

1999

# State of Milwaukee's Children in 1998: Family Income/Economic Support Report

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## Recommended Citation

Quinn, Lois M., "State of Milwaukee's Children in 1998: Family Income/Economic Support Report" (1999). *ETI Publications*. Paper 133.

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# State of Milwaukee's Children **REPORT 1999**

## **FAMILY INCOME AND ECONOMIC SUPPORT**

***Access for all families with young children to opportunities that provide a foundation of economic support.***

This special report assesses the economic condition of Milwaukee County families with children and summarizes data on financial supports provided children in need. Start Smart Milwaukee! has made FAMILY INCOME/ECONOMIC SUPPORT a priority during Wisconsin's conversion to a work-based welfare system.



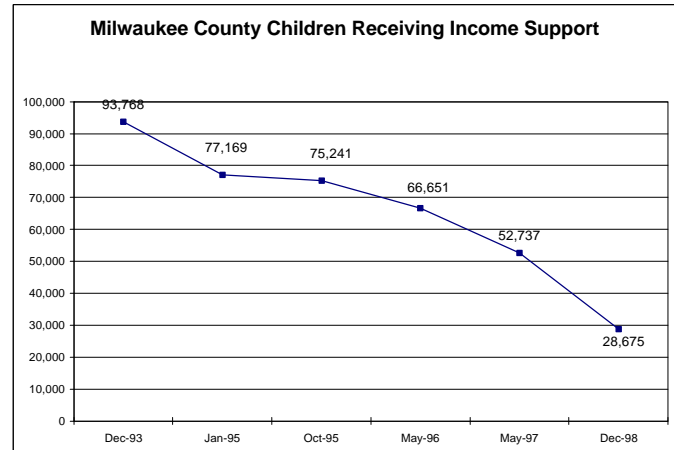
### **FINDINGS**

- 65,000 fewer Milwaukee County children receive public income support than five years ago. Current information is lacking on earnings of Milwaukee County families leaving public assistance. Start Smart Milwaukee! has requested state data on quarterly wages of families who left AFDC and "W-2."
- According to state tax returns for the last five years, 39% more Milwaukee County single parents are "working poor." One out of every three employed single parents had income earnings below the poverty level in 1997 and two out of every three had income earnings below 185% of poverty.
- In spite of their parents' work efforts, at least 61,000 Milwaukee County children are in employed families with earnings below poverty. Without additional public or private support, these families do not earn enough to adequately support their children. Over 111,500 children are in families with income earnings below 185% of poverty.
- The number of children receiving county-administered day care assistance nearly doubled in the last three years. Still, fewer than 15% of eligible children in low-income families are receiving day care support.
- Federal and state earned income tax credits raised family earnings above the poverty level for 16,000 children. About 90% of eligible families are claiming the credit.
- Although the number of "working poor" employed families has increased, the number of children receiving food stamp benefits dropped by nearly 30,000 from 1993 to 1998.
- Over the last 2-1/2 years the number of children enrolled in medical assistance through Healthy Start increased by 10,800 while the number of other children receiving medical assistance coverage declined by 24,800.

## 65,000 Fewer Milwaukee County Children Receive Income Support

One of the most critical changes made in Wisconsin's welfare system has been the requirement that mothers with infants and toddlers find employment or participate in community service work. Because the challenges of nurturing a baby, finding a suitable child care provider and juggling responsibilities of parenting and employment fall most heavily on single parents with few financial resources, single mothers with young children made up a large portion of families seeking AFDC. Over a third of children receiving AFDC were under age five. As Wisconsin moves to its "W-2" ("Wisconsin Works") welfare system, access to economic "safety nets" is particularly critical for children in their early years.

- The number of **Milwaukee County children receiving public assistance income support dropped by 65,000** from December 1993 to December 1998.
- **Since "W-2" was implemented, the number of children receiving income support has dropped by about 24,000.**
- An estimated 28,675 children received income support in December 1998 including about **18,000 children in "W-2" cases with payments, 4,906 children in kinship care, and 5,769 children in Caretaker Supplement cases** headed by a parent on SSI. Another 7,000 children were in "W-2" cases receiving time-limited services but not income support.
- **Monthly income payments to Milwaukee County families dropped from \$17.4 million in December 1993 AFDC payments to \$5.4 million by the end of 1999** for "W-2," kinship care and Caretaker Supplement payments.



## Majority of Families with "W-2" Time-Limited Services Have Young Children

The majority of "W-2" cases (including families receiving non-financial services) have preschool children. Families with young children may be most seriously affected by the time limits imposed for "W-2" services and payments since they have shown less success in finding family-sustaining employment.

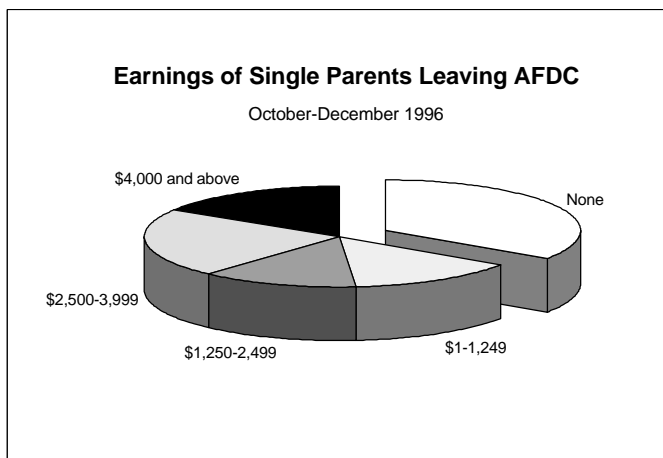
- Of families presently receiving "W-2" services or income support in February 1999, **61% had children under age five.**
- A total of **9,327 children under age five were in families receiving "W-2" services or financial aid** in February 1999.

*Source: analyses of state Department of Workforce Development and Department of Health and Family Services data.*

## Current Data Lacking on Earnings of Families Leaving Public Assistance

The Women's Ad Hoc Committee on Welfare Reform and START SMART have asked the Wisconsin Department of Workforce Development to share state-collected quarterly wage data on earnings of families served by "W-2" programs and of families who received AFDC in 1997 prior to "W-2." These reports will help the community determine how many families have family-sustaining wages and how many families have inadequate earnings. Several studies provide partial data on the economic well-being of Milwaukee County families on AFDC and "W-2."

- The University of Wisconsin-Milwaukee Employment and Training Institute used state wage files to determine earnings of 7,502 single mothers who left AFDC by September 1996. Over a three month period, **16% of the mothers had earnings above the poverty level for a family of four** (\$4,000 or above) and another 22% earned at least \$2,500 (full-time employment at minimum wage), while 27% had earnings of less than \$2,500, and **34% showed no earnings.**



According to state wage data, two-thirds of jobs held by parents were in temp agencies, retail trade or hotel/auto/business/personal services -- those sectors most likely to have entry-level job openings but least likely to provide sustained full-time employment.

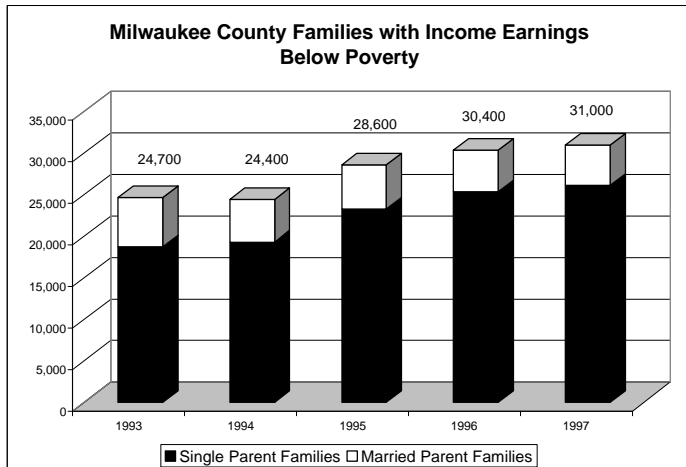
- The Institute for Wisconsin's Future interviewed 670 "W-2" participants in summer 1998. **Few unsubsidized "W-2" workers reported receipt of transportation aid or child care support**, and less than 60% received medical assistance or food stamps.

- The Milwaukee Women and Poverty Public Education Initiative interviewed 134 families previously on AFDC or "W-2" who received food stamps but had little or no outside income. **Most families reported that they had borrowed money, received money from family members, babysat, worked for cash, pawned or sold valuables, or donated plasma for recent income.** Over a fourth of the families had been threatened with eviction in the last two months and a third relied on food pantries.

- The New Hope Project found that **21-26% of families and individuals not in New Hope (the control group) had annual wage-based earnings (including federal and state earned income tax credits) above the poverty level.** Even with New Hope wage supplements, only 35% of participants showed wage-based earnings which moved them above the poverty line in the second year of the experiment without additional public or private aid.

## More Milwaukee County Single Parents Are "Working Poor"

The goal of current welfare policies is to move parents into self-sufficiency through employment. To help assess the economic security of employed Milwaukee County families, START SMART asked the UWM Employment and Training Institute to examine data on tax returns filed with the Wisconsin Department of Revenue by families with children. Income earnings include "adjusted gross income" but not government payments to families. Federal poverty guidelines were used to estimate numbers of "working poor" families.



- The largest increases in single parents in the workforce occurred in 1995 (before "Pay for Performance" and "W-2"), when the City of Milwaukee's unemployment rate dropped below 6% and employers reported large numbers of job openings. By 1997 **almost half of employed families with children in Milwaukee County were headed by single parents.**

- Most two parent families had earnings sufficient to support their children above poverty. However, **one out of every three employed single parents had income earnings below the poverty level** and two out of every three had income earnings below 185% of poverty.

- The number of "working poor" single parent families (with income earnings below poverty) **increased by 39%** from 1993 to 1997.

## Over 61,000 Children Are in Employed Families With Earnings Below Poverty

State Department of Revenue data showed that many employed families did not earn enough to adequately support their children.

- In spite of their parents' work efforts, **at least 61,000 Milwaukee County children were in employed families with income earnings below the poverty level** in 1997.

Without additional public or private support, these families do not earn enough to support their children above the poverty level.

- At least 92,000 children were in employed families with income earnings below 150% of the poverty level.**

- Over 111,500 Milwaukee County children were in employed families with income earnings below 185% of the poverty level.**

### 1997 Federal Poverty Guidelines

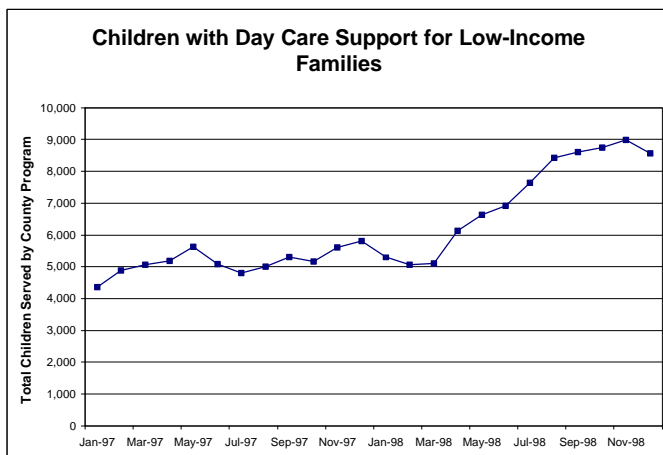
Family Size	Poverty Guidelines	185% of Poverty
2	\$10,610	\$19,628
3	\$13,330	\$24,660
4	\$16,050	\$29,692
each additional member	+\$2,720	+\$5,032

Each year the federal government estimates the minimum income families need to live above the poverty line. While criticized as unrealistically low, these guidelines provide a measure for estimating numbers of families in need.

## Improvements in the Economy Help, But Often Not Enough

In 1998 the unemployment rate for the Milwaukee metropolitan area (3.3%) was the lowest since the 1960s. The sustained growth in the Milwaukee economy in the last decade has made it possible for mothers with little employment experience to enter the labor force. Given the tight labor market in the Milwaukee area, local employers continue to look for workers and have raised wages for many entry-level jobs. Parents still face constraints in looking for permanent work to support their families.

- **About 40% of job openings in October 1998 were part-time**, according to employer surveys of job openings by the Employment and Training Institute.
- **Unemployed job seekers and parents receiving "W-2" support outnumber full-time job openings by 7 to 1 in central city Milwaukee neighborhoods.** There are more full-time job openings than available workers in Waukesha, Ozaukee and Washington counties.



- **Only one in five full-time job openings with no education or experience requirements paid enough to support a family of four above the poverty level.** Less than half of these entry-level jobs paid enough to support three persons above poverty.
- The University of Wisconsin-Milwaukee and Milwaukee Area Technical College reported declines in numbers of mothers on public assistance enrolled in postsecondary education. The number of AFDC/W-2 recipients at UWM dropped from 360 in Fall 1995 to 83 in Fall 1998. Students attending MATC while receiving AFDC decreased from 4,433 in the 1994-95 school year to 72 in 1996-97. Some "W-2" agencies are now contracting with MATC for short-term basic occupational skills and customized training.

## Day Care Support Has Risen, Still Reaches Fewer Than 15% of Eligible Children

Under its welfare reform initiatives, the State of Wisconsin dramatically increased funds available for day care assistance. Employed parents with earnings less than 165% of poverty and meeting the "W-2" asset standard are eligible for support, which can continue until the family reaches 200% of poverty.

- The number of children served by Milwaukee County's TANF-funded day care assistance for low-income families and "W-2" clients increased dramatically in 1998. **The number of children receiving day care help nearly doubled**, from 4,371 in January 1997 to 8,567 in December 1998.
- Monthly county payments for day care for low-income families increased **from \$3.1 million in January 1997 to \$5.6 million in December 1998.**
- In spite of these increases, **less than 15% of eligible Milwaukee County children are receiving day care assistance for low-income families.**

*Sources: Milwaukee County Department of Human Services, analysis of need by Employment and Training Institute.*

## About 16,000 Children Are Moved Above the Poverty Level by the EIC

The State of Wisconsin and the federal government offer refundable Earned Income Tax Credits to supplement the earnings of lower-income employed families with children. Employed parents could claim up to \$5,228 in annual EIC benefits for the 1997 tax year.

- About **90% of eligible families appear to be claiming the EIC in Milwaukee County**, with 10% unserved.
- The EIC helped 53,513 employed families with children in 1997, up from 42,130 families in 1993. Federal and state **EIC payments to Milwaukee County families increased from \$49.5 million in 1993 to \$127.8 million in 1997.**

- **The EIC raised family earnings above the poverty level for about 16,000 Milwaukee County children**, while over 44,000 children had family earnings remaining below poverty.

*Source: Employment and Training Institute analysis of Wisconsin Department of Revenue reports.*

*Employers can request kits on how to publicize the EIC at their workplace from the Center on Budget and Policy Priorities (202-408-1080). Individuals can request help filing EIC claims from the Internal Revenue Service (1-800-829-1040) and the Wisconsin Department of Revenue (414-227-4000).*

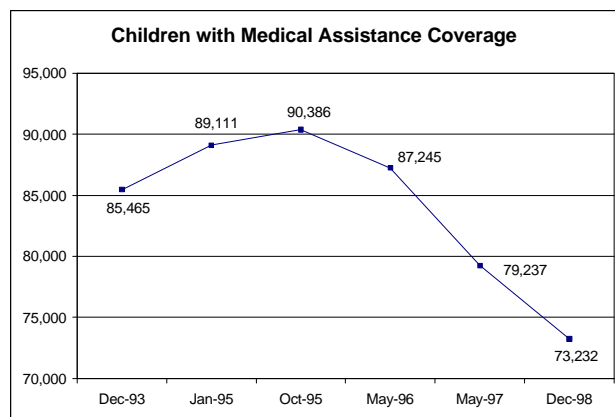
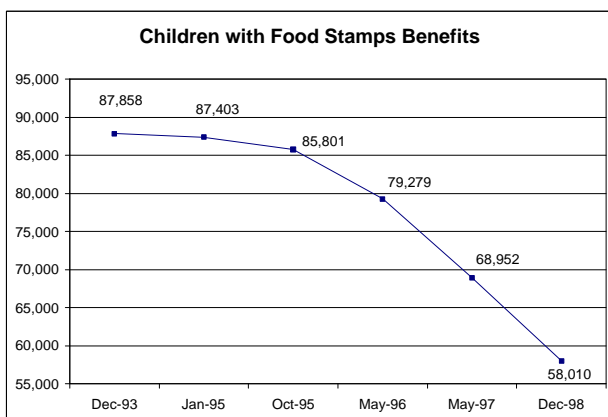
## Food Stamps and Medical Assistance Benefits Continue to Decline

Families not on "W-2" remain eligible for food stamps and medical assistance. These federal entitlement programs, however, continue to show declines.

- Although the number of "working poor" employed families has increased, the number of **children receiving food stamps dropped by 29,848 (34%)** from 1993 to 1998. During 1994 and 1995 many families leaving AFDC continued to receive food stamps. Since the advent of "W-2," the food stamps program has shown a sharp decline in children participants.
- The **number of children with medical assistance dropped by 12,233 (14%)** from 1993 to 1998.
- In the last two and a half years the number of children enrolled in medical assistance through Healthy Start increased by 10,800 while the number of other children receiving medical assistance coverage declined by 24,800.
- The state's new BadgerCare program will offer health insurance for children and parents in uninsured families with income below 185% of the federal poverty level. Once enrolled, families may remain in BadgerCare until family income exceeds 200% of the poverty level.

*Source: analysis of Wisconsin Department of Workforce Development data.*

**Locations of Milwaukee County outstations which process child care, food stamps and medical assistance/BadgerCare applications can be obtained from (414) 289-6200.**



## **Employment Concerns of Single Mothers with Young Children**

Staff from Milwaukee Area Technical College, Private Industry Council of Milwaukee County, and Milwaukee Job Center Network agencies conducted in-depth assessments of the employment, child care, social and training needs of 1,551 mothers on AFDC in 1997 who had children under age one. These assessments identify key concerns facing mothers expected to support their young children through employment under "W-2."

### **Finding a Trusted Child Care Provider**

Less than a fifth of mothers had a grandmother or friend who could watch their baby, and two-thirds needed help finding a reliable child care provider. Most mothers also had other preschool or schoolage children who also needed child care.

### **Teen Mothers With Less Education**

Over half of the mothers had their first baby as a teenager. Almost two-thirds (63%) of mothers who had babies as teens had not finished high school, compared to 42% of mothers who had their first child when they were 20 or older.

### **Childhood Illnesses and Health Concerns**

Child care is complicated for employed parents of young children due to childhood illnesses which require parents to stay home or find another caring adult who can accommodate sick children. A fourth of the mothers had children with ongoing health problems (e.g., severe asthma, epilepsy, sickle-cell anemia) which limited their child care options and contributed to absences on the job. One out of seven mothers had limited private sector employment options due to their own permanent health problems (e.g., severe asthma, diabetes, cancer, heart problems, schizophrenia) or temporary health problems (e.g., depression, back problems, bone fractures). Under "W-2" mothers with health problems or with children who require at-home care receive less income support than mothers able to work in community service or private sector jobs.

### **Personal and Family Problems**

Nearly a fifth of the mothers asked for help dealing with an abusive relationship, the aftermath of prior physical or sexual abuse, or alcohol and drug abuse problems.

### **Limited Transportation**

Lack of private transportation limits mothers' access to available jobs outside the county and makes child care arrangements, doctor's appointments and grocery shopping far more difficult. Only 14% of mothers reported having regular access to a car and only 28% of mothers had a valid driver's license.

### **Difficulty Retaining Jobs**

Job retention was identified as a problem by many mothers with young children. About a third of the mothers had left earlier jobs due to pregnancy, birth of a child, child care needs or family emergencies. Others were laid off or ended temporary jobs, resigned after conflicts on the job, or left because of poor hours, pay or working conditions.

### **Adequate Wages and Predictable Hours**

Most jobs held by mothers (e.g., fast food worker, grocery store cashier, nursing aide, waitress, cook, retail sales clerk) were in the lower pay ranges among Milwaukee area job openings and usually available to workers with limited training or experience. These kinds of jobs frequently show high turnover, involve part-time, weekend or evening hours, and require changing work schedules. The majority of mothers (83%) expressed interest in further education or training.

*Source: Francine Triplett and Lois M. Quinn, Project Get Started: Phase II Report, Milwaukee Area Technical College, September 1997.*



# Employed Parents Must Balance Needs of Children and Demands of the Job

Social and economic trends have transformed the composition of the American family and the American workforce. Yet, perceptions still linger among some employers and employees that work and family responsibilities can and should remain entirely separate and distinct. Parents of very young children, in particular, are often torn by the needs of their children for love, physical care and social interaction, and the time and energy demanded by their jobs. Balancing work and family is far more difficult for single parents with fewer financial resources, lack of access to private transportation, and inadequate savings for medical or family emergencies.

Increasingly, however, employers across the country and locally are recognizing that making the work environment more supportive of today's families is a viable way to increase productivity and retain and attract skilled and talented employees. There is no universal standard for a family-supportive company. Instead, there are many creative options to consider such as dependent care accounts, resource and referral, flexible work schedules, telecommuting, job-sharing, employee assistance programs and providing personal days instead of sick days for employees.

## What YOU Can Do



✓ Employers can explore family-friendly workplace policies by joining the ABC (Area Business & Community) Partnership for Children, START SMART's way for the corporate and civic community to show their united commitment to ensuring the health and optimal development of Milwaukee's youngest children.

✓ Employers can encourage eligible parents to apply for the advanced Earned Income Credit. The Center on Budget and Policy Priorities has forms available free for employers. Call (202) 408-1080.

✓ Community groups can help families obtain day care payments, food stamps and medical assistance/BadgerCare at Milwaukee County outstations.

✓ Individuals can volunteer at START SMART to increase community awareness regarding early childhood development. Call (414) 643-5477.

✓ Government and community agencies can support START SMART's call for state accountability reports on the condition of children and earnings of families no longer receiving public assistance.

### **Report on Family Income/Economic Support START SMART MILWAUKEE!**

**Written by:** Lois Quinn, University of Wisconsin-Milwaukee Employment and Training Institute, in consultation with Joyce Mallory of START SMART

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