



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
- Today's presentation: Report on Post-Application Income and Earnings of W-2 Applicants
 - 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

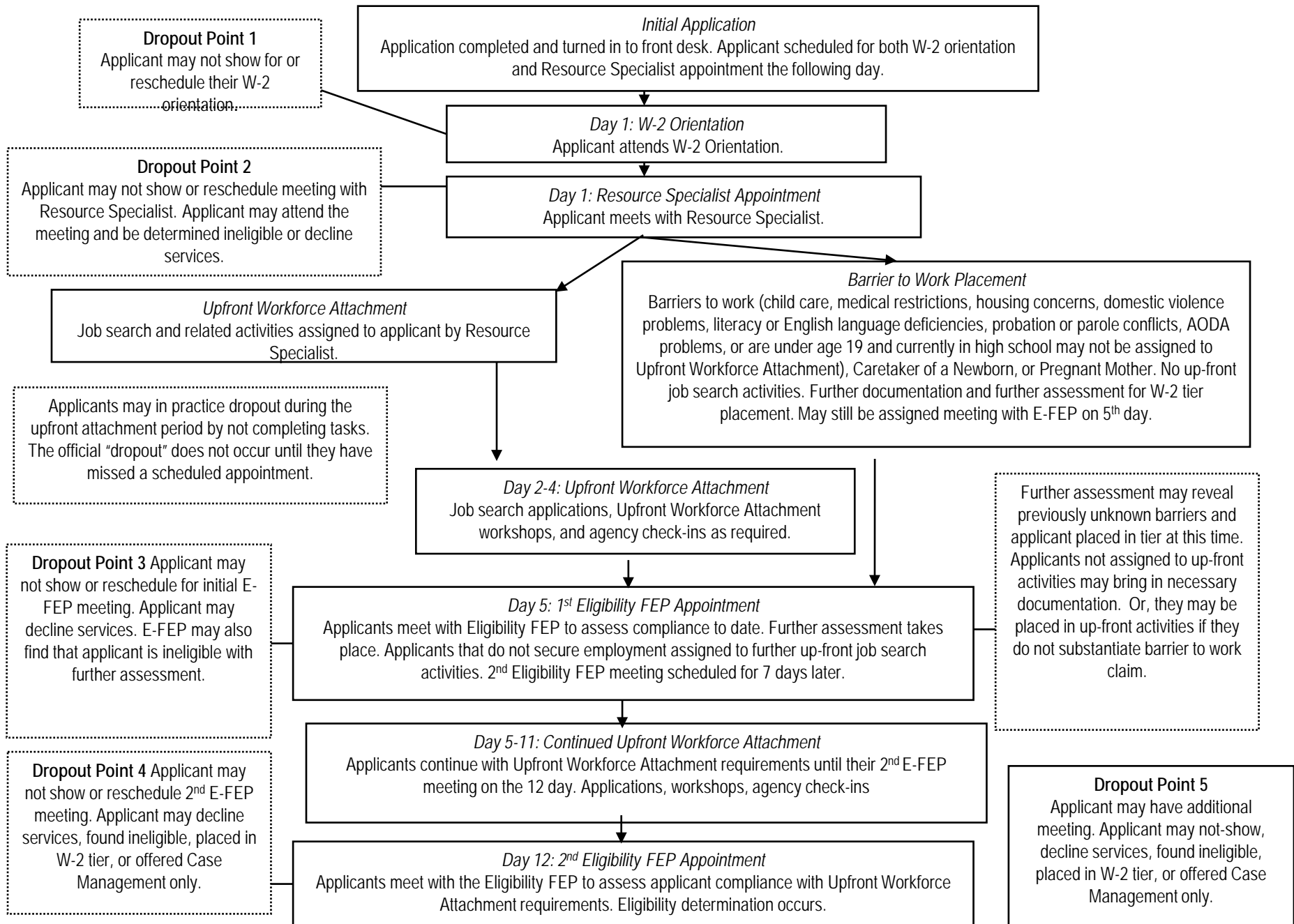
W-2 Participant

- Completes pre-eligibility application process
- Receives placement
 - W-2 Cash Tier
 - W-2 Non-Cash Tier (CMS)

W-2 Dropout

- Does not complete pre-eligibility application process
- Does not receive a placement

Figure 1: W-2 Application Process Chart



Potential Dropout Junctures by Dropout Reason (Table 1)

Reason for Drop out	Potential Drop-out Juncture				
	Orientation	Resource Specialist	1 st Eligibility FEP	2 nd Eligibility FEP	Other FEP
No show (schedules but does not attend or reschedule appointment)	✓	✓	✓	✓	✓
Determined ineligible		✓	✓	✓	✓
Declined services		✓	✓	✓	✓
Denied services			✓	✓	✓
Attends appointment, no placement or subsequent appointment occur	✓	✓	✓	✓	✓

*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

<i>CHARACTERISTICS</i>	<i>W-2 PLACEMENTS</i>		<i>W-2 DROP OUTS</i>		<i>OVERALL</i>	
	N	%	N	%	N	%
	776	44.7	907	55.3	1683	100
<i>Age***</i>						
<=18 years	91	11.7	64	7.1	155	9.2
18-24 years	319	41.1	329	36.3	648	38.5
25-32 years	225	29.0	268	29.6	493	29.3
=>33 years	141	18.2	246	27.1	387	23.0
<i>Race</i>						
White	73	9.4	71	7.8	144	8.6
AA	617	79.5	725	79.9	1342	79.7
<i>Marital Status-Never Married**</i>	713	91.9	793	87.4	1506	89.5
<i>Pregnant at time of Application***</i>	186	24.0	43	4.7	229	13.6
<i>Ed. Level*</i>						
<HS	510	65.7	607	66.9	1117	66.4
<i>Employed in previous 4 Quarters**</i>	543	70.0	567	62.5	1110	65.9
<i>W-2 Receipt in previous 12 months*</i>	253	32.6	349	39.5	602	35.8

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

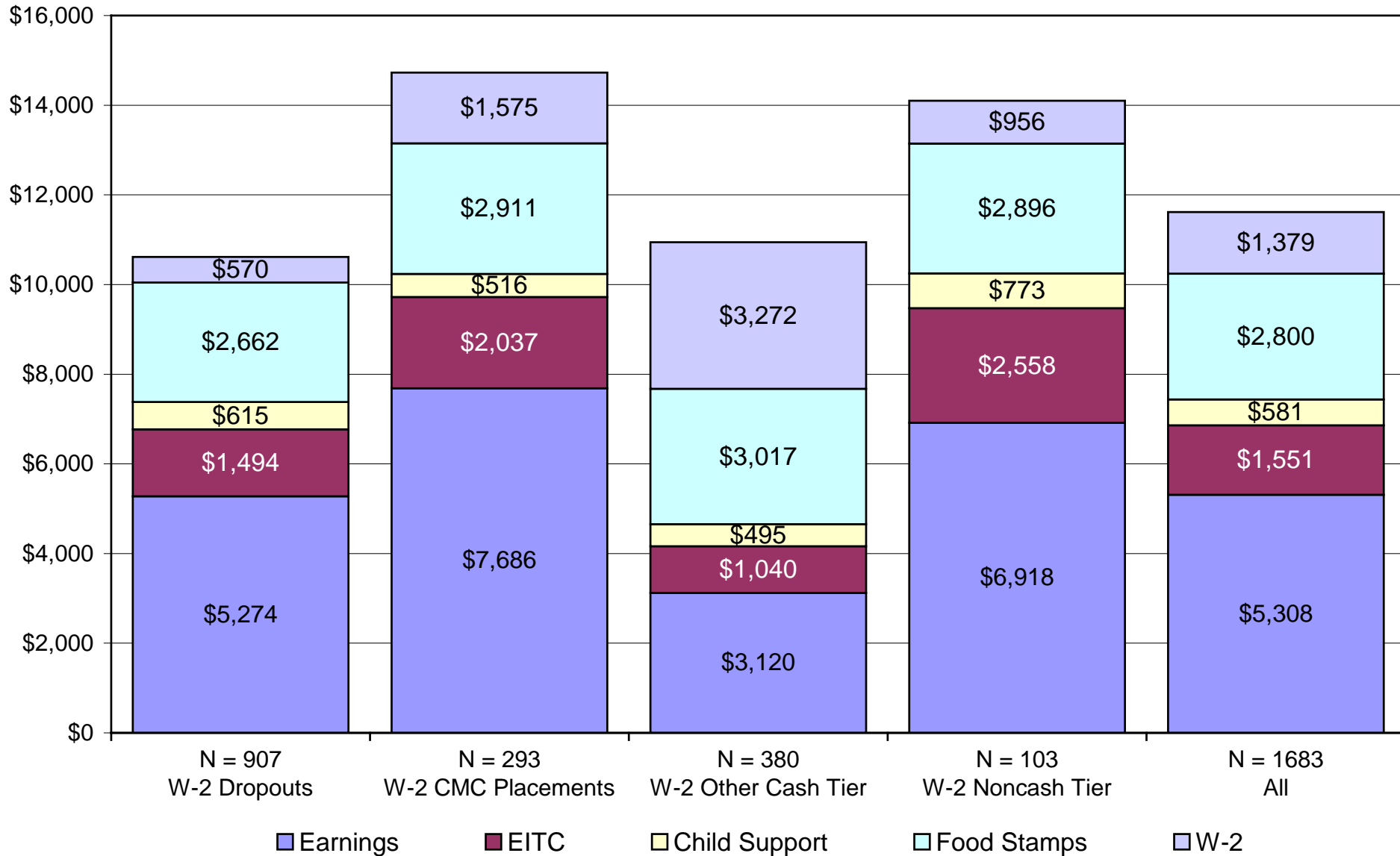
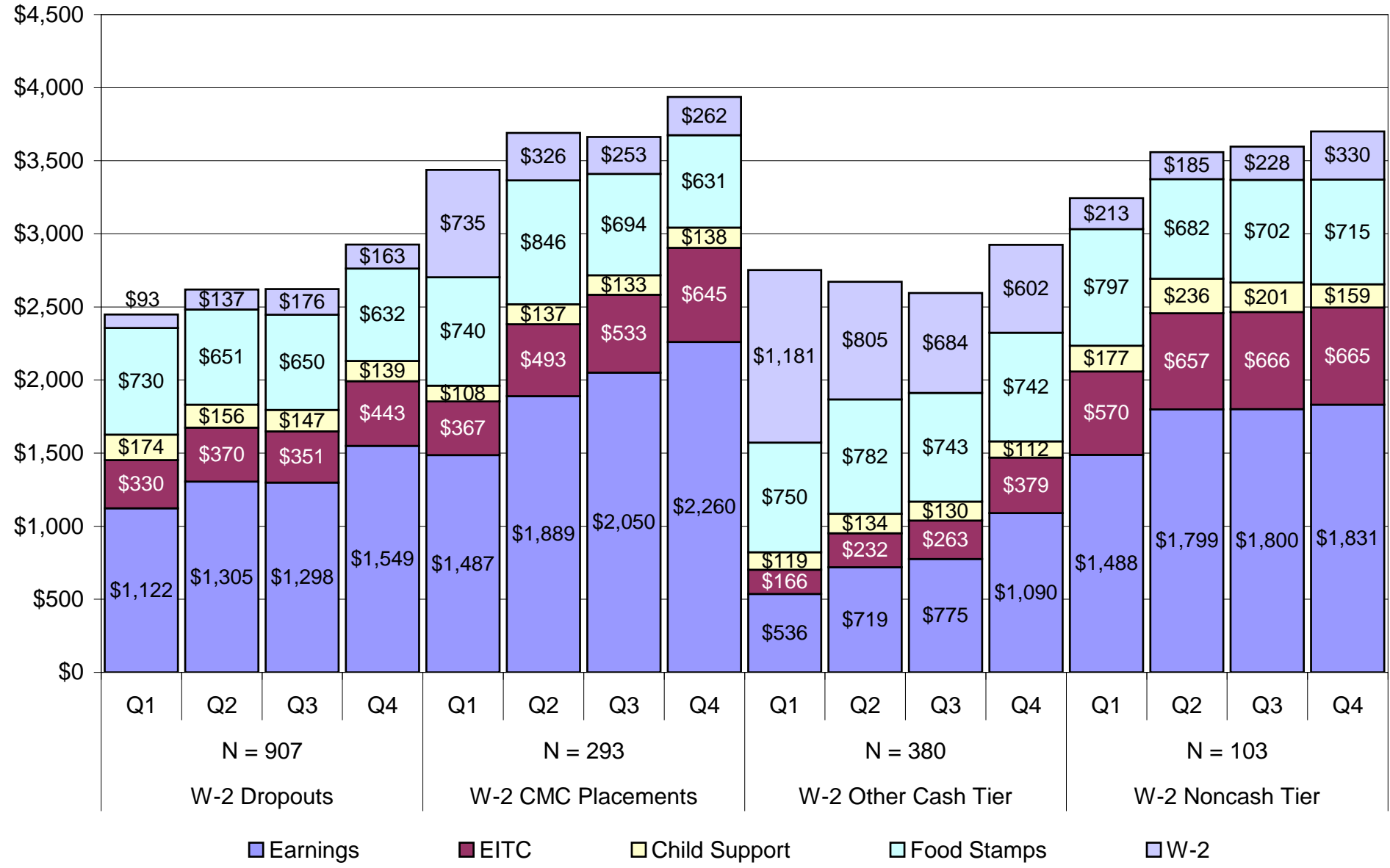


Figure 3
2007 Quarterly Earnings and Income by W-2 Dropouts and Participant Groups



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

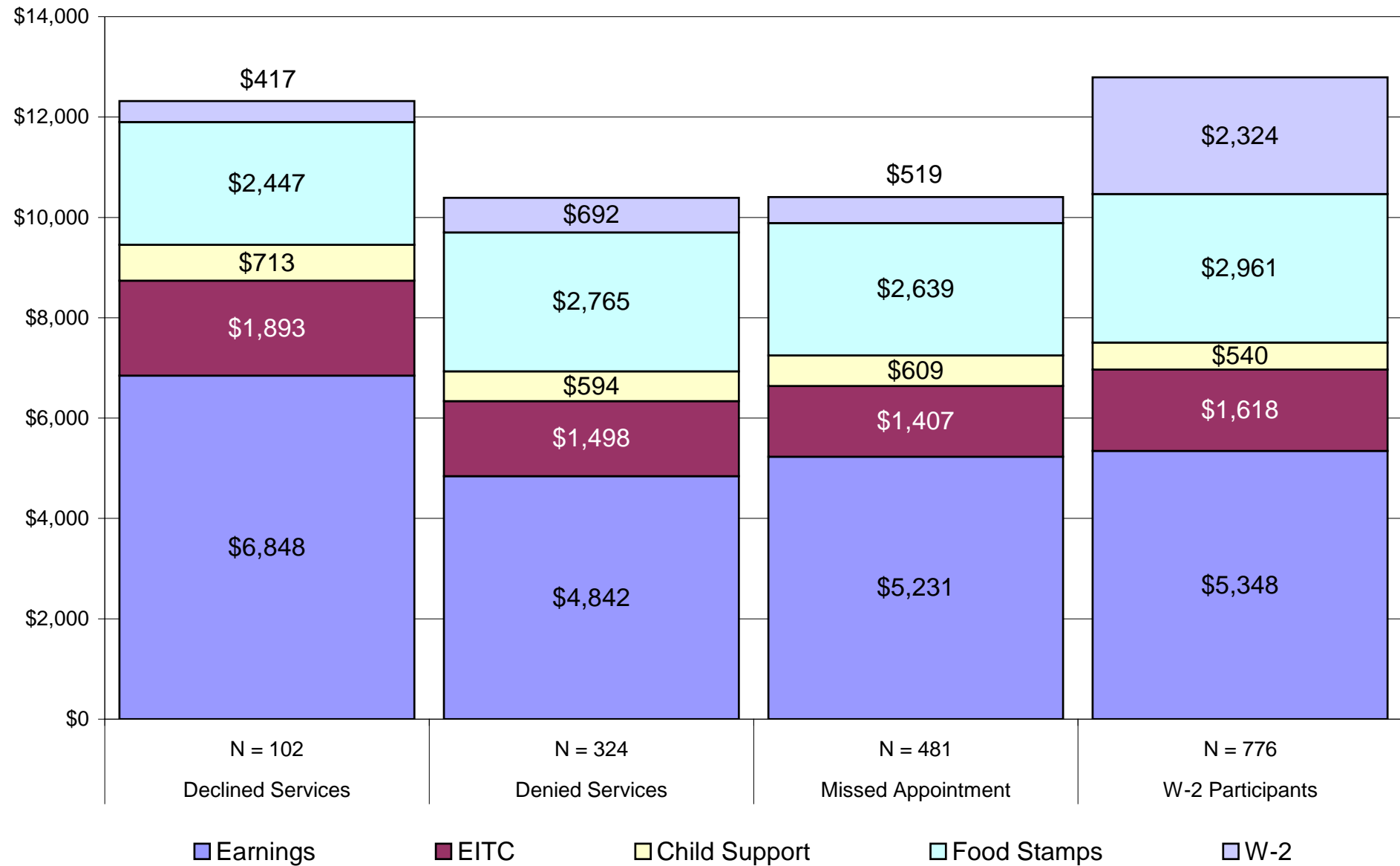
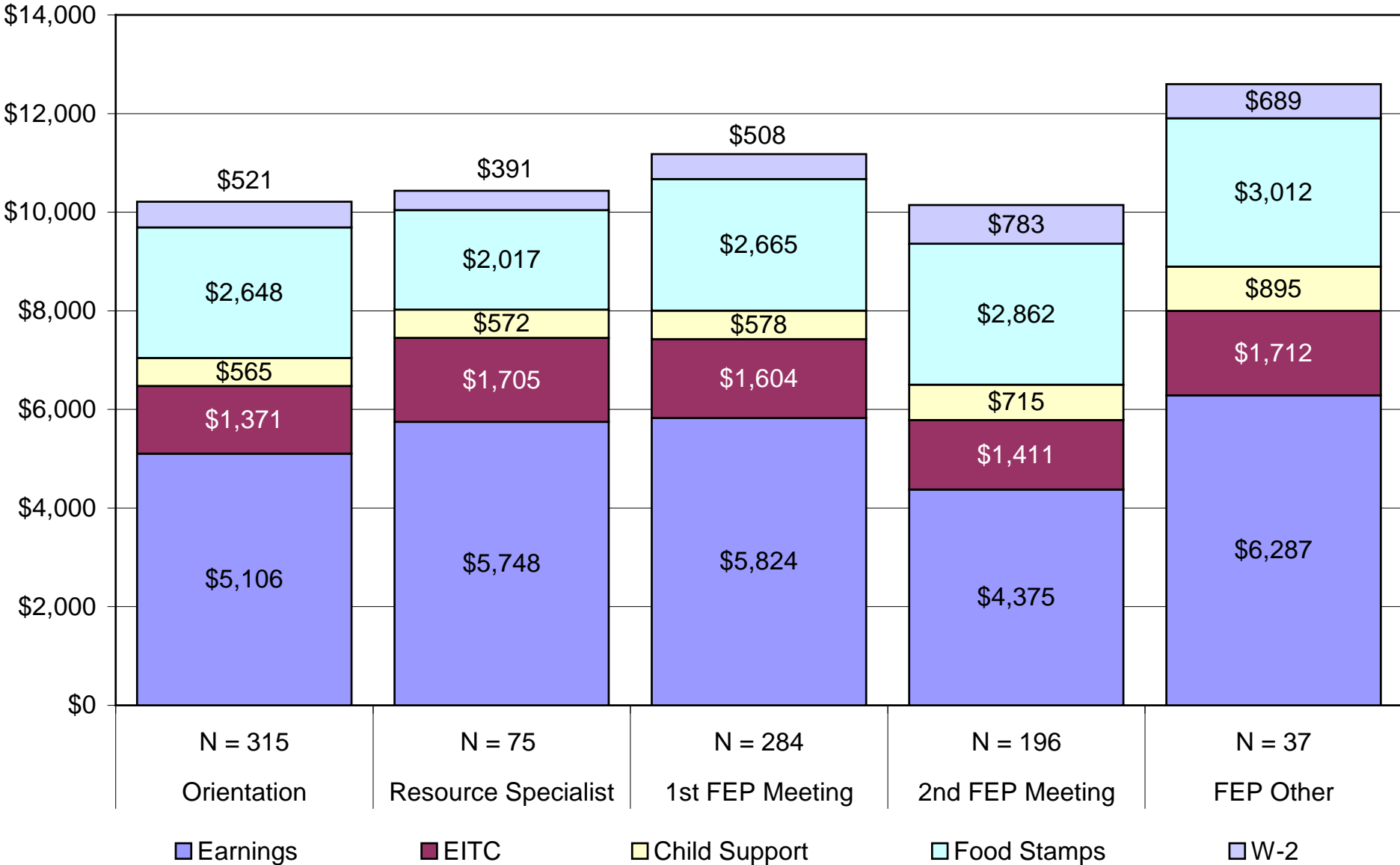


Figure 5
2007 Annual Earnings and Income by Drop-Out Juncture



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

	<i>Below FPL</i>	<i>Below 50% FPL</i>
	%	%
All (N = 1683)	77.0	43.8
W- 2 Placements (N = 776)	74.1	32.4
<i>By Placement Type</i>		
CMC Placements (N = 293)	61.8	27.7
W-2 Other Cash-Tier (N = 380)	84.5	37.1
W-2 CMS (N = 103)	70.9	28.2
W-2 Drop Outs (N = 907)	79.5	53.6
<i>By Juncture</i>		
Orientation (N = 315)	81.3	57.5
Resource Specialist (N = 75)	80.0	50.7
1 st FEP Meeting (N = 284)	76.1	52.1
2 nd FEP Meeting (N = 196)	81.6	54.1
Other FEP Meeting (N = 37)	78.4	35.1
<i>By Reason</i>		
Declined Services (N = 102)	69.6	46.1
Denied Services (N = 324)	80.9	53.1
Missed Appointment (N = 481)	80.7	55.5

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)