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What Happens to Families Under W-2 in Milwaukee County, Wisconsin?

*Report from Wave Two
of the Milwaukee TANF
Applicant Study*

Executive Summary

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Introduction

This report presents interim results from the Milwaukee County TANF Applicant Study, a longitudinal study examining the experiences of families under welfare reform in Milwaukee County, Wisconsin. It is based on data from a sample of 1,082 families that applied for assistance from Wisconsin Works or W-2, the state's Temporary Assistance for Needy Families (TANF) program, in 1999. Although the Milwaukee County TANF Applicant Study is only one of many studies to examine the experiences of families under welfare reform, it has two distinguishing characteristics. First, although other researchers have selected their sample from among current or former TANF participants, our sample was selected from among TANF applicants. This is an important distinction because it means that, unlike other studies, our study can compare the experiences of families that received TANF assistance to the experiences of families that did not, while controlling for possible differences between the two groups. Second, because Milwaukee County was being served by five independent W-2 agencies, this study can examine cross-agency differences in the characteristics of the families served and in the outcomes of program participants.

Brief Overview of Wisconsin Works

The Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) of 1996 marked the most significant welfare policy change in more than 60 years. That legislation, which ended the Aid to Families with Dependent Children (AFDC) program and created the Temporary Assistance for Needy Families (TANF) block grant, eliminated the entitlement to cash assistance. Although PRWORA prohibited states from providing families with TANF-funded cash assistance for more than 60 months and required states to impose more stringent work requirements, it also afforded states considerable discretion with respect to program design.¹ As a result, each state has a unique TANF program.

Wisconsin had been reforming its welfare program since the late 1980s through a series of waivers from the U.S. Department of Health and Human Services. By the time Wisconsin Works was first implemented in September 1997, the state had already experienced a significant reduction in its cash assistance caseload. Because this trend continued at an accelerated pace after implementation began, Wisconsin's caseload reduction has been one of the largest experienced by any state.² Although the number of Wisconsin families receiving cash assistance is still well below pre-TANF levels, it has increased over the past 2 years.

Wisconsin Works exemplifies the “work-first” approach to welfare reform in that it seeks to move participants into the paid labor force as quickly as possible. The program provides participants with a variety of supportive services to help them find and maintain employment. Participants can be placed in any one of four “tiers” on an employment ladder, based on an assessment of their employability (See Figure 1).



W-2 participants who are not ready for the highest tier (i.e., unsubsidized employment) can be placed in one of three employment positions (i.e., trial jobs, commu-

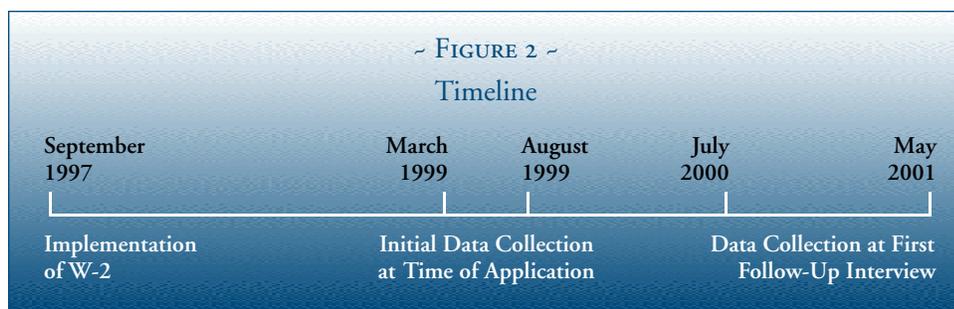
¹ Although federal law prohibits states from using federal TANF funds to provide assistance to a family for more than 60 months, they can exempt up to 20 percent of their average monthly caseload from that 60-month time limit. Moreover, although states can use their own funds to provide assistance to families that have reached the 60-month time limit, they are also free to impose time limits shorter than 60 months.

² Some of this caseload reduction is due to a change in the way child-only cases were treated. Non-legally responsible relatives (NLRR) and Supplemental Security Income (SSI) recipients, who were not themselves eligible for AFDC, could receive AFDC payments for the dependent children in their care. When W-2 was implemented, these child-only cases were transferred from the AFDC program to the W-2 Kinship Care and the SSI Caretaker Supplement programs, respectively.

nity service jobs, or W-2 transitions), and are expected to move up the employability ladder and become increasingly self-sufficient.³

Families of participants in the two lower tiers are eligible for a maximum of either \$628 or \$673 in cash assistance per month and are required to complete up to 40 hours of assigned activities per week.⁴ Failure to meet participation requirements can result in a payment reduction (i.e., sanction) of \$5.15 for every hour of missed activity without good cause. Families may be eligible for other benefits, such as food stamps, medical assistance, childcare subsidies, or case management services, even if they are not receiving cash assistance.

A unique feature of Wisconsin's TANF program is that the state can contract with either public or private agencies to administer each county's W-2 program. In Milwaukee County, which was divided into six geographic regions for the purpose of administering W-2, contracts were initially awarded to five private agencies: Employment Solutions, Maximus, Opportunities Industrialization Center of Greater Milwaukee (OIC-GM), United Migrant Opportunity Service (UMOS), and YW Works. Employment Solutions administered the program in two of the six regions; each of the other four agencies administered the program in one.⁵



Methodology

Interviewers collected survey data from 1,082 of the TANF applicants who visited a W-2 agency in Milwaukee County between March 1999

and August 1999. Follow-up interviews were completed with 856 study participants — 79 percent of the applicant sample — between 16 and 24 months after they had applied for assistance. Figure 2 illustrates the timing of the initial and follow-up interviews.⁶

³ Custodial parents of newborns are not placed in one of the four tiers until their infant is 12 weeks old.

⁴ Caretakers of newborns are also eligible for a monthly cash assistance payment of \$673.

⁵ At the end of 2001, the state did not renew its contract with Employment Solutions, and the two regions previously served by that agency were reassigned to two of the other agencies. The data on which this report is based were collected prior to the transition from five agencies to four.

⁶ A third wave of survey data were collected between March and December of 2002 and is currently being analyzed.

During the initial interview, study participants were asked about family composition; employment history and current employment status; earnings over the past 12 months; use of childcare and childcare problems; education and training; current housing situation and housing instability; W-2 program rules; prior experiences with W-2 and/or AFDC; receipt of benefits from other government programs; and child support. Study participants were also asked about their own mental and physical well-being, the mental and physical well-being of their children, their children's school performance, and various problems their children may have experienced. One of the biological or adopted children with whom study participants were living at the time they applied for assistance was randomly selected and a majority of the child-related questions centered on this "focal" child. The second interview was similar to the first, but focused on the post-application period.

The characteristics of the full sample of 1,082 study participants who completed an initial interview were similar to the characteristics of the 856 study participants who were also interviewed at follow-up (See Table 1).

The survey data collected during these two interviews were merged with administrative data from three state databases. These administrative data provided information about sample mem-

bers' receipt of public assistance benefits, including TANF, food stamps, Medicaid and childcare subsidies; quarterly earnings from employment covered under the state's unemployment insurance law; and child welfare services involvement (i.e., child abuse and neglect investigations and placements in out-of-home care).

Major Findings

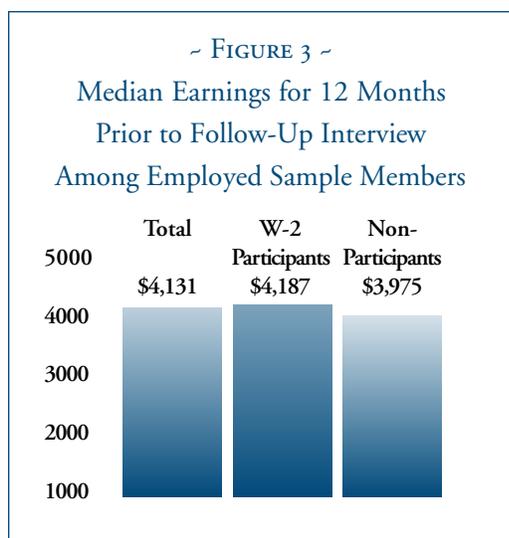
EMPLOYMENT AND EARNINGS

Although only 12 percent of the study participants were employed at the time they applied for assistance, nearly 77 percent were employed in at least one of the four quarters following their initial interview. However, this employment did not necessarily translate into self-sufficiency. According to the state's Unemployment

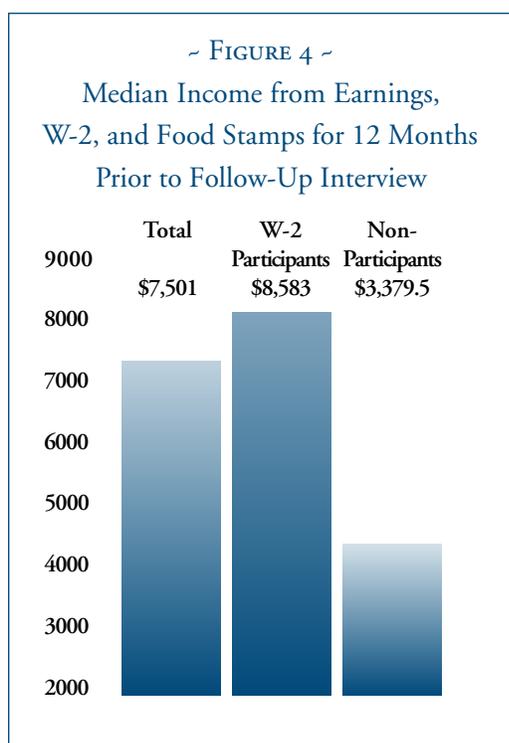
~ TABLE 1 ~

Characteristics at Initial Interview	Initial Sample <i>N</i> = 1,082	Follow-Up Sample <i>N</i> = 856
Percentage female	95.9	96.6
Percentage African American	75.3	78.6
Percentage never married	79.5	81.0
Percentage with no high school diploma or GED	56.8	57.0
Percentage employed	12.3	14.0
Percentage previously participated in W-2	43.2	45.1
Median age	27	26.5
Median number of children	2	2

Insurance Wage Records, median total earnings for those four quarters among sample members who were employed in at least one quarter were \$4,131. Given that the poverty threshold for a family of three with two children (the typical family in our sample) was \$13,874 in 2000 and \$14,269 in 2001, it is clear that many of the families in our sample were unable to work their way out of poverty.



Importantly, despite the program's emphasis on moving participants into unsubsidized employment, applicants who participated in W-2 were no more likely to have been employed in at least one of the four quarters before their follow-up interview than applicants who did not participate. Moreover, as shown in Figure 3, median earnings of the two groups for those four quarters differed by only \$212. Although these findings could indicate that W-2 had no net impact on applicants' employment or earnings, it is possible that program participation will have an effect on employment and earnings over the longer term or, alternatively, that program participants would have had even lower rates of employment and lower earnings had they not participated in the program.

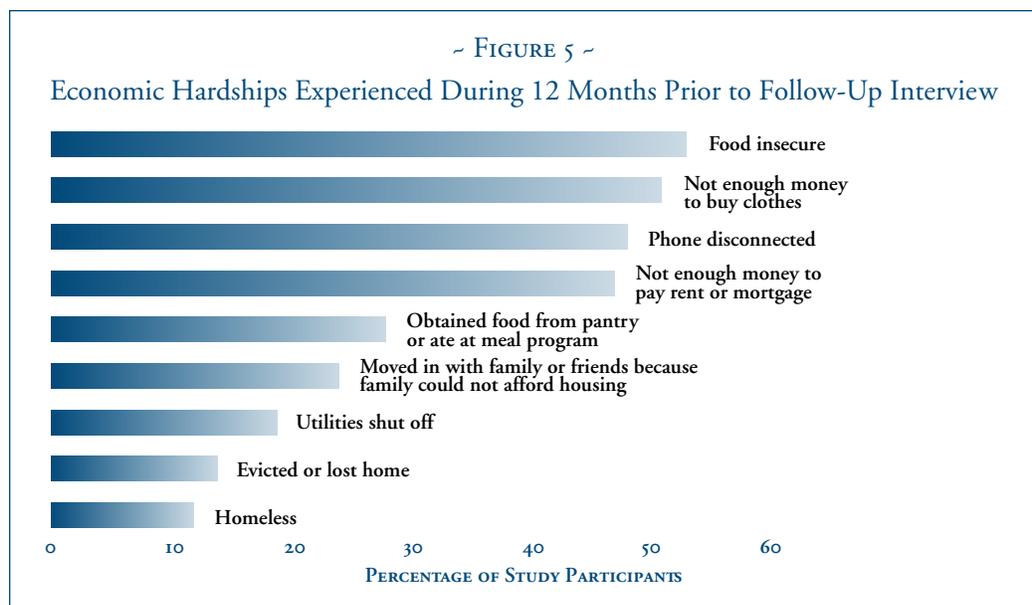


INCOME AND ECONOMIC HARDSHIPS

When cash assistance from W-2 and food stamp benefits were added to sample members' earnings, median income for the four quarters prior to the quarter of the follow-up interview was \$7,501. Using this income measure, 84 percent of the study participants would have been categorized as poor according to the poverty guidelines for 2002. Although the earnings of applicants who participated in the program were not significantly different from the earnings of applicants who did not, participants fared better than non-participants when cash assistance and food stamps were taken into account. The median total income of participants (\$8,583) was considerably higher than the median total income of non-participants (\$3,379.5). This difference, which is shown in Figure 4, suggests that even if program participation did not lead to increased employment or earnings, program participants did benefit from the cash assistance they received while working in community service jobs or engaging in other activities intended to prepare them for unsubsidized employment.

As might be expected given their low earnings and low incomes, 82.5 percent of the study participants had experienced at least one of the economic hardships about which we asked in the year before their follow-up interview. Fifty-two percent scored high enough on the USDA's measure of food insecurity to be categorized as food insecure and 28 percent had obtained food from a pantry or meal program. Forty-seven percent had been unable to pay their rent or mortgage, and 14 percent had been evicted or lost a home. Forty-seven percent had their phone disconnected and 19 percent had their utilities shut off. Nearly a quarter had moved in with family or friends because they could not afford housing, and nearly 12 percent had been homeless (See Figure 5).

However, despite their higher incomes, applicants who participated in the program were no less likely to experience any of these hardships than applicants who did not.



PARENT AND CHILD WELL-BEING

These economic hardships were not the only problems study participants reported. Nearly a third had a score on the Center for Epidemiological Studies Depression Scale (CES-D) in the range that is generally regarded as indicative of depression; 26 percent had experienced a mental health problem since their initial interview; and 22 percent stated that their ability to work was limited by their own disability and/or the disability of another family member.

A significant number of study participants also reported problems experienced by the child who had been randomly selected for the study during the initial interview. Twenty-one percent of these children had a chronic health condition, the most common being asthma, and 6.5 percent had some sort of special need, such

as a learning disability. With respect to school-related problems, 22.5 percent of the school-aged children had been suspended, 15 percent had failed a grade and 12 percent had been placed in a special education class since the study began. In addition, 17 percent of the children who were at least 4 years old were described as having an emotional or behavioral problems; 10 percent of the children who were at least 10 years old had engaged in delinquent behavior and 9 percent been arrested; and 10.5 percent of the children who were at least 12 years old became pregnant or the parent of a child.

Finally, the level of child welfare services involvement among the families in our applicant sample was considerably higher than prior studies would suggest. Twenty-three percent of the study participants were investigated by Child Protective Services following a report of child abuse or neglect, and 12 percent had a child placed in out-of-home care between their initial interview and September 2001.

EXPERIENCES WITH W-2 AGENCIES

Sixty-seven percent ($N = 726$) of the 1,082 W-2 applicants who were interviewed between March and August 1999 participated in the state's TANF program for at least some period of time between their initial and follow-up interviews.⁷ There were surprisingly few differences between the applicants who became W-2 participants and those who did not. However, the rate of program participation did vary depending on the W-2 agency at which sample members had applied, from a low of 58 percent among the UMOS applicants to a high of 73 percent among the Employment Solutions applicants.

Although it is not clear from our analyses whether this cross-agency variation reflects differences in agency practice or differences in the attributes of the clients each agency serves, there were some notable differences between the sample members who had applied at UMOS and the sample members who had applied at the other agencies. The most striking of these differences involved race/ethnicity. Although African Americans comprised three-quarters of the total applicant sample, 50 percent of the UMOS applicants identified themselves as Hispanic and more than a quarter identified themselves as white.

⁷We assigned a second wave interview date to the 226 sample members who were not interviewed at wave two equal to the date of their first interview plus 562 days — the median length of time between the wave one and wave two interviews of the sample members who were interviewed at both waves.

Despite the program's emphasis on moving participants into unsubsidized employment, sample members who participated in the program moved down the W-2 employment ladder as frequently as they moved up, and many changed directions more than once. Although we do not know why these downward moves occurred, they could indicate that participants were initially assessed to be more "job ready" than they were; that participants' personal or family circumstances changed; or that tier placements were influenced by factors other than perceived "job readiness."

Although there is no entitlement to cash assistance under W-2, 94 percent of the participants in our sample received cash assistance in at least one month between their initial and follow-up interviews. Sixty-nine percent of these cash assistance recipients were sanctioned in at least one month for missing hours of activities in which they were required to participate. Our data suggest that the likelihood of being sanctioned varied according to race. Seventy-four percent of the African American cash assistance recipients were sanctioned compared to only 47 percent of the white cash assistance recipients. There were also differences in the likelihood of being sanctioned across agencies. Only 50 percent of the cash assistance recipients who had applied at UMOS were sanctioned compared to 84 percent of cash assistance recipients who had applied at YW Works. Again, we do not know from our analyses whether this cross-agency variation reflects differences in agency practice or differences in the attributes of the clients each agency serves.

Conclusion

One of the questions with which we began this research was whether participation in Wisconsin's TANF program would have any noticeable effects on the lives of sample members and their families. Although applicants who participated in the program had higher incomes than applicants who did not participate in the program due to the W-2 cash assistance participants received, the two groups looked quite similar with respect to their employment, the total amount they earned, and the economic hardships they experienced. It is possible, however, that effects of program participation will become apparent as we continue to follow these families over time using both the survey data we collected during sample members' third interviews and additional administrative data.

What is clear from the data we have collected thus far is that economic insecurity remains a major problem for study participants and their families. Whether this economic insecurity contributed to or was a consequence of the other family and child problems study participants reported, our findings suggest that many were having trouble balancing the competing demands of work and parenthood.

Chapin Hall Center for Children

Chapin Hall Center for Children at the University of Chicago was established in 1985 as a research and development center dedicated to bringing sound information, rigorous analyses, innovative ideas, and an independent perspective to the ongoing public debate about the needs of children and the ways in which those needs can best be met.

The Center focuses its work on all children, while devoting special attention to children facing special risks or challenges, such as poverty, abuse and neglect, and mental and physical illness. The contexts in which children are supported — primarily their families and communities — are of particular interest.

Chapin Hall's work is shaped by a dual commitment to the worlds of research and policy. This requires that our work meet both the exacting standards of university research and the practical needs of policy and program development, and that we work to advance knowledge and to disseminate it.

Chapin Hall is committed to diversity not only of race, ethnicity, gender, sexual orientation, and physical ability, but also of experience, discipline, and viewpoint. Chapin Hall's commitment to all children, with special attention to those experiencing or at risk of serious problems, is reflected in the range of the Center's research projects and publications. The following represent the Center's major areas of endeavor:

- Children's services, covering the problems that threaten children and the services designed to address them, including child welfare, mental health, and the juvenile court
- Community building, focusing on the development, documentation, and evaluating of community-building initiatives designed to make communities more supportive of children and families, and the resources in communities the development and well-being of all children
- Schools and learning, examining the relationship between schools and the other settings in which children learn
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- Special activities and consultations, covering a range of projects, often undertaken in collaboration or consultation with other organizations



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