

EARLY TRANSFERS FROM AFDC TO W-2: THE EXPERIENCES OF 100 DANE COUNTY FAMILIES

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INTRODUCTION

Between the late 1980s and the mid-1990s, Wisconsin implemented a total of nine waiver-based welfare demonstration programs, each of which had family economic self-sufficiency as a major goal. More generous and service-oriented in some respects than the traditional Aid to Families with Dependent Children (AFDC) program, these waiver-based welfare programs emphasized rapid movement of public assistance recipients into the paid labor force rather than human capital development through education or training. The programs were more demanding in terms of their work and other requirements, and participants who failed to comply faced consequences that were more severe than under AFDC.

On September 1, 1997, Wisconsin began implementing Wisconsin Works (W-2), a comprehensive welfare reform program. Eligible families on the state's AFDC caseload at that time could have their cases transferred to the W-2 caseload if they completed the necessary conversion process.¹ Families applying for assistance on or after that date were added to the W-2 caseload if they were eligible for the program. Implementation of W-2 was facilitated by the Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193), the 1996 federal legislation that replaced AFDC with Temporary Assistance for Needy Families (TANF). Unlike AFDC, W-2 is a nonentitlement, work-based program that has features of the earlier waiver-based welfare demonstrations as well as new components. Eligible participants work with a Financial and Employment Planner (FEP) who assigns them to one of four W-2 employment ladder tiers based on an assessment of their employment and training needs.

1. Case Management Only (unsubsidized employment): For W-2 participants who either (a) already have a job when they enter the program, (b) have previous work experience, or (c) move up

¹Family heads were required to attend a W-2 orientation.

from a lower tier upon becoming employed. In addition to case management services, participants assigned to this tier may also be eligible for food stamps, Medicaid, child care assistance, the Earned Income Tax Credit, and job access loans.

2. Trial Jobs (subsidized employment): For W-2 participants who have basic job-readiness skills, but are lacking in work experience. The W-2 agency contracts with employers to hire participants for jobs that pay at least the minimum wage and to provide participants with supports during a 3–6-month trial period. Employers receive a subsidy to help defray their training and other costs with the expectation that the jobs will become permanent positions when the trial period has ended. Trial job participants may also be eligible for food stamps, Medicaid, child care assistance, the Earned Income Tax Credit, and job access loans.

3. Community Service Jobs (CSJ): For W-2 participants who need to develop job readiness skills and appropriate workplace behaviors. CSJ participants can be assigned to work activities for up to 30 hours per week and to education or training activities for up to 10 hours per week, and are eligible to receive a maximum monthly grant of \$673. They may also be eligible for food stamps, Medicaid, child care assistance, and job access loans.

4. W-2 Transition (W-2 T): For W-2 participants who face significant barriers to employment. For example, they may have a disability or other problem that limits their capacity to work, or be needed at home to care for an ill or disabled family member.

W-2 T participants can be assigned to counseling, rehabilitation, or other treatment activities for up to 28 hours per week and to education or training activities for up to 12 hours per week, and are eligible to receive a maximum monthly grant of \$628. They may also be eligible for food stamps, Medicaid, child care assistance, and job access loans.²

²A description of the W-2 tiers can be found in the Wisconsin Department of Workforce Development's 1997 publication *Building a Better Safety Net*. For an overview of the W-2 program, see also Kaplan (1998).

The families of participants in the two lower tiers are eligible for monthly cash payments if they comply with program requirements, which may include mandatory job search, training, or other work-related activities. The amount of cash paid to W-2 families is based entirely on the number of hours family heads participate in program activities and the W-2 tier to which participants are assigned; in contrast to AFDC, the maximum cash payment that families can receive under W-2 does not vary by family size. Families, including those not eligible for monthly cash payments, may be eligible for other benefits or services such as child care assistance, job access loans, or case management.

Wisconsin has experienced a dramatic reduction in its public assistance caseloads since W-2 was implemented. According to the Department of Workforce Development, the W-2 caseload was 11,452 families in June 1999, of which 7,924 were receiving cash assistance. In January 1997, the state's AFDC caseload had been 45,586. This represents a caseload reduction of 75 percent.³ Most other states have experienced similar, although less marked, declines in their caseloads over the past few years (U.S. Dept. of Health and Human Services, 2000a), raising questions about what has happened to those families that did not make the transition, for whatever reason, from AFDC to the new state TANF programs. The federal government, several state governments, and private foundations have funded a number of so-called "leavers" studies to find out how such families have fared without TANF assistance.

The study to be discussed in this report has a somewhat different focus. As originally designed, the study would have examined the experiences of 250 families from Dane County, Wisconsin, over a one-year period. Half of the sample was to be drawn at random from the September 1997 caseload of

³The 1997 figure includes not only regular AFDC cases, but also NLRR (non-legally responsible relative) and SSI "child-only" cases that were not eligible for conversion to W-2. Recent estimates suggest that there were between 10,000 and 11,000 of these child-only cases in September 1997 (Phillip Klein, Department of Workforce Development, March 10, 2000, personal communication). The NLRR cases were converted to W-2 Kinship Care cases and SSI cases were converted to Caretaker Supplement cases. Wisconsin had already experienced a significant reduction in its AFDC caseloads prior to the implementation of W-2. Between January 1993, when 81,291 families received AFDC, and January 1997, Wisconsin caseloads declined 44 percent (U.S. Dept. of Health and Human Services, 2000a).

AFDC families that were identified by the county as potentially eligible for conversion to W-2.⁴ The other half of the sample was to be drawn from families newly applying for W-2 assistance at the Dane County Job Center beginning in February 1998 and continuing until the full quota of new applicant families had been reached.⁵ This sampling strategy was chosen to allow us to examine whether W-2 participants who had transferred from AFDC differed from new applicants to the program, and, if so, how those differences might affect their experiences under W-2.

Sample members were interviewed twice. The Wave 1 interview was brief, lasting no more than 15 minutes, and respondents were paid \$10 for their participation. The data collected included basic demographic information (e.g., marital status, education, number and ages of resident and nonresident children, etc.), current government program participation (e.g., receipt of food stamps, Medicaid, SSI, etc.), and prior receipt of AFDC. Respondents were also asked to provide contact information that could be used to locate them for the follow-up interview in the event that they moved between Waves 1 and 2.⁶ The Wave 2 interview, completed 12 to 15 months after the Wave 1 interview, was in greater depth, lasting approximately one hour, and respondents were paid \$25 for their participation.⁷ The questions asked at Wave 2 focused on respondents' experiences since Wave 1. The topics covered included employment history, earnings, and other income; housing and residential mobility; government program participation; parenting and child care utilization; parental health and well-being; and child health and well-being. When relevant, sample members were asked about their experiences with the program (e.g.,

⁴Both the NLRR (non-legally-responsible relative) and SSI child-only cases would have been excluded from the sample.

⁵While the latter families would not have been on AFDC just prior to implementation of W-2, they may have been on AFDC at some point in the past.

⁶The University of Wisconsin Survey Center conducted the Wave 1 interviews. Although the majority were done by phone, some were done in person.

⁷The Wave 2 interviews were conducted by doctoral students in the social welfare program at the University of Wisconsin–Madison.

tier assignments, benefits and services received, barriers encountered, etc.), their reasons for leaving the program, and their postprogram experiences.⁸

During the course of Wave 1 data collection, it became apparent that the rate of new applications to W-2 was much lower than anticipated, and that the limited budget and time constraints of the project would preclude us from obtaining a sample of new applicant families sufficient in number to permit meaningful analyses. We have therefore restricted our analysis to the sample of families on the AFDC caseload in September 1997 that were potentially eligible for conversion to W-2. Initial interviews were completed with 163 of these families between November 1997 and June 1998. One hundred of these families (61 percent) were interviewed a second time between February 1999 and June 1999.⁹ Because little demographic information was collected during the initial interview, we are unable to determine the comparability of the two samples other than to note that they were quite similar with respect to marital status and race/ethnicity. Clearly, this substantial attrition rate raises the possibility that our follow-up sample is biased, an issue we address in the concluding section of this report.

SELECTED ATTRIBUTES OF RESPONDENTS AT WAVE 2

Table 1 presents data on selected attributes of respondents at Wave 2. Although our study was limited to families in Dane County, the demographic characteristics of our sample were comparable in a number of respects to the results of a recent study of Milwaukee families reported by Mathematica Policy Research and the Hudson Institute (Swartz et al., 1999).¹⁰ Several features of our sample are interesting

⁸Copies of both the Wave 1 and Wave 2 instruments are available from the authors upon request.

⁹We were unable to interview 63 of the Wave 1 respondents from our AFDC caseload sample. Most of our sample attrition was due to an inability to locate respondents, despite repeated attempts, using the telephone numbers and address information that we had from Wave 1 or the updated telephone numbers and address information we were given by Dane County. Few of the respondents that we did locate refused to be interviewed.

¹⁰Swartz et al. (1999) selected a random sample of 400 Milwaukee families from the August 1997 AFDC caseload. Interviews were completed with 296 (or 74 percent) of the sampled families.

TABLE 1
Respondent Attributes at Wave 2 (n = 100)

| Attribute | Sample Statistics |
|--|----------------------------|
| Age in years | Median = 34 Mean = 32.6 |
| Birthplace (%) | |
| United States | 85 |
| Non-U.S. Natives | 15 |
| Laos | 14 |
| Cambodia | 1 |
| Race/Ethnicity (%) | |
| African American | 46 |
| Caucasian | 34 |
| Southeast Asian | 15 |
| Native American | 2 |
| Hispanic | 1 |
| Multiracial | 2 |
| Marital Status (%) | |
| Single, never married | 51 |
| Married | 21 |
| Divorced | 16 |
| Separated | 8 |
| Widowed | 1 |
| Cohabiting | 3 |
| Education (%) | |
| High school diploma | 48 |
| GED | 10 |
| Neither | 42 |
| No. of Household Members | Median = 3 Mean = 4.3 |
| No. of Resident Family Children ^a | Median = 2 Mean = 2.7 |
| Absent Parent Ordered to Pay Child Support ^b (% , n = 82) | 77 |
| Child Support Payments Usually Received ^c (% , n = 63) | 43 |
| Total Months of Prior AFDC Receipt ^d (n = 94) | Median = 45 Mean = 53 |

^aRespondent's children by birth or adoption who were living with respondent at Wave 2.

^bAmong respondents whose children have an absent parent.

^cAmong respondents with child support orders.

^dDespite the fact that our sample was drawn from AFDC caseloads, 3 respondents reported never having received AFDC benefits. These respondents were excluded from the duration estimates, as were 3 respondents with missing data.

to note, however. First, 15 percent of the respondents in our sample were born in Southeast Asia, primarily Laos, which is reflected in the significant number of respondents who identified themselves as Hmong. Second, less than half of our sample had graduated from high school, and 42 percent had neither a high school diploma nor a GED. Low educational attainment was a particular problem among Southeast Asian respondents, a majority of whom reported having no formal education whatsoever (results not shown). Third, on average, respondents had received AFDC benefits for a total of almost 4.5 years before W-2 was implemented. Finally, although 77 percent of respondents reported that an absent parent was court-ordered to pay them child support, only 43 percent of those respondents with child support orders were receiving regular child support payments from the absent parent.

Following Swartz et al. (1999), we divided our sample into three mutually exclusive groups based on respondents' *self-reported* W-2 participation status at Wave 2: those who reported that they were still participating in W-2 (43 percent), those who reported that they had participated in W-2 but were no longer participating (42 percent), and those who reported that they had never participated (15 percent).¹¹ Unfortunately, because of funding constraints, we were unable to compare respondents' answers to questions about their participation in W-2 to the state's CARES administrative data in any systematic way.¹²

¹¹Three current participants and 1 former participant had not completed the conversion from AFDC to W-2, but rather, had applied for W-2 assistance at a later date. We retain them in our analysis because they had been included in the sample of potentially eligible families drawn from the September 1997 AFDC caseload.

¹²As we discuss below in more detail, we identified a small number of respondents whose answers to our survey questions about their participation in W-2 were not internally consistent. This inevitably raises questions about the reliability of our survey data, at least with respect to respondents' W-2 participation. Although we recognize that this limits the conclusions we can draw from the results reported here, we emphasize that the Dane County study was intended as a pilot study for the much larger research project in which we are currently following 1,200 W-2 applicant families in Milwaukee. We have access to the state's administrative data for our Milwaukee sample.

Table 2 presents data on respondents' attributes separately for these three groups.¹³ With but one exception, the three groups were quite similar in terms of the attributes for which we have data. The one exception to this trend was that both current and former participants were more likely than those who never participated in the program to report that an absent parent was ordered to pay child support.¹⁴ However, among those respondents who had a child support order in place, there was little variation across the three groups in the likelihood of receiving child support payments. Finally, we note that when self-reported nonparticipants were asked why they had chosen not to enroll in W-2, their reasons were as follows: employment (n = 9), receipt of SSI (n = 3), the need to care for an ill spouse (n = 2), and program "hassles" (n = 1).

SELF-REPORTED W-2 PARTICIPATION AND TIER ASSIGNMENTS

Table 3 shows the current W-2 tier assignment *as reported by respondents* who were still participating in the program at Wave 2.¹⁵ Although the majority (72 percent) of current participants reported that they were assigned to the Case Management tier at the time of their second interview, a significant minority (19 percent) reported that they were assigned to the W-2 Transitions (W-2T) tier. Only a few respondents reported that their current assignment was either the Community Service Job (CSJ) or Trial Job tiers.

¹³Because our survey questions were not explicit as to what did and did not constitute "W-2 participation," we do not know what respondents meant when they described themselves as participating or not participating in W-2. Of particular concern is whether respondents might have indicated that they were W-2 participants when in fact they were not, particularly given that nonparticipants may be eligible for many of the same benefits (e.g., food stamps, Medicaid, and/or child care assistance) as participants. Conversely, respondents might have indicated that they were not W-2 participants when in fact they were, especially if they were not receiving cash payments from the agency. This ambiguity might account for some of the inconsistencies in our data that we discuss below. W-2 participation is more explicitly defined in the instrument we are using in the second wave of our Milwaukee study.

¹⁴This might reflect the fact that cooperation with child support enforcement is required of all W-2 participants.

¹⁵Data presented below suggest that at least some of the respondents who were still participating in the program may have been confused about their current tier assignment.

TABLE 2
Respondent Attributes by Self-Reported W-2 Participation Status at Wave 2

| Demographic Information | Self-Reported W-2 Participation Status | | |
|--|--|---------------------------------|--------------------------------|
| | Never Participant (n = 15) | Current Participant (n = 43) | Former Participant (n = 42) |
| Age in years | Median = 30 Mean = 31.2 | Median = 36 Mean = 35.9 | Median = 32 Mean = 30.4 |
| Race/Ethnicity (%) | | | |
| Caucasian (n = 34) | 15 | 47 | 38 |
| African American (n = 46) | 22 | 33 | 46 |
| Southeast Asian (n = 15) | 0 | 60 | 40 |
| Other (n = 5) | 0 | 40 | 60 |
| Marital Status (%) | | | |
| Married (n = 21) | 5 | 48 | 48 |
| Divorced (n = 16) | 13 | 50 | 37 |
| Never married (n = 51) | 20 | 37 | 43 |
| Other (n = 12) | 17 | 50 | 33 |
| Educational Attainment (%) | | | |
| H.S. Diploma (n = 48) | 19 | 40 | 42 |
| GED (n = 10) | 10 | 30 | 60 |
| Neither (n = 42) | 12 | 50 | 38 |
| No. of Household Members | Median = 3 Mean = 3.5 | Median = 4 Mean = 4.5 | Median = 3.5 Mean = 4.2 |
| No. of Resident Family Children ^a | Median = 1 Mean = 1.8 | Median = 2 Mean = 3.0 | Median = 2 Mean = 2.6 |
| Absent Parent Ordered to Pay Child Support ^b (%, n = 82) | 54 | 82 | 81 |
| Child Support Payments Usually Received ^c (%, n = 63) | 43 | 52 | 38 |
| Total No. of Months of Prior AFDC Receipt ^d (n = 94) | Median = 39 Mean = 55 | Median = 48 Mean = 59 | Median = 24 Mean = 45 |

^aRespondent's children by birth or adoption who were living with respondent at Wave 2.

^bAmong respondents whose children have an absent parent.

^cAmong respondents with child support orders.

^dExcludes 3 respondents who reported never having received AFDC benefits and 3 respondents with missing data.

TABLE 3
Self-Reported Tier Assignments of Current W-2 Participants at Wave 2

| Current Tier Assignment | Current Participants | |
|-------------------------|----------------------|------|
| | No. | % |
| W-2 Transition | 8 | 18.6 |
| Community Service Job | 3 | 7.0 |
| Trial Job | 1 | 2.3 |
| Case Management Only | 31 | 72.1 |
| Total | 43 | 100 |

Whereas Table 3 provides a snapshot of current participants' self-reported tier assignments at Wave 2, Table 4 shows the self-reported tier assignments of both current and former participants since their participation in W-2 began. These data seem to indicate that at least some participants had made progress toward increasing self-sufficiency, in that more than half of those currently assigned to the Case Management tier had previously been assigned to one of the lower tiers (i.e., W-2T, CSJ, or Trial Job). There is also evidence that respondents who were *ever* assigned to the W-2T tier were less likely to have left the program by Wave 2 than respondents who were either *ever* assigned to the CSJ tier, *ever* assigned to the Trial Job tier, or *never* assigned to any of the lower tiers (45 percent).¹⁶

We have no reason to believe that respondents intentionally misled us about either their current or previous tier assignments, but there was, as noted above, some evidence that respondents may have been confused about the tiers to which they had been assigned and/or the benefits they had received. Specifically, 17 of the 31 W-2 participants whose responses indicated that they were currently assigned to the Case Management tier reported that they had never been assigned to any of the lower tiers.¹⁷ Yet 6 of these 17 respondents also reported that they had received monthly cash payments at some point in time, despite the fact that participants assigned to the Case Management tier are generally not eligible for monthly cash payments.¹⁸ A similar inconsistency appears with respect to the former participants. That is, 10 of the 21 former participants who indicated that they had never been assigned to one of the lower tiers reported that they had received monthly cash payments at one time or another while they were

¹⁶Unfortunately, because of the way the questions were asked, our data do not allow us to determine the number of respondents *ever* assigned to the Case Management tier and whether or not they were still participating in the program at Wave 2.

¹⁷Respondents were not asked directly whether they were currently assigned to the Case Management tier. Rather, we inferred that respondents were currently assigned to the Case Management tier if they reported that they were not currently assigned to one of the lower tiers but that they were currently participating in W-2.

¹⁸The one group for whom this policy makes an exception are mothers of newborn infants who are assigned to the Case Management tier for the first 12 weeks following the birth of a their child. During this period of time, they receive a monthly cash payment but are not expected to participate in work-related activities.

TABLE 4
Self-Reported Tier Experience among Current and Former W-2 Participants^a

| Self-Reported W-2 Participation Status at Wave 2 | | | | | | |
|--|----------|----------|--------------|----------------------------|----------------------------|-------------------------|
| Current W-2 Participants | | | | | | |
| Self-Reported Tier Assignment at Wave 2 | | | | | | |
| Program Experience | W-2T | CSJ | Trial Job | Case Management Only | Former W-2 Participants | All W-2 Participants |
| Ever Assigned to W-2T | 8 | 1 | 0 | 3 | 4 | 16 |
| Ever Assigned to CSJ | 4 | 3 | 0 | 10 | 16 | 32 |
| Ever Assigned to Trial Job | 0 | 1 | 1 | 5 | 4 | 11 |
| Never Assigned to W-2T, CSJ, or Trial Job | 0 | 0 | 0 | 17 | 21 | 38 |
| Total | 8 | 3 | 1 | 31 | 42 | 85 |

^aNumbers do not sum to column totals because some respondents had been assigned to several tiers.

participating in W-2.¹⁹ Finally, a small number of both current and former participants claimed never to have received monthly cash payments despite having been assigned to either the W-2T or CSJ tiers.²⁰

These inconsistencies are illustrated in Table 5.

A number of possible explanations might account for these inconsistencies. One is that respondents may not have been familiar with the terminology that we used to refer to the different tiers, and hence, did not reliably report their W-2T or CSJ assignments.²¹ Alternatively, it may be that respondents had confused either job access loans or in-kind benefits, such as food stamps and child care assistance, with monthly cash payments. Still another possibility is that respondents did receive monthly cash payments for the first three months following the birth of a child. Finally, it is always possible that our interviewers had recorded respondents' answers incorrectly. Unfortunately, we cannot reconcile these inconsistencies in respondents' reports based on the data that we have.

SELF-REPORTED W-2 ACTIVITIES, BENEFITS, AND SERVICES

Table 6 shows the percentage of respondents who participated in various W-2 activities. The activities most commonly reported by current participants were organized job search, job readiness training, and life skills training; the activities most commonly reported by former participants were organized job search, vocational training, and job readiness training. These data are noteworthy in two respects.

First, participation in educational activities among current participants without a high school diploma or GED was fairly high. Although nearly half of all current participants (49 percent) had neither

¹⁹Although we thought that “monthly cash payment” was self-explanatory, it is possible that some respondents did not understand what we meant by this term.

²⁰It is conceivable that some of these respondents had been assigned to one of the two lower tiers but did not receive any cash assistance because of sanctions for nonparticipation.

²¹However, the questions about tier assignments did include a description of each tier.

TABLE 5
Self-Reported Receipt of Monthly Cash Payments, by Self-Reported W-2 Tier Experience
among Current and Former Participants^a

| Tier Experience | Reporting Cash Payments (%) | Reporting No Cash Payments (%) | Do Not Know (%) |
|-------------------------------|--------------------------------|-----------------------------------|-----------------|
| Current Participants | | | |
| Ever in W-2T (n = 12) | 91.7 | 8.3 | 0.0 |
| Ever in CSJ (n = 16) | 81.3 | 18.8 | 0.0 |
| Never in W-2T or CSJ (n = 17) | 35.3 | 64.7 | 0.0 |
| Former Participants | | | |
| Ever in W-2T (n = 4) | 100.0 | 0.0 | 0.0 |
| Ever in CSJ (n = 16) | 75.0 | 25.0 | 0.0 |
| Never in W-2T or CSJ (n = 21) | 47.6 | 47.6 | 4.8 |
| All Participants | | | |
| Ever in W-2T (n = 16) | 93.8 | 6.2 | 0.0 |
| Ever in CSJ (n = 32) | 78.1 | 21.9 | 0.0 |
| Never in W-2T or CSJ (n = 38) | 42.1 | 55.3 | 2.6 |

^aThe inconsistent cells appear in bold type.

TABLE 6
Self-Reported Participation in W-2 Activities, by Self-Reported W-2 Participation Status

| W-2 Activities | Current Participants (%, n = 43) | Former Participants (%, n = 42) | All Participants (%, n = 85) |
|-------------------------------------|-------------------------------------|------------------------------------|---------------------------------|
| Organized Job Search | 51.2 | 64.3 | 57.6 |
| GED Program | 14.0 | 4.8 | 9.4 |
| ESL Program | 18.6 | 2.4 | 10.6 |
| Vocational Training | 18.6 | 26.2 | 22.4 |
| Job Readiness Training ¹ | 41.9 | 21.4 | 31.8 |
| Life Skills Training ² | 30.2 | 11.9 | 21.2 |
| Mental Health Counseling | 4.7 | 2.4 | 3.5 |
| Alcohol or Drug Treatment | 0.0 | 2.4 | 1.2 |

^aJob readiness training was defined as training in how to interact with coworkers and supervisors, learning how to dress for work, learning what will be expected of you from employers, etc.

^bLife skills training was defined as training in daily living skills such as budgeting your money, managing a checking account, learning how to use public transportation, etc.

a high school diploma nor a GED, two-thirds of them (a third of current participants) reported that their W-2 activities included participation in either a GED or ESL program. In contrast, participation in educational activities among former participants without a high school diploma or GED was less common. Although more than a third of all former participants (38 percent) had neither a high school diploma nor a GED, only 18 percent (7 percent of former participants) reported that they had participated in either a GED or ESL program as one of their W-2 activities. Second, although we found evidence that many respondents may have suffered from a mental health problem (see Table 17), very few reported that they had received any type of mental health counseling through the W-2 program.²²

Table 7 shows the percentage of respondents who received various W-2 benefits and services. Significant numbers of both current and former participants reported that they had received monthly cash assistance, child care assistance, transportation assistance, and case management. Despite W-2's emphasis on employment, only 26 percent of current participants and 19 percent of former participants reported that they had received help finding a job or, if they were employed, finding a better job.²³

EMPLOYMENT AND NONEMPLOYMENT

Employment

At the Wave 2 interview, respondents were asked a number of questions about their current employment status as well as their employment history over the preceding 12 months.²⁴ In this section we compare the current employment status and employment history of the three groups identified in Table 2: respondents who were still participating in W-2 at Wave 2 (n = 43), respondents who had participated in

²²It is possible that respondents were receiving mental health counseling from some other source through Medicaid.

²³Although “help finding a job” was not explicitly defined, we did ask respondents about various job search activities in which they might have engaged. These data are available from the authors upon request.

²⁴Data about their previous employment history had been collected at Wave 1.

TABLE 7
Self-Reported Receipt of Program Benefits and Services,
by Self-Reported W-2 Participation Status

| W-2 Benefits or Services | Current Participants (%, n = 43) | Former Participants (%, n = 42) | All Participants (%, n = 85) |
|-------------------------------|-------------------------------------|------------------------------------|---------------------------------|
| Monthly Cash Assistance | 62.8 | 59.5 | 61.2 |
| Child Care Assistance | 41.9 | 54.8 | 48.2 |
| Transportation Assistance | 44.2 | 38.1 | 56.7 |
| Job Access Loan | 2.3 | 2.4 | 2.4 |
| Help Finding a Job/Better Job | 25.6 | 19.0 | 22.4 |
| Help with Parenting | 7.0 | 4.8 | 5.9 |
| Case Management | 72.1 | 54.8 | 63.5 |

W-2 but were no longer participating at Wave 2 (n = 42), and respondents who never participated in W-2 (n = 15). Our findings are summarized in Tables 8 and 9.

Table 8 presents data on respondents who were employed at Wave 2, including hourly wages, hours worked per week, and days worked at current job. Overall, 54 percent of the respondents in our sample were employed at the time of their second interview, including approximately two-thirds of both former participants and those who never participated. The comparatively lower level of employment among current W-2 participants (39 percent) is due, in part, to the fact that more than a quarter of current participants were assigned to either the W-2T or CSJ tiers, and hence not “job ready.”²⁵ Moreover, although only 52 percent of participants currently assigned to the Case Management Tier reported that they were employed at Wave 2, some of these participants, as already noted, may actually have been assigned to either the W-2T or CSJ tiers.²⁶

Although there was little difference among the three groups in terms of the number of hours worked per week, they did differ with respect to their hourly wages and job duration. Former participants who were employed at Wave 2 reported that they were being paid higher wages and had held their jobs for a longer period of time than employed respondents who were still participating or who had never participated in the program. As a result, former participants tended to have the highest estimated monthly earnings. Whether this finding reflects the effect of services that former participants had received, preexisting differences between the groups, or some other factor cannot be determined from the data.

Nonemployment

Table 9 presents data on prior year’s work experience and current job search efforts among the 46 respondents in our sample who were not employed at Wave 2. Of these respondents, 43 percent

²⁵Respondents were not counted as employed if they were placed in a community service job, but were counted as being employed if they were placed in a trial job.

²⁶In fact, 7 of the 15 respondents who reported that they were not employed and not assigned to either the W-2T or CSJ tiers had been assigned to either the W-2T or CSJ tier at some point during their W-2 participation.

TABLE 8
Current Employment and Earnings, by Self-Reported W-2 Participation Status

| Employment Measures | Never Participants (n = 15) | Current Participants (n = 43) | Former Participants (n = 42) | Full Sample (n = 100) |
|---|-----------------------------------|-------------------------------------|------------------------------------|--------------------------------|
| Currently Employed | 66.7% | 39.5% | 64.3% | 54% |
| Hourly Wages ^a | Median=\$7.55 Mean=\$8.01 | Median=\$7.61 Mean=\$7.85 | Median=\$8.89 Mean=\$8.58 | Median=\$8.13 Mean=\$8.24 |
| Hours Worked Per Week | Median=38 Mean= 34.5 | Median=40 Mean=36.2 | Median=40 Mean=34.2 | Median=40 Mean=34.9 |
| Days Worked at Current Job | Median=267 Mean=299 | Median=204 Mean=377 | Median=364 Mean=371 | Median=325 Mean=360 |
| Estimated Monthly Earnings ^b | Median=\$1219 Mean = \$1203 | Median=\$1279 Mean = \$1223 | Median=\$1313 Mean = \$1341 | Median=\$1279 Mean = \$1277 |

^aAlthough the overwhelming majority of respondents reported their hourly wage rate, hourly wages were computed for a few respondents, based on either their weekly or monthly earnings and their hours worked per week.

^bAssumes that respondents were employed for the entire month. Because some respondents had only recently begun working at their current job, their earnings for that month would have been lower than these figures suggest.

TABLE 9
**Prior Year's Employment and Current Job Search among Nonemployed Respondents,
 by Self-Reported W-2 Participation Status**

| | Never Participants (%, n = 5) | Current Participants (%, n = 26) | Former Participants (%, n = 15) | All Nonemployed Respondents (%, n = 46) |
|-------------------------------|-------------------------------------|--|---------------------------------------|---|
| Ever Employed Past Year | 40.0 | 30.8 | 66.7 | 43.5 |
| Currently Searching for a Job | 20.0 | 19.2 | 53.3 | 30.4 |

(n = 20) reported that they had held a job at some point during the year prior to their second interview, which means that 74 percent of our sample were either currently employed at Wave 2 or had been employed within the past 12 months. In addition, 30 percent (n = 14) of the nonemployed respondents in our sample reported that they were currently looking for work. Former W-2 participants were more likely to report that they had had some work experience within the past 12 months and that they were currently searching for a job at Wave 2 than were respondents in either of the other two groups. Regardless of respondents' W-2 participation status, the most common reasons cited for not being employed were their own or another family member's disability (n = 23), lack of education or job skills (n = 10), and child care problems (n = 9).²⁷

We have some data that suggest how the families of the 46 nonemployed respondents were "getting by." Among the 26 nonemployed respondents who were participating in the program at the time of their second interview, 11 were assigned to either the W-2T or CSJ tier, and hence were receiving monthly cash payments from the W-2 agency.²⁸ Of the remaining 15 respondents, 7 reported (1) that they were receiving or had family members who were receiving SSI and/or Social Security benefits and/or (2) that they were living with another family member who had been employed the previous month. Assuming that these other family members were still employed, 8 of the current W-2 participants were in a very precarious economic situation; 1 reported no source of stable income, and 7 reported income only from food stamps.

Among the 20 nonemployed respondents who were not participating in W-2 at the time of their second interview, 16 reported (1) that they were receiving or had family members who were receiving

²⁷Respondents often gave more than one reason.

²⁸As noted above, it is also possible that 9 respondents who indicated that they were not in either the W-2T or CSJ tier had misidentified their current W-2 assignment. This is supported by the fact that all 9 of these respondents said that they had received or were receiving monthly cash payments from the W-2 program. These data are ambiguous, however, in that we do not know whether these respondents had only received monthly cash payment in the past or whether they were still receiving them.

SSI and/or Social Security benefits; (2) that they were living with another family member who had been employed the previous month; and/or (3) that they had been without a job for one month or less.

Assuming that those respondents who had recently been employed would soon be able to find a new job and that the family members who were employed the previous month were still working, 4 of these 20 respondents also seemed to be in a very precarious economic situation; 3 reported no source of stable income, and 1 reported income only from food stamps.

GOVERNMENT PROGRAM PARTICIPATION AND FAMILY INCOME

Table 10 shows the percentage of respondents who received benefits from various government programs during the month prior to the Wave 2 interview (Panel A) and in any month during the preceding year (Panel B). Only two-thirds of respondents who were not participating in W-2 at the time of their second interview had ever received food stamps during the past 12 months. This is particularly puzzling given the high frequency of Medicaid receipt and the relatively low wages which employed respondents were paid. Even more anomalous is the fact that nearly a quarter of current W-2 participants reported that they had not received food stamps in the month before they were interviewed. We did not ask respondents why they were not receiving or had not received food stamps, but several plausible explanations come to mind. Respondents may have been ineligible for food stamps because of the income of other household members.²⁹ Employed respondents may have decided that it was no longer worth it for them to participate in the Food Stamp program, given the effect of marginal tax rates on the amount of food stamps they could expect to receive, or that the procedural barriers to program participation were

²⁹Food Stamp eligibility is based on household, not family, income.

TABLE 10
Receipt of Government Benefits, by Self-Reported W-2 Participation Status

| Government Benefits Received | Never Participants (%, n = 15) | Current Participants (%, n = 43) | Former Participants (%, n = 42) | Full Sample (%, n = 100) |
|--|--------------------------------------|--|---------------------------------------|-----------------------------|
| A. In the Month Prior to the Wave 2 Interview | | | | |
| Medicaid | 100 | 95 | 74 | 87 |
| WIC | 40 | 51 | 45 | 47 |
| SSI | 40 | 26 | 17 | 24 |
| Social Security | 13 | 5 | 2 | 5 |
| Unemployment Insurance | 13 | 2 | 0 | 3 |
| Food Stamps | 47 | 77 | 38 | 56 |
| B. In Any of the Past 12 Months | | | | |
| Medicaid | 100 | 95 | 86 | 92 |
| WIC | 53 | 54 | 45 | 50 |
| SSI | 40 | 28 | 19 | 26 |
| Social Security | 13 | 5 | 2 | 5 |
| Unemployment Insurance | 13 | 7 | 2 | 6 |
| Food Stamps | 67 | 84 | 64 | 73 |
| EITC | 40 | 40 | 50 | 51 |

too great.³⁰ Finally, some respondents may not have been aware that they were still eligible for food stamps even if they were working and/or not participating in W-2.

Table 11 presents estimated monthly family income for the month prior to the Wave 2 interview and estimated annual family income for the preceding year. Monthly income was estimated by summing the income respondents reported from all of the following sources: W-2 grant, SSI, Social Security, Unemployment Insurance, child support, food stamps, and earnings from employment for all family members.³¹ Annual income was then estimated by multiplying respondents' estimated monthly income by 12. Table 11, Panel A presents income data for all respondents whereas Panel B is limited to respondents who were employed at Wave 2. Overall, former participants reported mean monthly incomes 37 percent higher than current participants and 30 percent higher than those who never enrolled. Among employed respondents, former participants reported mean monthly incomes 26 percent higher than current participants and 27 percent higher than those who never enrolled. Some of this difference reflects the higher hourly wages of former participants, but it seems likely that other sources of income also contributed. Finally, it should be noted that although we present projected annual incomes both with and without reported income from the EITC, these estimates assume that respondents had a stable monthly income throughout the preceding year.³² Although this may not be a reasonable assumption for this population, we nevertheless thought it useful to estimate the potential effect of EITC income.

The estimated family income data presented in Table 11 indicate that most of the respondents in our sample, with the possible exception of former W-2 participants who were currently employed at Wave 2, would be living approximately at or slightly above the 1999 poverty line for a family of three

³⁰For example, working parents may be required to recertify their family's Food Stamp eligibility every three months.

³¹Our estimates did not include child care subsidies, housing assistance, or Medicaid benefits.

³²Respondents were asked about both state and federal EITC.

TABLE 11
Estimated Monthly and Annual Family Income from All Sources,
by Self-Reported W-2 Participation Status

| Estimated Income | Never Participants | Current Participants | Former Participants | Full Sample |
|--|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| A. Total Sample | (n = 14) | (n = 43) | (n = 42) | (n = 99) |
| For prior month ^a | Median=\$1104 Mean=\$1134 | Median=\$966 Mean=\$1072 | Median=\$1454 Mean=\$1473 | Median=\$1200 Mean=\$1248 |
| For preceding 12 months, not including reported EITC | Median=\$13,242 Mean=\$13,610 | Median=\$11,592 Mean=\$12,859 | Median=\$17,448 Mean=\$17,671 | Median=\$14,400 Mean=\$14,973 |
| For preceding 12 months, including reported EITC | Median=\$14,242 Mean=\$14,216 | Median=\$11,592 Mean=\$12,928 | Median=\$17,620 Mean=\$18,183 | Median=\$14,550 Mean=\$15,305 |
| B. Employed Respondents | (n = 10) | (n = 17) | (n = 27) | (n = 54) |
| For prior month ^a | Median=\$1217 Mean=\$1299 | Median=\$1250 Mean=\$1314 | Median=\$1550 Mean=\$1650 | Median=\$1479 Mean=\$1429 |
| For preceding 12 months, not including reported EITC | Median=\$14,598 Mean= \$15,588 | Median=\$15,000 Mean= \$15,764 | Median=\$18,600 Mean= \$19,798 | Median=\$17,148 Mean= \$17,748 |
| For preceding 12 months, including reported EITC | Median=\$14,598 Mean=\$16,348 | Median=\$15,000 Mean=\$15,834 | Median=\$18,600 Mean=\$20,211 | Median=\$17,428 Mean=\$18,118 |

^aEstimates include reported income from W-2 grant, SSI, Social Security, Unemployment Insurance, child support, earnings from employment, and Food Stamps.

(\$13,880), but below the poverty line for a family of four (\$16,700) (U.S. Dept. of Health and Human Services, 2000b).

ECONOMIC HARDSHIPS

Table 12 shows the percentage of respondents who had experienced any of a variety of economic hardships during the past 12 months. Although our sample is too small for confident generalization, these data do suggest that economic hardships are not uncommon among this population. Overall, respondents reported having experienced 4 of the 11 economic hardships about which they were asked, although respondents who had never participated in W-2 tended to report a greater number of hardships than either current or former participants.³³ Our definition of what constitutes a hardship is necessarily somewhat arbitrary, but the types of problems reported were not trivial.

USE OF CHILD CARE

Table 13 shows the various types of child care that respondents reported using.³⁴ Seventy-seven percent of the respondents in our sample with a child under the age of 5 (n = 70) and 69 percent of the respondents in our sample with a child under the age of 13 (n = 90) reported that they had used some type of child care during the year prior to their Wave 2 interview (Panel A). Among respondents who were either working at Wave 2 or had worked at some point during the past 12 months, 88 percent of our sample with a child under the age of 5 (n = 58) and 84 percent of those with a child under the age of 13

³³Because we did not ask about economic hardships at Wave 1, we do not know how respondents' experience of economic hardships under W-2 compares to their experience under AFDC.

³⁴Table 13 includes 4 current W-2 participants who used child care but had not been employed within the past 12 months.

TABLE 12
Economic Hardships Experienced during the Past Year,
by Self-Reported W-2 Participation Status

| Hardship | Never Participants (%, n = 15) | Current Participants (%, n = 43) | Former Participants (%, n = 42) | Full Sample (%, n = 100) |
|---|--------------------------------------|--|---------------------------------------|--------------------------------|
| Not enough money to pay rent or mortgage | 47 | 42 | 48 | 45 |
| Not enough money to pay bills | 73 | 61 | 55 | 60 |
| Utilities shut off | 7 | 2 | 14 | 8 |
| Phone disconnected | 40 | 23 | 41 | 33 |
| Evicted | 13 | 2 | 5 | 5 |
| Doubled-up because could not afford own housing | 13 | 5 | 7 | 7 |
| Homeless | 20 | 9 | 5 | 9 |
| Obtained food from food pantry | 80 | 67 | 57 | 65 |
| Ate at soup kitchen | 27 | 30 | 7 | 20 |
| Ran out of food and had no money to buy more | 67 | 72 | 57 | 65 |
| Belongings repossessed | 0 | 5 | 5 | 4 |
| No. of Hardships Experienced | | | | |
| Median | 5 | 4 | 3 | 4 |
| Mean | 5 | 4 | 4 | 4 |

TABLE 13
Type of Child Care Used during the Past Year Among Respondents
Who Used Child Care, by Age of Youngest Child^a

| Type of Child Care | Use by Respondents w/ Child < 5 (%) | Use by Respondents w/ Child < 13 (%) |
|---|--|---|
| A. All Respondents | (n = 70) | (n = 90) |
| Day Care Center | 64.8 | 61.3 |
| Care in Someone Else's Home | 63.0 | 62.9 |
| Care in Own Home | 14.8 | 19.4 |
| Before/After School Care Program | 14.8 | 22.6 |
| Head Start | 31.5 | 30.6 |
| Any Type of Child Care | 77.1 | 68.9 |
| | | |
| B. Currently or Formerly Employed Respondents | (n = 58) | (n = 70) |
| Day Care Center | 64.7 | 61.0 |
| Care in Someone Else's Home | 64.7 | 64.4 |
| Care in Own Home | 15.7 | 20.3 |
| Before/After School Care Program | 11.8 | 20.3 |
| Head Start | 29.4 | 28.8 |
| Any Type of Child Care | 87.9 | 84.3 |

^aColumn totals exceed 100% because respondents often reported using more than one type of care.

(n = 70) reported that they had used some type of child care (Panel B).³⁵ Regardless of the age of the respondent's youngest child or the respondent's employment status, day care centers and care in someone else's home were the most commonly used types of child care.

A significant minority of respondents reported that they had left a child under age 13 at home alone or in the care of an older sibling who was also under age 13 while they were at work (Table 14). A few of the children left alone or with a sibling were under 5 years old.

RECEIPT OF CHILD CARE ASSISTANCE

Approximately two-thirds of the respondents in our sample who used one or more types of child care reported that they had received child care assistance at some point during the past 12 months (Table 15). Although receipt of child care assistance was higher among current than former participants, our data are ambiguous as to whether (1) respondents were currently receiving child care assistance; and (2) former participants continued to receive child care assistance once they left the program. With respect to the latter issue, the fact that respondents who never participated in the program were as likely to receive child care assistance as respondents in general suggests that at least some former participants had received child care assistance even after they were no longer on W-2.

CHILD CARE PROBLEMS

Table 16 presents data on the child care problems that respondents reported experiencing during the year preceding their second interview. The variation in sample cell size reflects the fact that some problems were only relevant to respondents who met a certain condition (i.e., employed, parent of young

³⁵Among respondents with a child under the age of five, child care was used by 88 percent of those currently employed or employed within the past 12 months.

TABLE 14
Use of Self and Sibling Care for Children Under Age 13
While Parent Was at Work, Among Respondents with a Child Under Age 13^a
(n = 70)

| | |
|--|---|
| Child Stayed Alone | 14.3% |
| Age of youngest child who stayed alone | Med = 10 Mean = 9 Range: 3 to 12 |
| Sibling under 13 Provided Child Care | 5.7% |
| Age of sibling who provided care | Med = 11 Mean = 10.5 Range: 8 to 12 |
| Age of youngest child for whom sibling cared | Med = 4 Mean = 4 Range: 3 to 5 |

^aAmong respondents who were currently employed or had been employed at some point during the past year.

TABLE 15
Receipt of Child Care Assistance During the Past Year among Respondents
with a Child Under Age 13 Who Used Child Care,
by Self-Reported W-2 Participation Status

| Received Child Care Assistance | Never Participants (%, n = 9) | Current Participants (%, n = 21) | Former Participants (%, n = 32) | Full Sample (%, n = 62) |
|--------------------------------|-------------------------------------|--|---------------------------------------|-------------------------------|
| Yes | 66.7 | 71.4 | 62.5 | 65.6 |
| No | 33.3 | 28.6 | 37.5 | 32.8 |
| Missing | 11.1 | 0.0 | 0.0 | 1.6 |

TABLE 16
Child Care Problems Experienced during the Past Year,
by Self-Reported W-2 Participation Status

| Child Care Problems | Never Participants | Current Participants | Former Participants | Full Sample |
|--|-----------------------|-------------------------|------------------------|-------------------|
| Among Respondents Who Worked or Were Working | | | | |
| Trouble finding child care due to PM or weekend work hours | 40.0% (n = 10) | 22.7% (n = 21) | 27.7% (n = 35) | 27.3% (n = 66) |
| Trouble finding child care due to variable work schedule | 40.0% (n = 10) | 33.3% (n = 21) | 33.3% (n = 35) | 27.3% (n = 66) |
| Missed work because unable to find child care | 60.0% (n = 10) | 33.3% (n = 21) | 64.0% (n = 35) | 43.9% (n = 66) |
| Missed work due because unable to pay for child care | 30.0% (n = 10) | 23.8% (n = 21) | 32.0% (n = 35) | 24.2% (n = 66) |
| Missed work due to lack of sick child care | 60.0% (n = 10) | 81.0% (n = 21) | 68.6% (n = 35) | 71.2% (n = 66) |
| Quit job due to lack of child care | 20.0% (n = 10) | 23.8% (n = 21) | 11.4% (n = 35) | 16.7% (n = 66) |
| Trouble finding infant care among respondents with child younger than 2 years old | 100% (n = 4) | 25.0% (n = 12) | 8.3% (n = 12) | 28.6% (n = 28) |
| Trouble finding care for child with disability among respondents with child who has disability | 100% (n = 1) | 13.3% (n = 15) | 28.6% (n = 14) | 23.3% (n = 30) |
| Trouble finding before/after school care among respondents with school-aged child | 50.0% (n = 4) | 4.8% (n = 21) | 16.7% (n = 24) | 14.3% (n = 49) |
| Refused job due to lack of child care | 40.0% (n = 12) | 14.3% (n = 21) | 14.3% (n = 35) | 18.2% (n = 66) |

child, etc.). The data also indicate that child care problems are not an uncommon occurrence among this population; most of the problems were experienced by at least 25 percent of the respondents who met the necessary condition. Several of the child care problems had potentially serious economic consequences, including missing work, quitting jobs, and refusing job offers. However, only one respondent indicated that child care problems accounted for her dismissal from employment (results not shown).

Unfortunately, our data do not allow us to estimate the financial costs of these problems.

PHYSICAL AND MENTAL HEALTH BARRIERS TO EMPLOYMENT

Table 17 shows the percentage of respondents who reported various physical or mental health problems that might be viewed as barriers to employment and could limit their ability to become self-sufficient. Two findings, in particular, stand out. First, 44 percent of respondents reported that their ability to work was limited by their own and/or another family member's disability.³⁶ Second, many respondents either reported that they had suffered from a mental health problem during the past year or scored above the cut-off point indicative of depression on the CES-D scale which has been used to measure depressive symptomatology in the general population (Radloff and Locke, 1986).

Table 18 presents data on physical and mental well-being by respondents' employment status. The data suggest a strong relationship between the two. With the exception of alcohol or drug problems, respondents who were currently employed were less likely to report problems with their physical or mental health. Moreover, among those not currently employed at Wave 2, respondents who had been employed at some point during the previous year were less likely to report physical or mental health problems than those who were never employed. Although our data are ambiguous whether lack of

³⁶Twenty-two respondents reported that their ability to work was limited by their own disability, 11 respondents reported that their ability to work was limited by another family member's disability, and 11 respondents reported that their ability to work was limited by both.

TABLE 17
Reported Physical and Mental Health Barriers to Employment
by Self-Reported W-2 Participation Status

| Physical and Mental Health Problems | Never Participants (%, n = 15) | Current Participants (%, n = 43) | Former Participants (%, n = 42) | Full Sample (%, n = 100) |
|--|-----------------------------------|-------------------------------------|------------------------------------|-----------------------------|
| Parent Reported Poor Health | 20.0 | 14.0 | 9.5 | 13.0 |
| Disability Limits Parent's Ability to Work | 40.0 | 39.5 | 23.8 | 33.0 |
| Family Member's Disability Limits Parent's Ability to Work | 6.7 | 32.6 | 16.7 | 22.0 |
| Parent with Mental Health Problem | 40.0 | 41.9 | 33.3 | 38.0 |
| CES-D Score of 16 or above ^a | 33.0 | 58.0 | 41.0 | 47.0 |
| Parent Has Alcohol or Other Drug Problem | 13.3 | 11.6 | 7.1 | 10.0 |

^aA CES-D score of 16 or above is generally regarded as an indicator of depression (Radloff and Locke, 1986).

TABLE 18
Reported Physical and Mental Health Problems by Employment Status

| Physical and Mental Health Problems | Currently Employed (%, n = 54) | Not Employed, But Employed at Some Point Past Year (%, n = 20) | Never Employed Past Year (%, n = 26) | Total Sample (%, n = 100) |
|--|-----------------------------------|---|---|------------------------------|
| Parent Reported Poor Health | 7.4 | 10.0 | 26.9 | 13.0 |
| Disability Limits Parent's Ability to Work | 18.5 | 35.0 | 61.5 | 33.0 |
| Family Member's Disability Limits Parent's Ability to Work | 16.7 | 10.0 | 42.3 | 22.0 |
| Parent with Mental Health Problem | 25.9 | 40.0 | 61.5 | 38.0 |
| CES-D Score of 16 or above | 36.0 | 52.6 | 86.4 | 51.6 |
| Parent Has Alcohol or Other Drug Problem | 5.6 | 20.0 | 11.5 | 10.0 |

^aA CES-D score of 16 or above is generally regarded as an indicator of depression (Radloff and Locke, 1986).

physical or mental well-being is a cause, a consequence, or simply a correlate of not being employed, the findings certainly warrant further study.

KNOWLEDGE ABOUT THE W-2 PROGRAM

As noted above, there is some evidence that respondents who participated in W-2 may have been confused about their tier assignments. Table 19 suggests that many respondents lacked accurate information about the program.³⁷ As might be expected, respondents who had never participated in the program were less likely to have accurate information than those who had participated. However, lack of accurate information was also evident among current and former participants. For example, respondents lacked basic information, such as whether all W-2 participants receive monthly cash assistance (they do not) or whether there is a lifetime limit on the number of months of cash assistance a family can receive (there is). A significant minority of respondents simply did not know about important program components.

Respondents' ignorance of the program may also explain some apparent inconsistencies that we discovered. For example, although almost half of those respondents who had never participated in W-2 stated that W-2 participation was a necessary condition for Medicaid receipt, all of these respondents reported that they had received Medicaid in the month prior to their Wave 2 interview. Similarly, although two-thirds of nonparticipants reported that they had received food stamps at some point during the previous year, 40 percent stated that W-2 participation was a necessary condition for food stamp receipt.

³⁷It is possible that these findings reflect a problem of recall. However, we have find a similar lack of accurate information among the respondents in our Milwaukee sample who were interviewed at the W-2 agency after the program had been explained to them by a Resource Specialist.

TABLE 19
Respondent Knowledge about W-2 Program, by Self-Reported W-2 Participation Status

| Statements about W-2 Program | Self-Reported W-2 Participation Status | | | | | | | | | | | |
|--|--|----|---------------|-------------------------------------|----|---------------|------------------------------------|----|---------------|-----------------------------|----|---------------|
| | Never Participants (%, n = 15) | | | Current Participants (%, n = 43) | | | Former Participants (%, n = 42) | | | Full Sample (%, n = 100) | | |
| | Yes | No | Don't Know | Yes | No | Don't Know | Yes | No | Don't Know | Yes | No | Don't Know |
| All W-2 participants receive monthly cash benefits* | 53 | 7 | 40 | 32 | 51 | 14 | 29 | 54 | 17 | 35 | 46 | 19 |
| W-2 cash benefits increase with family size* | 27 | 53 | 20 | 14 | 72 | 14 | 17 | 62 | 21 | 17 | 65 | 18 |
| Missing assigned W-2 activity can result in reduced cash benefits ⁺ | 73 | 13 | 13 | 88 | 5 | 7 | 88 | 0 | 12 | 86 | 4 | 10 |
| Limit on number of months participant can be assigned to W-2T ⁺ | 47 | 0 | 53 | 51 | 26 | 23 | 57 | 10 | 33 | 53 | 15 | 32 |
| Limit on number of months participant can be assigned to a CSJ ⁺ | 33 | 0 | 67 | 47 | 19 | 35 | 48 | 12 | 40 | 45 | 13 | 42 |
| Lifetime limit on months of cash assistance ⁺ | 47 | 20 | 33 | 56 | 28 | 16 | 69 | 7 | 24 | 58 | 18 | 24 |
| W-2 nonparticipant can receive Food Stamps ⁺ | 47 | 40 | 13 | 44 | 47 | 9 | 45 | 45 | 10 | 45 | 45 | 10 |
| W-2 nonparticipant can receive Medicaid ⁺ | 53 | 33 | 13 | 54 | 40 | 7 | 62 | 27 | 10 | 57 | 34 | 9 |
| Child of W-2 nonparticipant can receive Medicaid ⁺ | 67 | 13 | 20 | 72 | 9 | 19 | 62 | 12 | 26 | 67 | 11 | 22 |

*Indicates statement is false, +indicates statement is true.

CONCLUSIONS

The small size of our sample and the problems we encountered with sample attrition raise questions about how far we can generalize our findings to Dane County families that were potentially eligible to transfer from AFDC to W-2 during the first year of W-2 implementation. Nevertheless, a comparison of our findings with those reported by Swartz et al. (1999) in their study of Milwaukee families making the transition to W-2 from AFDC reveals a striking number of similarities. These similarities exist despite differences in populations sampled, specific questions asked, and research design.

To summarize some of our major findings:

1. More than half (54 percent) of the respondents reported that they were employed at the time of their second interview, and another 20 percent reported that they had held a job at some time during the preceding 12 months. The mean hourly wage reported by those who were working at Wave 2 was \$8.24. This is approximately \$0.75 per hour more than the mean hourly wage reported by a similar sample of Milwaukee families (Swartz et al., 1999), perhaps reflecting the lower unemployment rate in Dane County (1.7 percent) compared to Milwaukee (5.3 percent).

2. The estimated family income data presented in Table 11 indicate that most of the respondents in our sample, with the possible exception of former W-2 participants who were currently employed at Wave 2, would be living approximately at or slightly above the 1999 poverty line for a family of three (\$13,880), but below the poverty line for a family of four (\$16,700) (U.S. Dept. of Health and Human Services, 2000b).

3. There was evidence of considerable confusion among respondents in our sample about the rules and regulations of the W-2 program. Most notably, respondents were confused about whether all program participants received monthly cash payments, whether the receipt of cash assistance was time-limited, and whether participation in W-2 was a necessary condition for Food Stamp and/or Medicaid

eligibility. It is not clear from our data if lack of accurate information about the program precluded some families in our sample from receiving benefits or services for which they were eligible.

4. The percentage of the respondents in our sample who had received food stamps in the month before they were interviewed was much lower than the percentage who had received Medicaid, even among current W-2 participants. Although the two programs do have different eligibility criteria, it is not clear that these differences would, by themselves, totally account for our results. It is possible that other factors, such as marginal tax rates, procedural barriers, or lack of awareness might have played a role.

5. Child care problems were not an uncommon occurrence among our sample of respondents, and several of the problems reported had potentially serious negative effects on employment. Even more alarming, perhaps, was our finding that children under 5 years old were being left alone or in the care of a sibling no more than 12 years old while respondents were at work.

6. A significant number of the respondents in our sample reported that they had experienced one or more events indicative of economic hardship during the preceding year. These events included not having enough money to pay for their housing or utilities, running out of food and not having money to buy more, or going to a pantry or soup kitchen for food. The frequency with which these economic hardships were experienced by sample members warrants further attention.

7. Twelve percent of the respondents in our sample reported that they were not employed at Wave 2, had been without a job for at least one month, were not living with another family member who was likely to be employed, and were not receiving cash assistance from W-2 or other government programs. Although some of these respondents may have had sources of income that we did not ask about, it is not obvious from our data how their families were managing to “get by.”

8. Our data seem to indicate that lack of physical and/or emotional well-being are likely to be major barriers to employment for a substantial number of sample members. Forty-four percent of respondents reported that their ability to work was limited by their own and/or another family member’s

disability. Mental health problems, particularly symptoms of depression, were also prevalent among respondents. Although our data are ambiguous about the causal relationships between employment and mental health, emotional well-being tended to be lower among those who were not employed.

Given the limitations of our study, additional research on the experiences of Wisconsin families under W-2 is clearly needed. Although researchers and policymakers will almost certainly want to know more about the employment and earnings of both W-2 participants and nonparticipants alike, the data presented here suggest several other areas for further study. These would include the physical and emotional well-being of current, former, and potential W-2 participants, the interactions between participation in W-2 and other government programs such as food stamps and Medicaid, and the survival strategies of families with no stable income sources. Finally, while the more disconcerting of our findings should not be viewed as negative “effects” of W-2, an important question to consider is whether and how the program might be able to address any of the problems to which they point.

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