The Wisconsin Works Applicant Study

October 17, 2008
Background

- Researchers at the UW Institute for Research on Poverty (IRP) are studying the W-2 application process.
- Earlier reports document the W-2 application process and examine when and why some applicants drop out before completing the process.
  - Based on site visits, review of CARES case notes, interviews with agency staff and with applicants who dropped out.
  - Builds on analysis of application process; uses administrative data to measure post-application income and earnings.
W-2 Application Process:
Two Potential Paths

12-Day Process
- Agency appointments
  Job search activities

<table>
<thead>
<tr>
<th>W-2 Participant</th>
<th>W-2 Dropout</th>
</tr>
</thead>
<tbody>
<tr>
<td>● Completes pre-eligibility application process</td>
<td>● Does not complete pre-eligibility application process</td>
</tr>
<tr>
<td>● Receives placement</td>
<td>● Does not receive a placement</td>
</tr>
</tbody>
</table>
  - W-2 Cash Tier                        |                                           |
  - W-2 Non-Cash Tier (CMS)              |                                           |
Day 1: W-2 Orientation
Applicant attends W-2 Orientation.

Day 1: Resource Specialist Appointment
Applicant meets with Resource Specialist.

Initial Application
Application completed and turned in to front desk. Applicant scheduled for both W-2 orientation and Resource Specialist appointment the following day.

Day 2-4: Upfront Workforce Attachment
Job search applications, Upfront Workforce Attachment workshops, and agency check-ins as required.

Day 5: 1st Eligibility FEP Appointment
Applicants meet with Eligibility FEP to assess compliance to date. Further assessment takes place. Applicants that do not secure employment assigned to further up-front job search activities. 2nd Eligibility FEP meeting scheduled for 7 days later.

Day 5-11: Continued Upfront Workforce Attachment
Applicants continue with Upfront Workforce Attachment requirements until their 2nd E-FEP meeting on the 12th day. Applications, workshops, agency check-ins

Day 12: 2nd Eligibility FEP Appointment
Applicants meet with the Eligibility FEP to assess applicant compliance with Upfront Workforce Attachment requirements. Eligibility determination occurs.

Barrier to Work Placement
Barriers to work (child care, medical restrictions, housing concerns, domestic violence problems, literacy or English language deficiencies, probation or parole conflicts, AODA problems, or are under age 19 and currently in high school may not be assigned to Upfront Workforce Attachment), Caretaker of a Newborn, or Pregnant Mother. No up-front job search activities. Further documentation and further assessment for W-2 tier placement. May still be assigned meeting with E-FEP on 5th day.

Dropout Point 1
Applicant may not show for or reschedule their W-2 orientation.

Dropout Point 2
Applicant may not show or reschedule meeting with Resource Specialist. Applicant may attend the meeting and be determined ineligible or decline services.

Upfront Workforce Attachment
Job search and related activities assigned to applicant by Resource Specialist.

Applicants may in practice dropout during the upfront attachment period by not completing tasks. The official "dropout" does not occur until they have missed a scheduled appointment.

Dropout Point 3
Applicant may not show or reschedule for initial E-FEP meeting. Applicant may decline services. E-FEP may also find that applicant is ineligible with further assessment.

Dropout Point 4
Applicant may not show or reschedule 2nd E-FEP meeting. Applicant may decline services, found ineligible, placed in W-2 tier, or offered Case Management only.

Dropout Point 5
Applicant may have additional meeting. Applicant may not-show, decline services, found ineligible, placed in W-2 tier, or offered Case Management only.

Initial Application
Application completed and turned in to front desk. Applicant scheduled for both W-2 orientation and Resource Specialist appointment the following day.

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Applicant attends W-2 Orientation.

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Further assessment may reveal previously unknown barriers and applicant placed in tier at this time. Applicants not assigned to up-front activities may bring in necessary documentation. Or, they may be placed in up-front activities if they do not substantiate barrier to work claim.

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## Potential Dropout Junctures by Dropout Reason (Table 1)

<table>
<thead>
<tr>
<th>Reason for Drop out</th>
<th>Potential Drop-out Juncture</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Orientation</td>
</tr>
<tr>
<td>No show (schedules but does not attend or reschedule appointment)</td>
<td>✓</td>
</tr>
<tr>
<td>Determined ineligible</td>
<td>✓</td>
</tr>
<tr>
<td>Declined services</td>
<td>✓</td>
</tr>
<tr>
<td>Denied services</td>
<td>✓</td>
</tr>
<tr>
<td>Attends appointment, no placement or subsequent appointment occur</td>
<td>✓</td>
</tr>
</tbody>
</table>

*A check indicates that a drop out could occur at that juncture for the intersecting reason.*
Post-application Earnings and Income

- W-2 applicants in fall of 2006 followed in 2007 to measure income and program participation
  - Compare drop-outs and W-2 participants
  - Compare drop-outs who exit at different points in the process and participants who enter different tiers of W-2

- Measures include 2007
  - Earnings
  - Income (Earnings, EITC, Food Stamps, Child Support, W-2)
  - Other Benefits (Medical Assistance, Child Care)
Data and Sample

- Individuals who applied for W-2 in September and October 2006 (N=1,683, excludes two-parent households, male participants, and applicants determined ineligible for services)

- Administrative data from:
  - Unemployment Insurance program (UI) wage records
  - CARES records of W-2 cash benefits, Food Stamp, Medical Assistance and Child Care benefits
  - KIDS measures of child support received

- Cannot interpret differences in outcomes as due to W-2 participation/nonparticipation
W-2 Applicant Characteristics

- At application:
  - 66% have earnings in the past year
  - 36% have received W-2 benefits in the past year
  - 90% have never been married
  - 75% have child under 6
  - 66% have less than high school degree

- Of all applicants:
  - 55% drop out (N=907)
  - 45% enter W-2 (N=776)
    - W-2 cash-tier placements: N = 673 (87%)
    - W-2 CMS placement: N = 103 (13%)

- Drop outs somewhat younger, and less likely to be pregnant at application (5% v. 24%)
Table 2: Comparing Demographics of W-2 Dropouts and Participants

<table>
<thead>
<tr>
<th>CHARACTERISTICS</th>
<th>W-2 PLACEMENTS</th>
<th>W-2 DROP OUTS</th>
<th>OVERALL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>N</td>
<td>%</td>
<td>N</td>
</tr>
<tr>
<td></td>
<td>776</td>
<td>44.7</td>
<td>907</td>
</tr>
<tr>
<td>Age***</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;=18 years</td>
<td>91</td>
<td>11.7</td>
<td>64</td>
</tr>
<tr>
<td>18-24 years</td>
<td>319</td>
<td>41.1</td>
<td>329</td>
</tr>
<tr>
<td>25-32 years</td>
<td>225</td>
<td>29.0</td>
<td>268</td>
</tr>
<tr>
<td>=&gt;33 years</td>
<td>141</td>
<td>18.2</td>
<td>246</td>
</tr>
<tr>
<td>Race</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>White</td>
<td>73</td>
<td>9.4</td>
<td>71</td>
</tr>
<tr>
<td>AA</td>
<td>617</td>
<td>79.5</td>
<td>725</td>
</tr>
<tr>
<td>Marital Status-Never Married**</td>
<td>713</td>
<td>91.9</td>
<td>793</td>
</tr>
<tr>
<td>Pregnant at time of Application***</td>
<td>186</td>
<td>24.0</td>
<td>43</td>
</tr>
<tr>
<td>Ed. Level*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;HS</td>
<td>510</td>
<td>65.7</td>
<td>607</td>
</tr>
<tr>
<td>Employed in previous 4 Quarters**</td>
<td>543</td>
<td>70.0</td>
<td>567</td>
</tr>
<tr>
<td>W-2 Receipt in previous 12 months*</td>
<td>253</td>
<td>32.6</td>
<td>349</td>
</tr>
</tbody>
</table>

Levels of significance: *** p<.001; **p<.01; *p<.05
Average Annual Income (Figure 2)

- Total average income: about $11,600 in 2007
  - CMC: $14,726
  - CMS: $14,101
  - Other W-2 cash tier: $10,945
  - Dropouts: $10,615

- Income Sources
  - Earnings and Food Stamps most important
  - Less common sources important for some: W-2 (~$3000, for 47%); CS (~$1500 for 39%)
Figure 2
2007 Annual Earnings and Income by W-2 Dropouts and Participant Groups

Figure 2 illustrates the annual earnings and income of W-2 Dropouts and various participant groups in 2007. The earnings and income are categorized by W-2 Dropouts (N = 907), W-2 CMC Placements (N = 293), W-2 Other Cash Tier (N = 380), W-2 Noncash Tier (N = 103), and All (N = 1683). The bars represent different sources of income, including Earnings, EITC, Child Support, Food Stamps, and W-2. The data shows a comparison of earnings and income across these groups.
Figure 3
2007 Quarterly Earnings and Income by W-2 Dropouts and Participant Groups
2007 Earnings and Income by Drop-Out Reason and Juncture

- Those who decline services have higher post-application income primarily due to higher earnings (Figure 4)
- Only modest differences in post-application income by drop-out juncture (Figure 5)
Figure 4
2007 Annual Earnings and Income by Drop-Out Reason

<table>
<thead>
<tr>
<th>Reason</th>
<th>Earnings</th>
<th>EITC</th>
<th>Child Support</th>
<th>Food Stamps</th>
<th>W-2 Participants</th>
</tr>
</thead>
<tbody>
<tr>
<td>Declined Services</td>
<td>$6,848</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Denied Services</td>
<td>$2,447</td>
<td>$713</td>
<td>$1,893</td>
<td></td>
<td>$2,324</td>
</tr>
<tr>
<td>Missed Appointment</td>
<td>$519</td>
<td>$692</td>
<td>$594</td>
<td>$1,498</td>
<td>$2,961</td>
</tr>
<tr>
<td>W-2 Participants</td>
<td>$2,639</td>
<td></td>
<td></td>
<td>$609</td>
<td>$540</td>
</tr>
</tbody>
</table>

N values:
- Declined Services: 102
- Denied Services: 324
- Missed Appointment: 481
- W-2 Participants: 776
Figure 5
2007 Annual Earnings and Income by Drop-Out Juncture

<table>
<thead>
<tr>
<th>Earnings</th>
<th>EITC</th>
<th>Child Support</th>
<th>Food Stamps</th>
<th>W-2</th>
</tr>
</thead>
<tbody>
<tr>
<td>N = 315</td>
<td>$521</td>
<td>$2,648</td>
<td>$565</td>
<td>$1,371</td>
</tr>
<tr>
<td>Orientation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N = 75</td>
<td>$391</td>
<td>$2,017</td>
<td>$572</td>
<td>$1,705</td>
</tr>
<tr>
<td>Resource Specialist</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N = 284</td>
<td>$508</td>
<td>$2,665</td>
<td>$578</td>
<td>$1,604</td>
</tr>
<tr>
<td>1st FEP Meeting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N = 196</td>
<td></td>
<td>$783</td>
<td>$2,862</td>
<td>$1,411</td>
</tr>
<tr>
<td>2nd FEP Meeting</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>N = 37</td>
<td></td>
<td>$689</td>
<td>$3,012</td>
<td>$1,712</td>
</tr>
<tr>
<td>FEP Other</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

N = 315, N = 75, N = 284, N = 196, N = 37
Substantial Differences in Poverty Rates (Table 3)

- Measure “poverty” and “deep poverty” by comparing our measure of total income to 100% and 50% of Federal Poverty Line ($17,170, $8,585 for mother with 2 children)
- W-2 participants and dropouts have similar proportions below poverty line (77% and 80%)
- Dropouts more susceptible to deep poverty (32% compared to 54%)
- Rates of poverty vary by W-2 participation type
- Rates of poverty vary by the reason the drop out occurred
Table 3: Poverty Rates

<table>
<thead>
<tr>
<th>By Reason</th>
<th>Below FPL</th>
<th>Below 50% FPL</th>
</tr>
</thead>
<tbody>
<tr>
<td>All (N = 1683)</td>
<td>77.0</td>
<td>43.8</td>
</tr>
<tr>
<td>W-2 Placements (N = 776)</td>
<td>74.1</td>
<td>32.4</td>
</tr>
<tr>
<td>By Placement Type</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CMC Placements (N = 293)</td>
<td>61.8</td>
<td>27.7</td>
</tr>
<tr>
<td>W-2 Other Cash-Tier (N = 380)</td>
<td>84.5</td>
<td>37.1</td>
</tr>
<tr>
<td>W-2 CMS (N = 103)</td>
<td>70.9</td>
<td>28.2</td>
</tr>
<tr>
<td>W-2 Drop Outs (N = 907)</td>
<td>79.5</td>
<td>53.6</td>
</tr>
<tr>
<td>By Juncture</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Orientation (N = 315)</td>
<td>81.3</td>
<td>57.5</td>
</tr>
<tr>
<td>Resource Specialist (N = 75)</td>
<td>80.0</td>
<td>50.7</td>
</tr>
<tr>
<td>1st FEP Meeting (N = 284)</td>
<td>76.1</td>
<td>52.1</td>
</tr>
<tr>
<td>2nd FEP Meeting (N = 196)</td>
<td>81.6</td>
<td>54.1</td>
</tr>
<tr>
<td>Other FEP Meeting (N = 37)</td>
<td>78.4</td>
<td>35.1</td>
</tr>
<tr>
<td>By Reason</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Declined Services (N = 102)</td>
<td>69.6</td>
<td>46.1</td>
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<tr>
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<td>80.9</td>
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</tr>
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<td>Missed Appointment (N = 481)</td>
<td>80.7</td>
<td>55.5</td>
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</table>
Medical Assistance and Child Care Subsidy Receipt

● Medical Assistance
  - High levels of participation overall
  - W-2 participants somewhat higher and more consistent participation (99% v. 91%)
  - Drop-outs who missed an appointment least likely to receive MA (88%)
  - Many lose coverage in late 2007– recertification issues?

● Child Care Subsidies
  - W-2 participants more likely to receive Child Care Subsidies (54%) than are dropouts (34%)
  - Average 6-7 months of benefits in 2007 among those receiving any
Summary

Economic status of applicants?

- Average income 2007: $11,600
- Earnings most important source of income followed by food stamps and the EITC
- W-2 and CS important for some
- High levels of poverty overall, but substantial and growing earnings across groups
Is the application process working? Some good news:

- Only about 20% of drop-outs enroll in W-2 in the following year; “diversions” are mostly long-term.
- Most families who do not receive W-2 are getting Food Stamps and MA, and a substantial minority receive child care subsidies.
- Those who decline services have average incomes above the average for all applicants.
- Applicants placed in W-2 CMS have average earnings (and incomes) above the average for all applicants.
Is the application process working? Some concerns:

- High levels of *deep* poverty; many diverted families do not appear to be accessing alternative sources of support.
- 54 percent of drop-outs face deep poverty
  - Declined Services 46.1
  - Denied Services 53.1
  - Missed Appointment 55.5
- What is the right comparison?
Next Steps

- Addition of WiSACWIS data to track child welfare involvement (USDHHS/ACF grant)
- Analysis of a more recent cohort of applicants, following W-2 policy change (USDHHS/ACF grant)
- Examine the dynamics of W-2 participation and receipt of other benefits (MA, Child Care Subsidies, Food Stamps)