve W-2

	NUMBER	PERCENTAGE
Recommended changes to improve Wisconsin's W-2 program	200	70.6
No recommendations to improve W-2	87	29.4
Type of change recommended		
Increase education/training opportunities	59	28.2
Improve staff/client relations, staff access, administrative process	53	25.4
Improve child care assistance	46	22.0
Provide increased cash to meet basic needs	25	12.0
Have better job development	20	9.6
Ensure maintenance of food and medical assistance	18	8.6
Have slower-paced transitions	14	6.7
Have stricter work requirements	8	3.8
Allow more exemptions for women pregnant or with newborns	7	3.3
Get tougher on child support	6	2.9
Eliminate training experience	3	1.4
Have better rules around kinship care, especially for grandparents	3	1.4
Provide home visits by W-2 workers	2	1.0
Provide assistance more quickly	2	1.0
Streamline procedures across caseworker	1	0.5
Other	21	10.0
Don't know	1	0.5
SAMPLE SIZE	296	...

NOTE: Percentages may sum to more than 100 because multiple responses are possible.

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APPENDIX TABLE 25

Employment and program participation in the month prior to the survey interview

	NUMBER	PERCENTAGE
Employed at a regular, unsubsidized job; not in W-2 placement	121	40.9
If employed at a regular unsubsidized job, number of jobs held		
One	109	90.1
Two or more	12	9.9
Not employed, but in a W-2 work training placement	84	28.4
Not employed and not in W-2, but in SSI or Kinship Care	43	14.5
Not employed and not in W-2, SSI, or Kinship Care	48	16.2
SAMPLE SIZE	296	...

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 26

Attitudes and expectations about work, school, and welfare

	NUMBER	PERCENTAGE
I feel motivated to get a job or get a better job		
Agree or strongly agree	255	86.4
Disagree or strongly disagree	30	10.2
Don't know	10	3.4
I made a successful transition from welfare to work ^a		
Agree or strongly agree	176	59.9
Disagree or strongly disagree	91	30.6
Don't know	28	9.5
Life is better when I am on welfare than when I am not on welfare		
Agree or strongly agree	46	15.5
Disagree or strongly disagree	242	82.0
Don't know	7	2.4
I need more education to get a job or get a better job		
Agree or strongly agree	243	82.3
Disagree or strongly disagree	49	16.6
Don't know	3	1.0
SAMPLE SIZE	295	...

NOTE: Some percentages may not sum exactly to 100 due to rounding.

^a Sample size for this item is 294 due to missing data.

APPENDIX TABLE 27

Characteristics of primary job among former AFDC recipients employed at regular, unsubsidized jobs*

	AVERAGE OR PERCENTAGE
Usual weekly hours (%)	
Less than 20	9.2
20 to 29	16.7
30 to 39	23.3
40 to 49	45.8
50 or more	5.0
Hourly pay (%) ^a	
\$5.15 or less	5.2
\$5.16 – \$7.00	42.2
\$7.01 – \$10.00	45.7
\$10.01 or more	6.9
Duration of employment (%) ^a	
1 to 3 months	27.6
4 to 6 months	17.2
7 months or more	55.2
Benefits available (%)	
Paid sick leave	41.7
Paid vacation	52.5
Health insurance	54.2
Average usual weekly hours	34.2
Average hourly pay ^a	\$7.45
Average monthly earnings at this job ^a	\$1009.09
Average months at this job ^a	17.1
SAMPLE SIZE	120

* in the month prior to the survey interview

^a Sample size for this item is 116 due to missing data.

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 28

* among those employed at regular, unsubsidized jobs in the month prior to the survey interview

Industry and occupation at primary job among former AFDC recipients*		
	NUMBER	PERCENTAGE
Industry		
Health care	24	20.0
Retail	21	17.5
Food service/hospitality	16	13.3
Manufacturing/packaging/marketing	15	12.5
School/day care	15	12.5
Transportation	7	5.8
Social service	6	5.0
Temporary service	6	5.0
Business service	6	5.0
Other	4	3.3
Occupation		
Clerical/administrative worker	22	18.3
Health care provider	20	16.6
Cashier/sales associate	16	13.3
Laborer	13	10.9
Cook/bartender/waitress	11	9.2
Teacher/child care provider	11	9.2
Cleaning person/security guard	8	6.7
Driver/gas station attendant	7	5.8
Manager/supervisor	7	5.8
Other	5	4.2
SAMPLE SIZE	120	...

NOTE: Some percentages may not sum exactly to 100 due to rounding.

APPENDIX TABLE 29

* and not in a W-2 placement in the month prior to the survey interview

Employment history among AFDC recipients not in a regular job*		
	NUMBER	PERCENTAGE
Ever Employed		
Yes	76	84.4
No	14	15.6
SAMPLE SIZE	90	...

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 30

Perceived effects of working on self-esteem and parenting*

	NUMBER	PERCENTAGE
I have more self confidence if I am working at a job than if I am not working.		
Strongly agree	159	58.5
Agree	90	33.1
Disagree	13	4.8
Strongly disagree	2	0.7
Don't know	8	2.9
I am a better role model for my child(ren) if I am working at a job than if I am not working.		
Strongly agree	160	58.8
Agree	90	33.1
Disagree	12	4.4
Strongly disagree	2	0.7
Don't know	8	2.9
I am better able to meet the day-to-day needs of my child(ren) if I am working at a job than if I am not working.		
Strongly agree	131	48.2
Agree	102	37.5
Disagree	28	10.3
Strongly disagree	6	2.2
Don't know	5	1.8
SAMPLE SIZE	272	...

* among former AFDC recipients who have ever been employed

NOTE: Some percentages may not sum exactly to 100 due to rounding.

APPENDIX TABLE 31

Main reason for not working in a regular, unsubsidized job in the month prior to the interview*

	NUMBER	PERCENTAGE
Looking for a job	12	25.5
Own health issue		
Own disability/physical health problem	11	23.4
Own mental health problem	2	4.3
Own pregnancy	7	14.9
Child care problem	5	10.6
Transportation problem	2	4.3
Did not need/want to work	1	2.1
Other	7	14.9
SAMPLE SIZE	47	...

* among those not in a W-2 work training placement, and not in SSI or Kinship Care

APPENDIX TABLE 32

Comparison of total household income, average amount by income type*

	ALL FORMER AFDC RECIPIENTS	EMPLOYED AT A REGULAR, UNSUBSIDIZED JOB	IN A W-2 WORK-TRAINING PLACEMENT	IN SSI OR KINSHIP CARE	NOT EMPLOYED, IN W-2, SSI, OR KINSHIP CARE
Government Assistance	\$460.78	\$207.12	\$827.14	\$786.87	\$221.32
Earnings	602.02	1209.63	113.57	2.29	275.29
Child Support	54.64	61.01	53.59	27.86	65.15
Other	54.81	25.99	41.67	156.69	59.09
Total income	1172.25	1503.75	1035.98	973.71	620.85
SAMPLE SIZE	231	101	61	35	34

* in the month prior to the survey interview

NOTE: Averages are calculated across all respondents with nonmissing data across all income types, including those with no income from each particular income type.

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 33

Comparison of estimated AFDC income with income reported in month prior to the survey interview

NOTE: Averages are calculated across all respondents with nonmissing data across all income types, including those with no income from each particular income type.

ALL FORMER AFDC RECIPIENTS	ESTIMATED LAST MONTH OF AFDC	MONTH PRIOR TO THE SURVEY INTERVIEW
AFDC	\$594.00	\$0.00
W-2 Cash Assistance	\$0.00	\$150.34
Food Stamps	\$176.00	\$123.97
SSI	\$115.24	\$115.24
Kinship Care	\$0.00	\$35.19
Social Security	\$26.25	\$26.25
Emergency Assistance	\$6.06	\$6.06
Unemployment Insurance	\$3.72	\$3.72
Worker's Compensation	\$0.00	\$0.00
Respondent's earnings	\$0.00	\$452.29
Other Household Members Earnings	\$0.00	\$149.73
Formal child support	\$0.00	\$37.89
Informal child support	\$0.00	\$16.74
Other income	\$0.00	\$54.81
Total	\$921.27	\$1,172.23

SAMPLE SIZE 231

EMPLOYED AT A REGULAR JOB	ESTIMATED LAST MONTH OF AFDC	MONTH PRIOR TO THE SURVEY INTERVIEW
AFDC	\$517.00	\$0.00
W-2 Cash Assistance	\$0.00	\$0.00
Food Stamps	\$133.00	\$87.75
SSI	\$56.97	\$56.97
Kinship Care	\$0.00	\$30.70
Social Security	\$16.03	\$16.03
Emergency Assistance	\$13.86	\$13.86
Unemployment Insurance	\$1.80	\$1.80
Worker's Compensation	\$0.00	\$0.00
Respondent's earnings	\$0.00	\$1,029.23
Other Household Members Earnings	\$0.00	\$180.40
Formal child support	\$0.00	\$42.15
Informal child support	\$0.00	\$18.86
Other income	\$0.00	\$25.99
Total	\$738.66	\$1,503.74

SAMPLE SIZE 231

IN W-2 PLACEMENT	ESTIMATED LAST MONTH OF AFDC	MONTH PRIOR TO THE SURVEY INTERVIEW
AFDC	\$594.00	\$0.00
W-2 Cash Assistance	\$0.00	\$569.33
Food Stamps	\$200.00	\$186.10
SSI	\$64.08	\$64.08
Kinship Care	\$0.00	\$0.00
Social Security	\$5.87	\$5.87
Emergency Assistance	\$0.00	\$0.00
Unemployment Insurance	\$1.77	\$1.77
Worker's Compensation	\$0.00	\$0.00
Respondent's earnings	\$0.00	\$0.00
Other Household Members Earnings	\$0.00	\$113.57
Formal child support	\$0.00	\$34.03
Informal child support	\$0.00	\$19.56
Other income	\$0.00	\$41.67
Total	\$865.72	\$1,035.98

SAMPLE SIZE 231

APPENDIX TABLE 33 — continued

IN SSI	ESTIMATED LAST MONTH OF AFDC	MONTH PRIOR TO THE SURVEY INTERVIEW
AFDC	\$440.00	\$0.00
W-2 Cash Assistance	\$0.00	\$0.00
Food Stamps	\$0.00	\$99.07
SSI	\$567.00	\$605.66
Kinship Care	\$0.00	\$72.11
Social Security	\$54.46	\$54.46
Emergency Assistance	\$0.00	\$0.00
Unemployment Insurance	\$0.00	\$0.00
Worker's Compensation	\$0.00	\$0.00
Respondent's earnings	\$0.00	\$0.00
Other Household Members Earnings	\$0.00	\$2.86
Formal child support	\$0.00	\$5.96
Informal child support	\$0.00	\$3.21
Other income	\$0.00	\$89.61
Total	\$1,061.46	\$932.94

SAMPLE SIZE 231

IN KINSHIP CARE	ESTIMATED LAST MONTH OF AFDC	MONTH PRIOR TO THE SURVEY INTERVIEW
AFDC	\$440.00	\$0.00
W-2 Cash Assistance	\$0.00	\$0.00
Food Stamps	\$86.00	\$94.77
SSI	\$249.46	\$249.46
Kinship Care	\$0.00	\$386.85
Social Security	\$71.92	\$71.92
Emergency Assistance	\$0.00	\$0.00
Unemployment Insurance	\$0.00	\$0.00
Worker's Compensation	\$0.00	\$0.00
Respondent's earnings	\$0.00	\$0.00
Other Household Members Earnings	\$0.00	\$0.00
Formal child support	\$0.00	\$63.54
Informal child support	\$0.00	\$0.00
Other income	\$0.00	\$295.00
Total	\$847.38	\$1,161.54

SAMPLE SIZE 231

IN NONE OF THE ABOVE	ESTIMATED LAST MONTH OF AFDC	MONTH PRIOR TO THE SURVEY INTERVIEW
AFDC	\$594.00	\$0.00
W-2 Cash Assistance	\$0.00	\$0.00
Food Stamps	\$197.00	\$140.71
SSI	\$0.00	\$0.00
Kinship Care	\$0.00	\$0.00
Social Security	\$63.85	\$63.85
Emergency Assistance	\$0.00	\$0.00
Unemployment Insurance	\$16.76	\$16.76
Worker's Compensation	\$0.00	\$0.00
Respondent's earnings	\$0.00	\$0.00
Other Household Members Earnings	\$0.00	\$275.29
Formal child support	\$0.00	\$45.15
Informal child support	\$0.00	\$20.00
Other income	\$0.00	\$59.09
Total	\$871.61	\$620.85

SAMPLE SIZE 231

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 33 — continued

Estimates of government benefits in last month of AFDC

We estimated the last month of AFDC for five groups based on their employment and program participation in prior month:

1. Those employed at a regular job
2. Those not employed, but participating in a W-2 work training placement
3. Those not employed, not participating in a W-2 placement, but receiving SSI
4. Those not employed, not participating in a W-2 placement, but receiving Kinship Care
5. Those not employed, not participating in a W-2 placement, and not receiving SSI or Kinship Care

(Some individuals received both SSI and Kinship Care. They were included in both the SSI and Kinship Care calculations.)

Assumptions

We made several assumptions in estimating the income from government grants in the last month of AFDC for the five subgroups described above. For the purpose of this calculation, we assumed that respondents had no earnings (either their own or that of another household member), no child support assistance, and no income from other sources in their last month of AFDC. Since W-2 had not been implemented and Kinship Care had not been fully phased-in, we assumed that any income from these two sources were not available in the respondent's last month on AFDC. Other assumptions follow.

AFDC	We assumed the maximum AFDC grant in August 1997 for the average family size of each of the subgroups except for SSI and Kinship Care. For these two subgroups, we estimated the maximum child-only AFDC grant in August 1997 for the average number of children.
Food Stamps	We assumed the maximum Food Stamp benefit in August 1997 for the average family size for each subgroup at the average total income from AFDC, SSI, Social Security, Emergency Assistance, and Unemployment Insurance for each subgroup.
SSI	We assumed the same SSI grant as in the prior month for every subgroup except the SSI group. Since the SSI group is likely to include income from SSI as well as income from the Caretaker Supplement in the prior month, we assumed the maximum SSI grant in August 1997 (\$567) instead.
Social Security	We assumed the same Social Security benefit as in the prior month for every subgroup.
Emergency Assistance	We assumed the same Emergency Assistance benefit as in the prior month for every subgroup.
Unemployment Insurance	We assumed the same Unemployment Insurance benefit as in the prior month for every subgroup.
Worker's Compensation	We assumed the same Worker's Compensation benefit as in the prior month for every subgroup.

APPENDIX TABLE 34

Total household income compared to the poverty threshold

	MEAN OR PERCENT
Percentage of former AFDC recipients ^a	
Above the poverty threshold	29.0%
Below the poverty threshold	71.0%
All former AFDC recipients	
Average poverty threshold	\$1,409.25
Average total income ^b	\$1,172.25
Average poverty gap (total income - poverty threshold)	-\$236.99
Total income as a percentage of the poverty threshold	83.2%
Of the 71% below poverty	
Average poverty threshold	\$1,473.36
Average total income ^b	\$852.25
Average poverty gap (total income - poverty threshold)	-\$585.11
Total income as a percentage of the poverty threshold	57.8%
Of the 29% above poverty	
Average poverty threshold	\$1,340.42
Average total income ^b	\$1,955.53
Average poverty gap (total income - poverty threshold)	+615.11
Total income as a percentage of the poverty threshold	145.9%
SAMPLE SIZE	231

^a To determine the percentage of respondents below the poverty threshold, we took each family's total household income and compared it to the Census Bureau's 1998 poverty threshold for the household size and number of children in that family.

^b Average poverty threshold is the mean across each respondent's Census Bureau's 1998 poverty threshold based on each respondent's household size and number of children.

APPENDIX TABLE 35

Housing arrangements in the month prior to the survey interview

	MEAN OR PERCENT
During Past 12 Months (%)	
Ever homeless, living on the street	4.1
Ever living in emergency shelter ^a	5.0
Ever either homeless or in shelter ^a	7.9
Never homeless nor in shelter ^a	92.1
Current Housing Arrangement (%)	
Rent	88.2
Own	6.4
Live with friend/relative, no rent	3.7
Emergency shelter	0.3
Jail	1.4
Time in Current Arrangement (%)	
Less than 1 month	4.4
1 to 6 months	23.3
7 to 12 months	17.9
More than 12 months	54.1
Don't know	0.3
Current Housing Assistance (%)	
Live in public housing ^b	19.0
Receive subsidy/voucher ^c	6.8
Average Housing Cost Last Month ^d	\$322.67
SAMPLE SIZE	296

^a Sample size for this item is 279 due to missing data.

^b Sample size for this item is 279 due to missing data.

^c Sample size for this item is 278 due to missing data.

^d Sample size for this item is 274 due to missing data.

NOTE: Some percentages may not sum exactly to 100 due to rounding.

APPENDIX TABLE 36

Types of help received from family, friends, & neighbors in the month prior to the survey interview

	ALL FORMER AFDC RECIPIENTS	FORMER AFDC RECIPIENTS WHO WERE		DIFFERENCE	SIGNIFICANCE
		EMPLOYED AT A REGULAR JOB	NOT EMPLOYED AT A REGULAR JOB		
Transportation	41.4%	38.3%	43.4%	-5.1	0.384
Money ^a	37.1	29.4	42.3	-12.9	0.025
Access to a telephone	36.3	31.7	39.4	-7.7	0.174
Food or meals	31.2	30.8	31.4	-0.6	0.914
Children's clothes/toys	26.4	25.0	27.4	-2.4	0.644
Place to stay	19.3	15.0	22.3	-7.3	0.120
None of the above	31.2	37.5	28.0	9.5	0.096
SAMPLE SIZE	295	120	175	...	...

^a Sample size for this item is 295 (119 for Employed; 175 for Not Employed) due to missing data.

APPENDIX TABLE 37

Community organizations accessed for help since AFDC ended

	ALL FORMER AFDC RECIPIENTS	FORMER AFDC RECIPIENTS WHO WERE		DIFFERENCE	SIGNIFICANCE
		EMPLOYED AT A REGULAR JOB	NOT EMPLOYED AT A REGULAR JOB		
Food Pantry	32.8%	19.8%	41.7%	-21.9	0.001
Church	15.5	8.3	20.6	-12.3	0.004
Thrift Shop ^a	14.2	9.1	17.8	-8.7	0.035
Emergency Shelter	7.8	4.1	10.3	-6.2	0.052
Soup Kitchen	6.4	2.5	9.1	-6.6	0.021
Crisis Center	4.7	0.0	8.0	-8.0	0.001
None of the above	59.5	74.4	49.1	25.3	0.000
SAMPLE SIZE	296	121	175	...	...

^a Sample size for this item is 295 (121 for Employed; 174 for Not Employed) due to missing data.

APPENDIX TABLE 38

Self-reported standard of living

	NUMBER	PERCENTAGE
Rating of current standard of living ^a		
Very good	20	6.8
Good	87	29.5
Fair	140	47.5
Poor	37	12.5
Very poor	11	3.7
Rating of current standard of living, relative to month of final AFDC check		
Much better	33	11.1
Somewhat better	83	28.0
Same	93	31.4
Somewhat worse	56	18.9
Much worse	31	10.5
SAMPLE SIZE	296	...

NOTE: Some percentages may not sum exactly to 100 due to rounding.

^a Sample size for this item is 295 due to missing data.

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.

APPENDIX TABLE 39

Self-reported standard of living by employment and program participation*

	SAME OR BETTER STANDARD OF LIVING	WORSE STANDARD OF LIVING
Employed at a regular, unsubsidized job; not in W-2 placement	82%	18%
Not employed but in a W-2 work training placement	70	30
Not employed or in a W-2 work training placement, but in SSI or Kinship Care	60	40
Not employed and not in W-2, SSI, or Kinship Care	52	48
SAMPLE SIZE	209	87

* in the month prior to the survey interview

APPENDIX TABLE 40

Characteristics of former AFDC recipients by self-reported standard of living

	SAME OR BETTER STANDARD OF LIVING	WORSE STANDARD OF LIVING	DIFFERENCE	SIGNIFICANCE
Personal demographics				
Average age ^a	33.3	31.6	1.7	0.244
Average number of children ^b	2.5	2.8	-0.3	0.056
Percent black (%)	76.8	82.8	-6.0	0.258
Percent never married (%)	70.3	81.6	-11.3	0.045
Percent received high school diploma (%)	37.8	35.6	2.2	0.726
Health problem/disability (%)				
Own	21.5	42.5	-21.0	0.000
Other family member	7.7	19.5	-11.8	0.003
Employment and W-2 status in prior month (%)				
Working at a regular job; not in W-2 placement	47.4%	25.3%	22.1	0.001 ¹
In a W-2 work-training placement	28.2%	28.7%	-0.5	
In SSI or Kinship Care	12.4%	19.5%	-7.1	
In none of the above	12.0%	26.4%	-14.4	
Percentage receiving assistance in prior month				
W-2	39.7	40.2	-0.5	0.934
Food Stamps ^b	61.7	58.1	3.6	0.569
Medicaid	87.1	83.9	3.2	0.473
Kinship Care	14.4	0.0	14.4	0.000
SSI	13.9	28.7	-14.8	0.003
Percentage with zero income (%)				
Average total household income ^c	\$1233.04	\$875.68	\$357.36	0.001
Average household earnings ^d	\$691.28	\$317.43	\$373.85	0.001
Average housing cost	\$316.95	\$337.06	-\$20.11	0.385
Help from family, friends, neighbors last month (%)				
Transportation	35.6	55.2	-19.6	0.002
Money	30.4	52.9	-22.5	0.000
Access to a telephone	30.8	49.4	-18.6	0.002
Food or meals	25.0	46.0	-21.0	0.000
Any	59.8	86.2	-26.4	0.000
Community resources accessed since AFDC ended (%)				
Food pantry	27.3	46.0	-18.7	0.002
Church	12.0	24.1	-12.1	0.008
Thrift shop	12.5	18.4	-5.9	0.188
Emergency shelter	5.3	13.8	-8.5	0.012
Soup kitchen	4.8	10.3	-5.5	0.076
Crisis center	2.4	10.3	-7.9	0.003
Any	34.0	56.3	-22.3	0.000
Percentage homeless or in a shelter in past 12 months^e				
	4.3	16.3	-12.0	0.001
SAMPLE SIZE	209	87	...	...

^a Sample size for this item is 208 for Same/Better and 86 for Worse due to missing data.

^b Sample size for this item is 209 for Same/Better and 86 for Worse due to missing data.

^c Sample size for this item is 159 for Same/Better and 74 for Worse due to missing data.

^d Sample size for this item is 183 for Same/Better and 82 for Worse due to missing data.

^e Sample size for this item is 209 for Same/Better and 80 for Worse due to missing data.

¹ Significance for the distribution of employment and W-2 statuses in the prior month.

APPENDIX TABLE 41

Reported disabilities¹

	NUMBER	PERCENT
Reported disability		
Own	82	27.7
Other family member	32	11.1
Either	97	32.8
SAMPLE SIZE	296	...

¹ A "reported disability" is a self-reported personal or family member's disability or health problem that limits the former AFDC recipient's ability to work.

APPENDIX TABLE 42

Self-reported standard of living by reported disability

	NUMBER	PERCENT
Those with a reported disability who rated current standard of living relative to the month of final AFDC check as		
Worse	44	45.4
Same or better	53	54.6
Those without a reported disability who rated current standard of living relative to the month of final AFDC check as		
Worse	43	21.6
Same or better	156	78.4
SAMPLE SIZE	296	...

APPENDIX TABLE 43

Employment and program participation in the month prior to the survey interview *

* among those with a reported disability

	NUMBER	PERCENTAGE
Employed at a regular, unsubsidized job; not in W-2 placement	15	15.5
Working and receiving SSI	3	3.1
Not employed, but in a W-2 work training placement	24	24.7
In a W-2 work training placement and receiving SSI	5	5.2
Not employed, but in SSI or Kinship Care	36	37.1
In SSI or Kinship Care and receiving SSI	31	32.0
Not employed and not in W-2, SSI, or Kinship Care	22	22.7
SAMPLE SIZE	97	...

APPENDIX TABLE 44

Perceptions of W-2 among those with a reported disability

	NUMBER	PERCENTAGE
W-2 is better than the old welfare program, AFDC.		
Agree or strongly agree	29	29.9
Disagree or strongly disagree	55	56.7
Don't know	13	13.4
SAMPLE SIZE	97	...

Source: Hudson/Mathematica survey of former AFDC recipients in Milwaukee.



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