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Demographics of Milwaukee County Populations Expected to Work Under Proposed Welfare Reform

John Pawasarat

University of Wisconsin - Milwaukee, pawasara@uwm.edu

Lois M. Quinn

University of Wisconsin - Milwaukee, lquinn@uwm.edu

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**Demographics of Milwaukee County
Populations Expected to Work Under
Proposed Welfare Initiatives**

by

John Pawasarat
Lois M. Quinn

Employment and Training Institute
Division of Outreach and Continuing Education Extension
University of Wisconsin-Milwaukee

November 1995

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Executive Summary

The University of Wisconsin-Milwaukee Employment and Training Institute was asked to provide a detailed demographic analysis of Milwaukee County cases on public assistance and the working poor to assist policy makers in discussions of current welfare reform proposals.

- In contrast to statewide AFDC trends which showed caseload reductions as a result of the economic recovery beginning during 1987-89, the average monthly AFDC population in Milwaukee County has remained steady at about 37,000 cases throughout the last ten years. Declines in the number of two-parent AFDC cases have been offset by increases in single parent cases. Aside from modest decreases in 1989, these cases have shown little responsiveness to improvements in the county unemployment rate.
- An estimated 30,448 out of 37,415 AFDC cases in Milwaukee County would be expected to work under the state's W-2 welfare reform proposal and 6,967 cases would be exempt because the casehead is on SSI or caring for another relative's children.
- Thirty percent of the expected-to-work cases have children under 2 years of age and are currently exempt from work program requirements.
- The AFDC casehead expected to work on average has 2.4 children, is a single parent (90 percent), has less than 12 years of education (51 percent), and receives \$481 in AFDC cash assistance and \$213 in food stamps each month. The majority of these caseheads are minorities with 68 percent Black, 9 percent Hispanic, 2 percent Asian/Oriental, 1 percent Native American and 19 percent white. The average length of stay on AFDC is 31 months for the most recent episode of assistance.
- Seventy percent of the expected-to-work cases reside in the central city (Community Development Block Grant) neighborhoods of Milwaukee.

The AFDC population was further examined by subpopulations to project caseload employment patterns and develop estimates of the number of community service jobs likely needed under W-2 type welfare proposals.

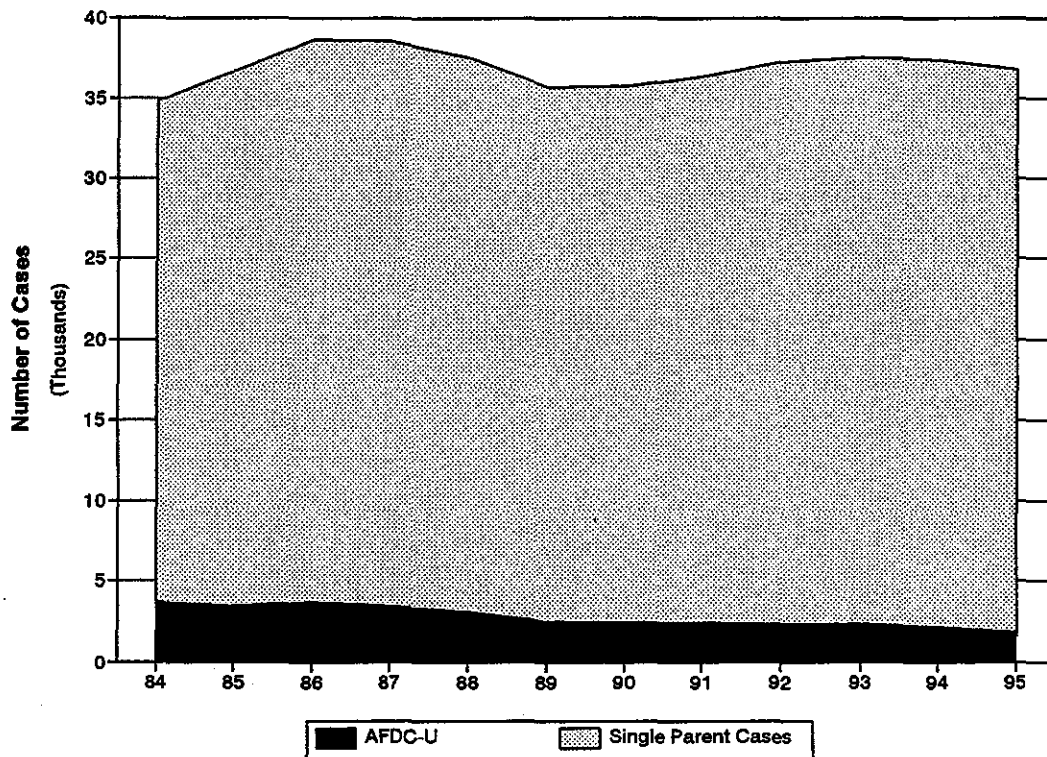
- Much of the AFDC population is currently employed or has recent labor market attachment. Based on historical and recent caseload data, it is estimated that one-third of the monthly AFDC caseload would remain employed or increase their earnings on their own and would not seek out W-2 minimum wage subsidized employment. These are mainly families with older children and caseheads who are better educated and have demonstrated work skills. They are the population least likely to benefit from intervention.
- As much as one-third of the current caseload has no recent labor market experience and represents a high-risk, high-cost difficult-to-employ population. These caseheads are usually younger, less educated, and have more children. Child care is a serious impediment for these families with most cases having at least one child under two years of age. These cases are also likely to have difficulty complying with stringent work program requirements.

- Some caseheads may leave the area or rely upon other financial resources in their household rather than accept employment under W-2. It is estimated that at least 7 percent of the population will endure the loss of their AFDC cash grant (partially offset by food stamp increases) or move.
- The residual portion of the AFDC caseload (about 25 percent of the cases) includes those caseheads most likely to benefit from government employment assistance. These are families with limited labor market experience but with youngest children over two years of age. Some type of subsidized employment would be necessary for much of this population to provide income or to supplement part-time wages in the private sector. Few full-time entry level jobs exist for this population, particularly in the central city where the population is most heavily concentrated.
- It is estimated that a minimum of 10,000 individuals in Milwaukee County will not be successful in attaining private sector employment and may need subsidized jobs under current welfare reform proposals which would replace AFDC with a work based program.

Changes in federal disability programs together with cuts in federal entitlement programs could jeopardize welfare reform initiatives currently being proposed by expanding the population in need of assistance while reducing financial assistance funds allocated to states. As Congress replaces the current AFDC system with cash assistance block grants to the States, it is also reducing and capping disability programs. These changes could dramatically shift costs for the county's disabled population to the new block grants and remaining state and county-funded social welfare programs.

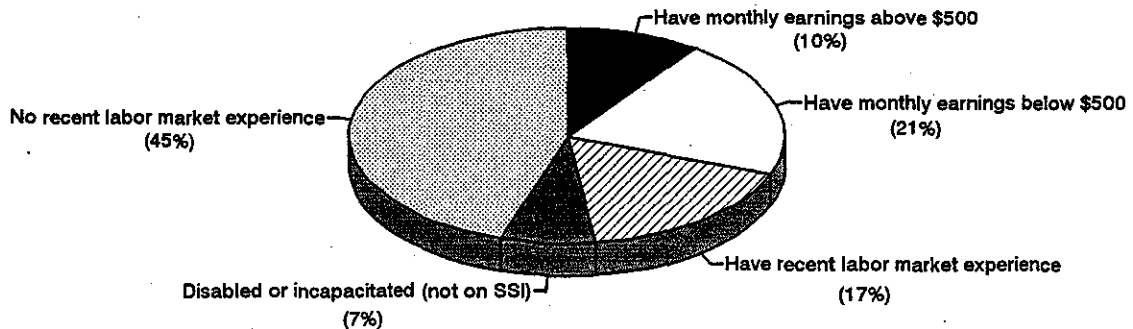
- Milwaukee County residents received an estimated \$2.35 billion in 1993 from seven major entitlement programs, including social security, disability insurance (SSA-DI), medical assistance, Aid to Families with Dependent Children (AFDC), Supplemental Security Income (SSI), food stamps and unemployment compensation. The interaction among these programs becomes increasingly important as federal, state and local governments consider reductions in their financial support for low-income populations. During the past ten years, state and local officials have encouraged the movement of disabled adults from AFDC (40 percent state-funded) and the general assistance program (100 percent county-funded) onto the federal SSI, Social Security and disability insurance programs. These efforts along with a federal court decision broadening eligibility of children for SSI have resulted in a substantial shifting of costs from AFDC to SSI and SSA-DI for a subset of the low-income Milwaukee County population.
- Current federal proposals to reform these disability programs will reverse the burden for these programs to either state or county programs. The SSI disability program for children will likely be the first most visible change, followed by restructuring of the adult disability programs. The number of Milwaukee County children receiving SSI benefits increased almost five-fold from 2,106 in December 1986 to 9,667 in June 1995. Current federal proposals would limit eligibility only to those children who need constant care to avoid being institutionalized. This would result in an 80 percent reduction estimated to be at least \$45 million annually for Milwaukee County families.

Milwaukee County AFDC Cases First Quarter, 1984 - 1995

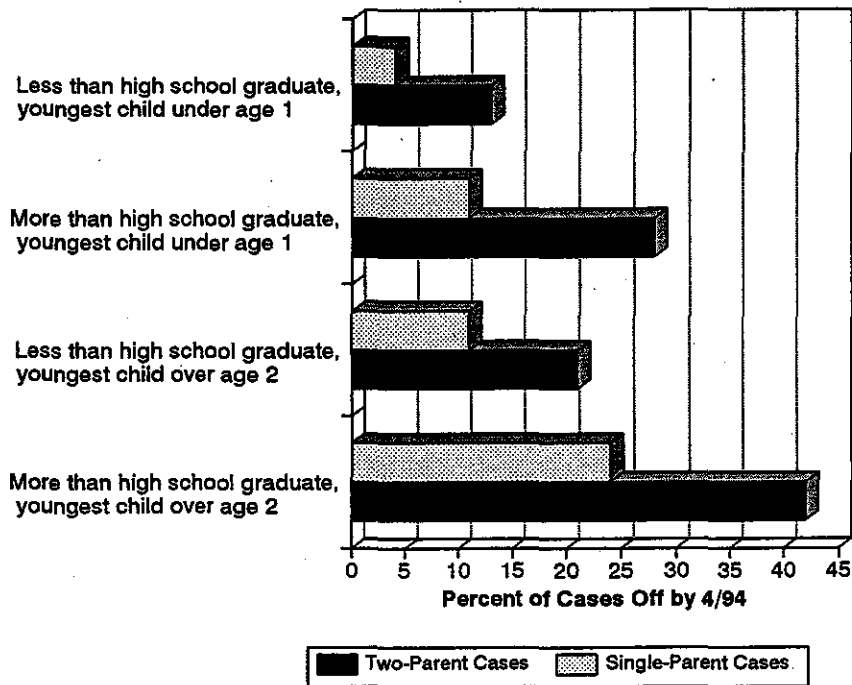


Labor Market Experience of Milw. County AFDC Cases Expected to Work Under W-2

(Estimated 30,448 Cases Monthly)

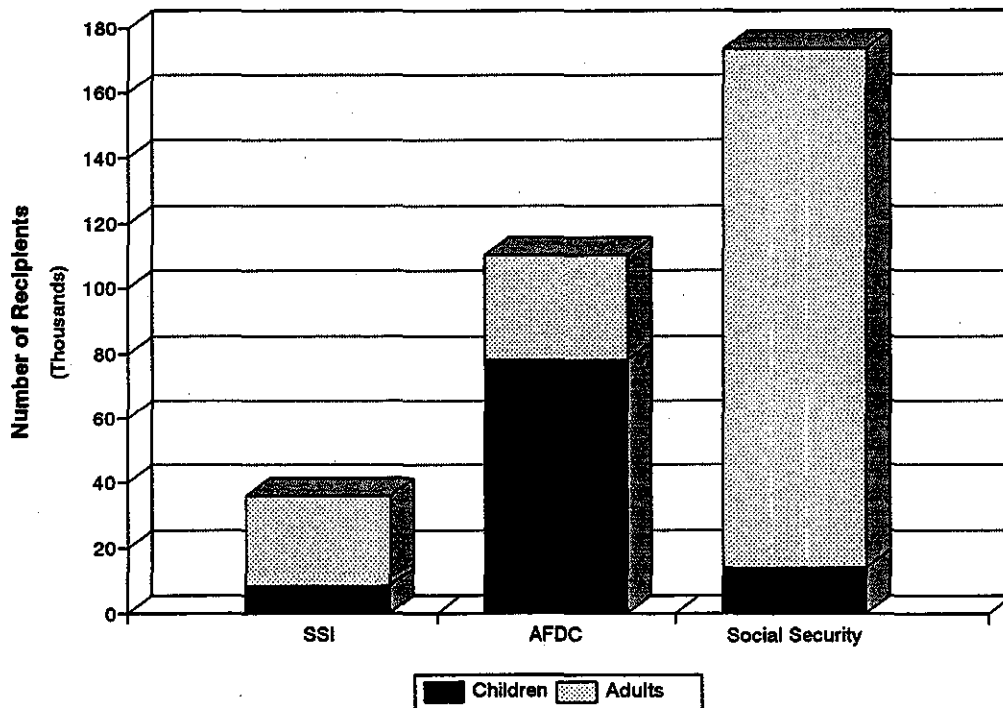


Departure Rates in 1993-94 for Milwaukee County AFDC Cases



Milwaukee County Adults and Children Receiving Social Security, SSI, AFDC

December 1993



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Introduction

Computerized records of cases receiving AFDC (Aid to Families with Dependent Children) and food stamps were used to construct a picture of the population on public aid, those expected to work and those currently employed. Because the comparison of U.S. decennial census data and welfare caseload data revealed a dramatic census under-count of the AFDC single parent caseload, computerized caseload data were used as the source for analysis of the population on public assistance. Wisconsin Department of Revenue data and U.S. census files were used to estimate the population of working poor not on public assistance.

This demographic profile of subpopulations within the Milwaukee County income maintenance system provides insight into the wide range of circumstances of public aid recipients in the county. AFDC and food stamp departure rates are shown for subpopulations, based on a twelve month analysis of individual cases. The report also details the amount of federal, state and local public assistance money currently coming into Milwaukee County as direct payments to individuals or indirect goods and services. Finally, participant characteristics are used to assess the impact of programmatic and regulatory changes on the population and to derive an estimate of the number of adults who might require community service jobs or trial employment under current welfare proposals.

I. Entitlement Program Totals for Milwaukee County Residents

Participant and cost information was collected on major entitlement programs available to Milwaukee County residents, including: Social Security, Supplemental Security Income (SSI), unemployment compensation, Aid to Families with Dependent Children, food stamps and medical assistance. The most recent detailed county level accounting for these programs was for Calendar Year 1993. County level information was not available for Medicare payments or workers compensation, which are not included in this analysis.

The table below details the number of monthly beneficiaries, average December 1993 payments, and estimated total payments to Milwaukee County residents in 1993. The Social Security program was the largest entitlement program for Milwaukee County residents. Retired and disabled workers, widows, widowers and their children received an estimated \$1.3 billion in Social Security payments in 1993, with the majority of payments attributable to the elderly population. Annual payments to Milwaukee County residents were estimated at \$985 million in 1993 for retirement benefits, \$205 million for survivor benefits, and \$144.9 million for disability benefits. Medical assistance payments for low-income residents totaled \$439.2 million, with two-thirds of the monies supporting nursing home residents. AFDC payments for 110,259 adults and children totaled \$208.5 million in 1993 and SSI payments for 36,288 beneficiaries were estimated at \$192.9 million for the year.

**1993 Income Support and Medical Care Benefits for Milwaukee County Individuals
(Does not include Medicare or Workers' Compensation)**

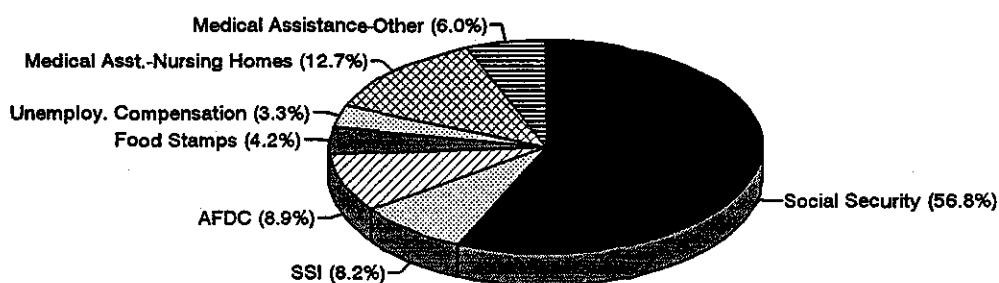
<u>Program</u>	<u>December 1993 Beneficiaries</u>	<u>Dec. 1993 Average Monthly Benefit (per person)</u>	<u>Estimated Annual Payments* (in millions)</u>
Social Security			
<u>Retirement Benefits</u>			
Retired workers	108,645	\$718	\$936.4
Wives and husbands	9,130	387	\$42.4
Children	1,540	338	\$6.2
<u>Survivor Benefits</u>			
Widows and widowers	21,055	678	\$171.4
Children	6,270	446	\$33.6
<u>Disability Benefits</u>			
Disabled workers	16,975	640	\$130.3
Wives and husbands	905	149	\$1.6
Children	6,340	171	\$13.0
 SUB-TOTAL SOCIAL SECURITY	 (170,860)		 (\$1,334.9)
 Unemployment Compensation	 11,669	 \$531	 \$76.7
<hr/> Supplemental Security Income (SSI) <hr/>			
<u>Aged</u>	4,345		
<u>Blind</u>			
Adults	309		
Children	43		
<u>Disabled</u>			
Adults	23,296		
Children	8,295		
 SUB-TOTAL SSI	 (36,288)	 \$443	 (\$192.9)
 Aid to Families with Dependent Children			
Adults and children	110,259**	\$158	\$ 208.5
 Food Stamps			
Adults and children	151,554**	\$59	\$98.4
 Medical Assistance			
Nursing home medical assistance	7,029**	\$3,528	\$297.6
All other medical assistance	124,884**	\$94	<u>\$141.6</u>
 TOTAL			 \$2,350.6

* Actual 1993 calendar year costs are shown for unemployment compensation, AFDC, food stamps and medical assistance. Annual social security and SSI payments are estimated based on December 1993 payment levels.

** A total of 167,610 individuals (unduplicated count) received AFDC, food stamps and/or medical assistance in December 1993, including 22,512 persons receiving food stamps only (no AFDC or medical assistance).

\$2.35 Billion in Entitlement Benefits for Milwaukee County Residents: 1993

Does Not Include Medicare or Workers Compensation

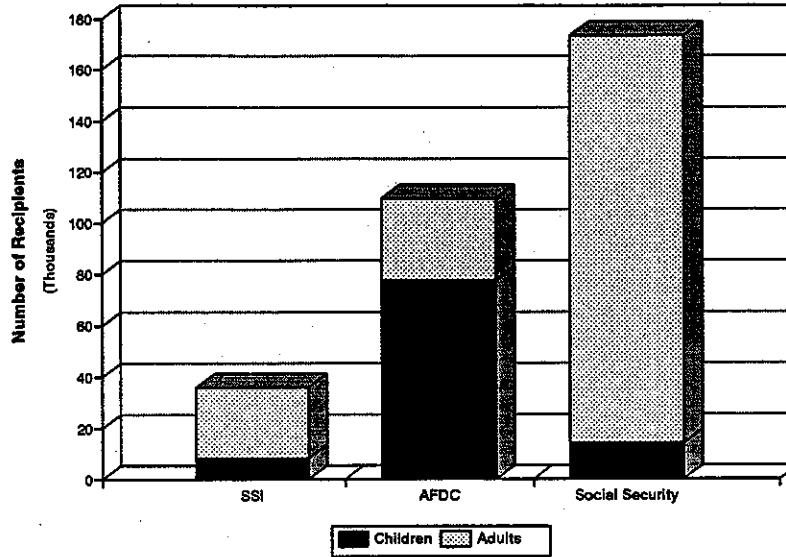


The analysis showed increasing overlap among the various entitlement programs. State and local officials have encouraged the movement of disabled adults from AFDC and general assistance programs onto the federal SSI program, and a federal court decision broadening eligibility of children for SSI has resulted in AFDC caseload reductions for a subset of the low-income Milwaukee County population. The interaction between programs becomes increasingly important as federal, state and local governments consider reductions in their financial support for low-income populations.

Proposed federal changes in the SSI program for children would limit eligibility to only those children who need constant care to avoid being institutionalized. If such changes were implemented, the impact would be felt on the current Milwaukee County AFDC caseload, as well as on families recently on AFDC who have come to rely upon the SSI payments. Most children on SSI (two-thirds of the total) live in families receiving AFDC. The effect of the proposed regulations related to children on SSI could result in an estimated annual reduction of \$45 million to Milwaukee County families currently or recently receiving AFDC. Additional changes in SSI eligibility to exclude alcohol and drug-addicted clients would have less of a fiscal impact on the adult population. Based on state patterns, there may be 1,000 addicted adults out of the 24,000 Milwaukee County adults on SSI.

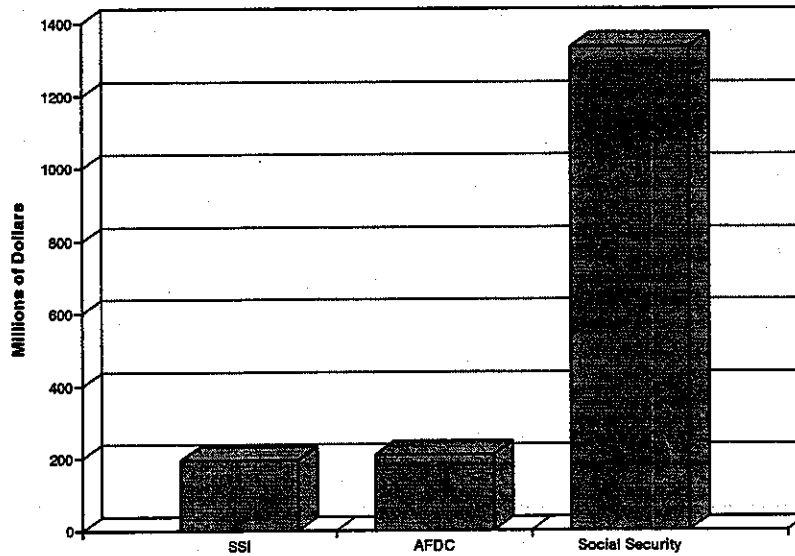
**Milwaukee County Adults and Children
Receiving Social Security, SSI, AFDC**

December 1993



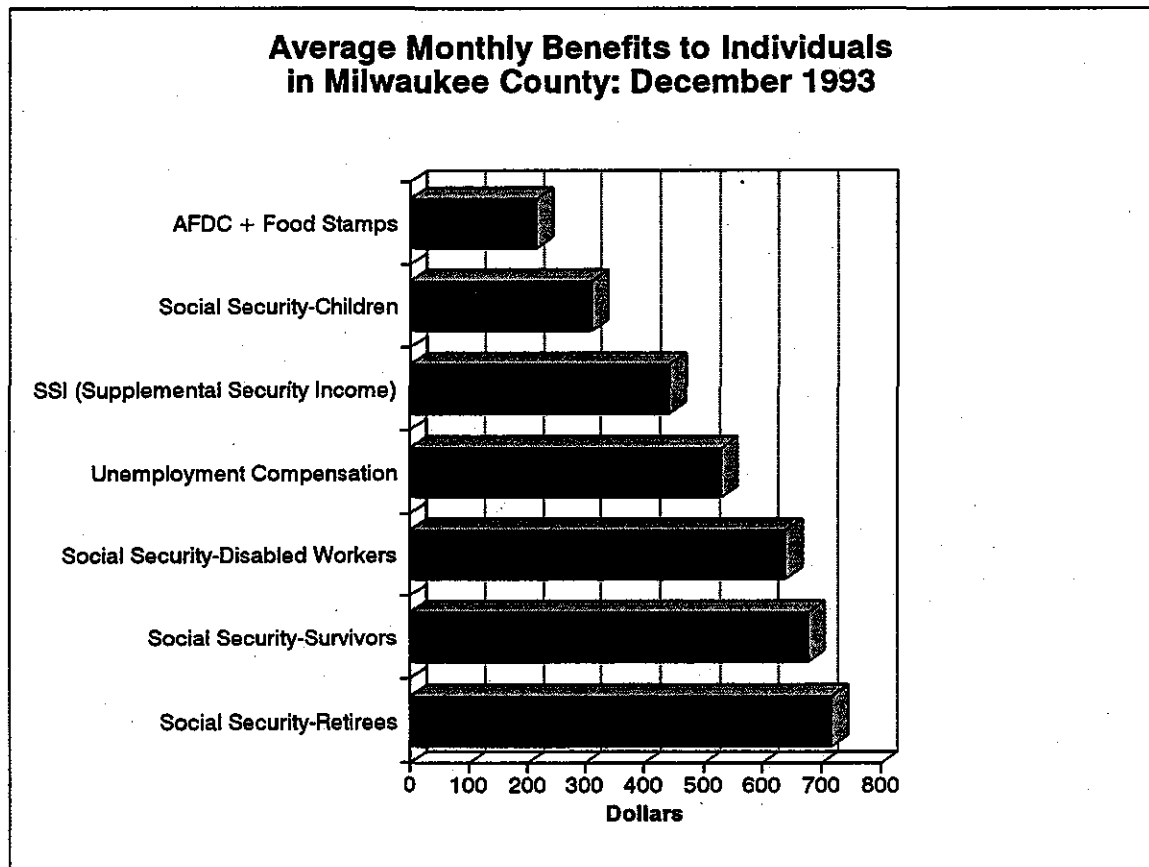
**Estimated Payments in Milwaukee County
for Social Security, SSI, AFDC**

December 1993



Medical assistance for adults in nursing homes represented the most expensive entitlement program in Milwaukee County on a per capita basis (excluding Medicare, where cost figures were unavailable). In December 1993, medical assistance costs for the 7,029 persons in nursing homes averaged \$3,528 per person. By contrast, the AFDC population which includes a relatively healthy group of children and younger adults, showed monthly medical assistance costs of \$94 per capita.

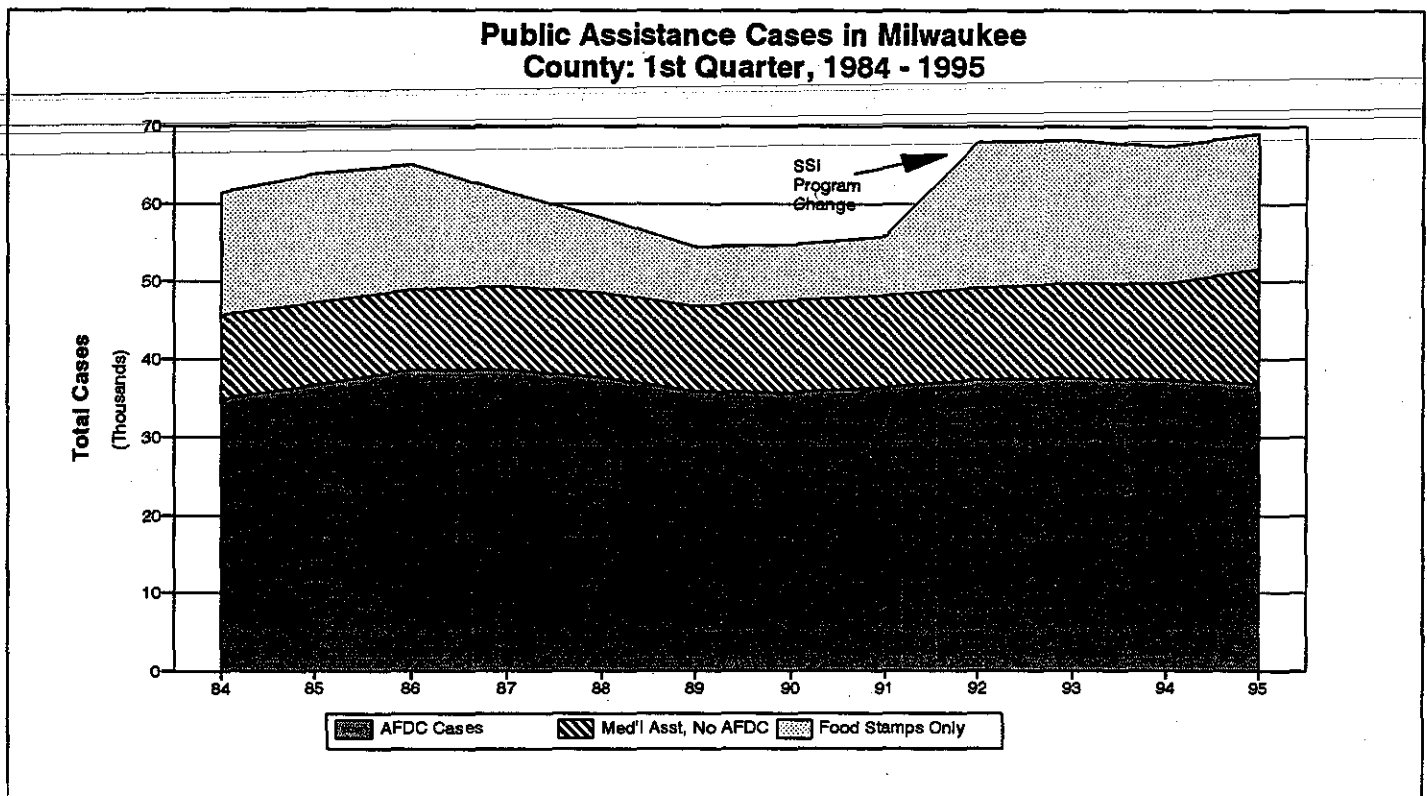
The average combined AFDC and food stamp benefits for children and adults in Milwaukee County was \$217 in December 1993. This was substantially lower than Social Security payments for retired workers (\$718 average monthly benefit), Social Security retirement benefits for workers' spouses (\$387), or SSI payments for aged, blind or disabled persons (\$443).



II. Caseload Trends in Milwaukee County

Wisconsin AFDC caseloads declined dramatically during the economic recovery which took place in 1987-89, prior to the implementation of waiver experiments. At the same time, Milwaukee County AFDC caseloads remained nearly flat at about 37,000 cases for the last ten years.

Milwaukee County public assistance caseloads were tracked for Aid to Families with Dependent Children (AFDC), food stamps and medical assistance from First Quarter 1984 through First Quarter 1995 to analyze changes in program participation over time. Caseloads for these groups varied over time given changes in regulations, the health of the local economy and other factors which are more difficult to track (i.e., in-migration, teen pregnancy rates within low-income families, size of the infirmed elderly population, program participation requirements, interaction among federal programs).



An examination of caseloads over the last ten years showed that the health of the local economy has much to do with the number of two-parent AFDC families and the size of the food stamp only population, but not the number of single-parent AFDC cases in Milwaukee County.

A. AFDC Caseload Trends

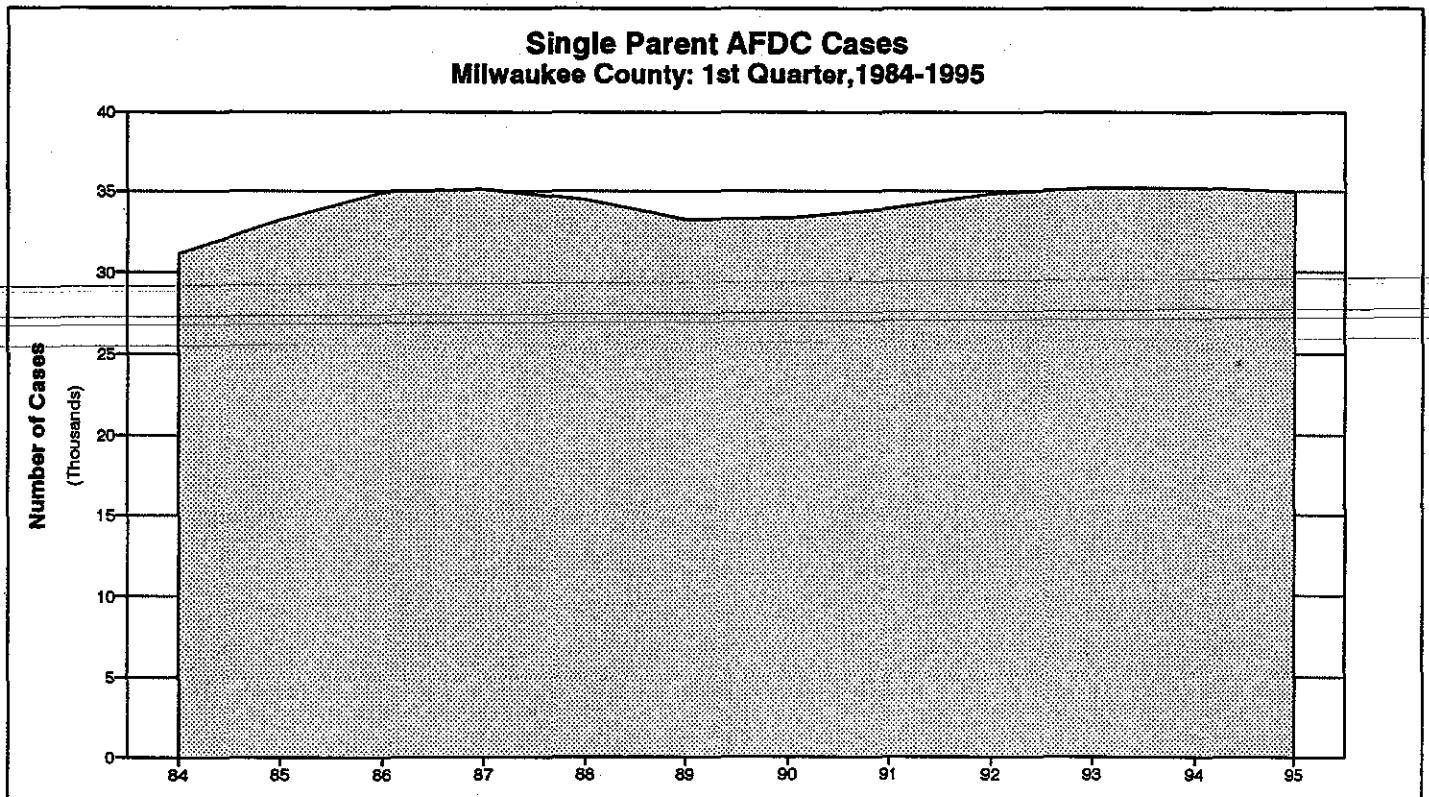
In contrast to statewide caseload trends, the average monthly AFDC population in Milwaukee County has remained steady at about 37,000 cases throughout the last ten years and accounts for almost half of the AFDC population in the state. The only declines in cases were in two-parent families which dropped from 3,499 cases in 1985 to 1,871 in 1995. These declines in two-parent family cases were offset by increases in single parent cases during this same period. High turnover and recidivism resulted in an annual caseload at or above 43,000. Milwaukee County caseload trends reflected a sharp reduction in two-parent AFDC cases in direct response to economic improvements. However, most Milwaukee County AFDC cases are single-parent and these caseloads were higher in First Quarter 1995 than they had been in First Quarter 1986. Aside from modest decreases in 1989, these cases have shown little responsiveness to county unemployment rates.

Milwaukee County AFDC Caseloads and Unemployment Rates: First Quarter

	Milwaukee County Unemployment Rate	MONTHLY AFDC CASES:		
		<u>Single-Parent</u>	<u>2-Parent</u>	<u>Total</u>
1984	8.1%	31,137	3,664	34,801
1985	6.5	33,227	3,499	36,726
1986	7.0	34,973	3,676	38,649
1987	6.6	35,157	3,477	38,634
1988	5.9	34,468	3,107	37,575
1989	4.0	33,254	2,536	35,790
1990	4.7	33,335	2,420	35,755
1991	4.3	33,944	2,450	36,394
1992	5.0	34,902	2,408	37,310
1993	4.3	35,204	2,354	37,558
1994	4.6	35,242	2,159	37,401
1995	3.9	34,990	1,871	36,861

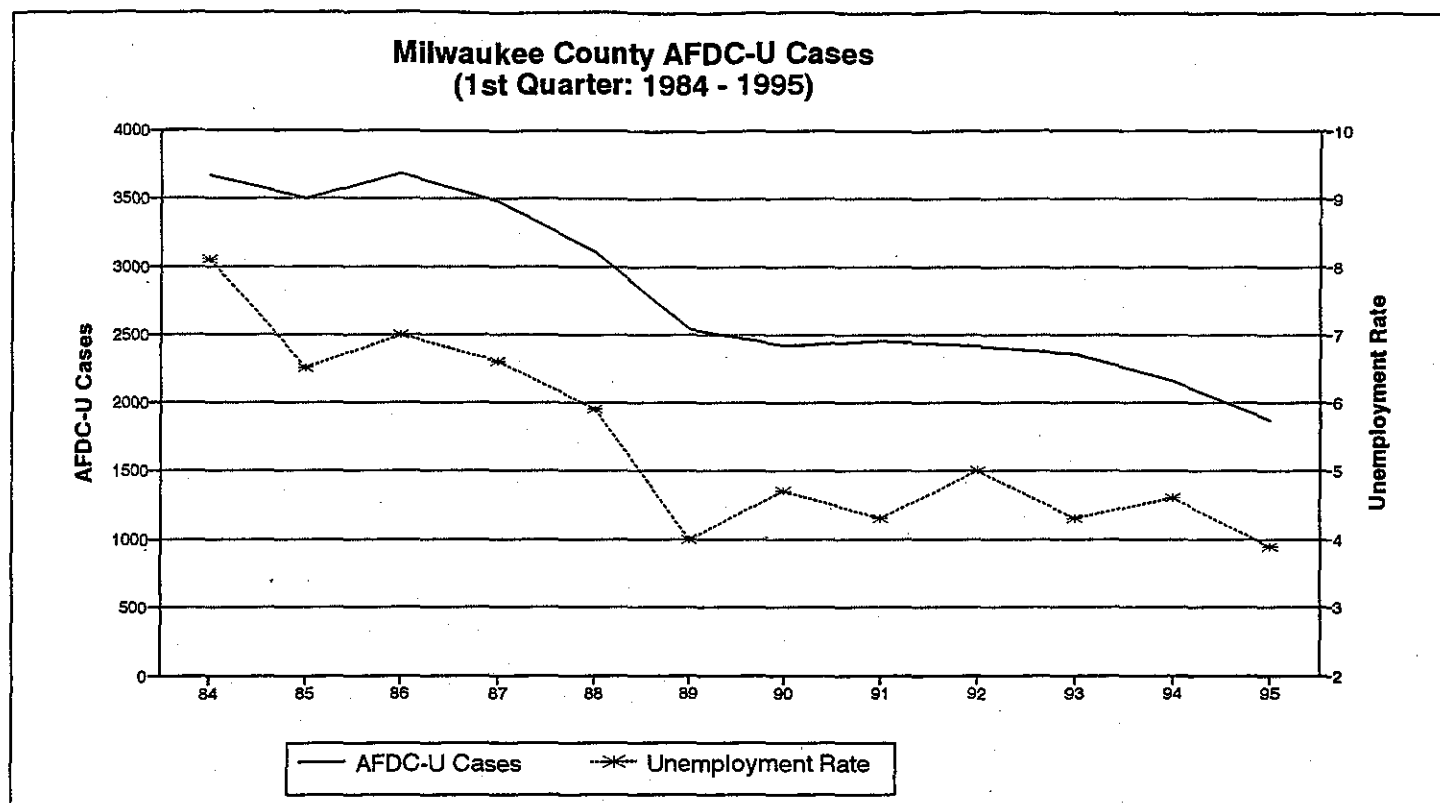
Single Parent AFDC Cases

AFDC-regular cases, mostly single parent families, comprise 90 to 95 percent of the AFDC cases in Milwaukee County. Most AFDC cases also receive food stamps and medical assistance. These cases average about 35,000 a month. Caseload turnover results in an annual participation of an additional 5,000 cases, for a total of about 40,000 annually. The AFDC-regular population declined during the 1987-89 recovery but then increased again in spite of periods of very low unemployment in the last three years.



Two-Parent AFDC Cases

The number of two-parent AFDC-U cases has declined significantly since 1986.¹ Two-parent AFDC cases in Milwaukee fell by more than a third during the economic recovery in the late 1980s. These cases showed a higher turnover rate and were often on public assistance for shorter periods of time.

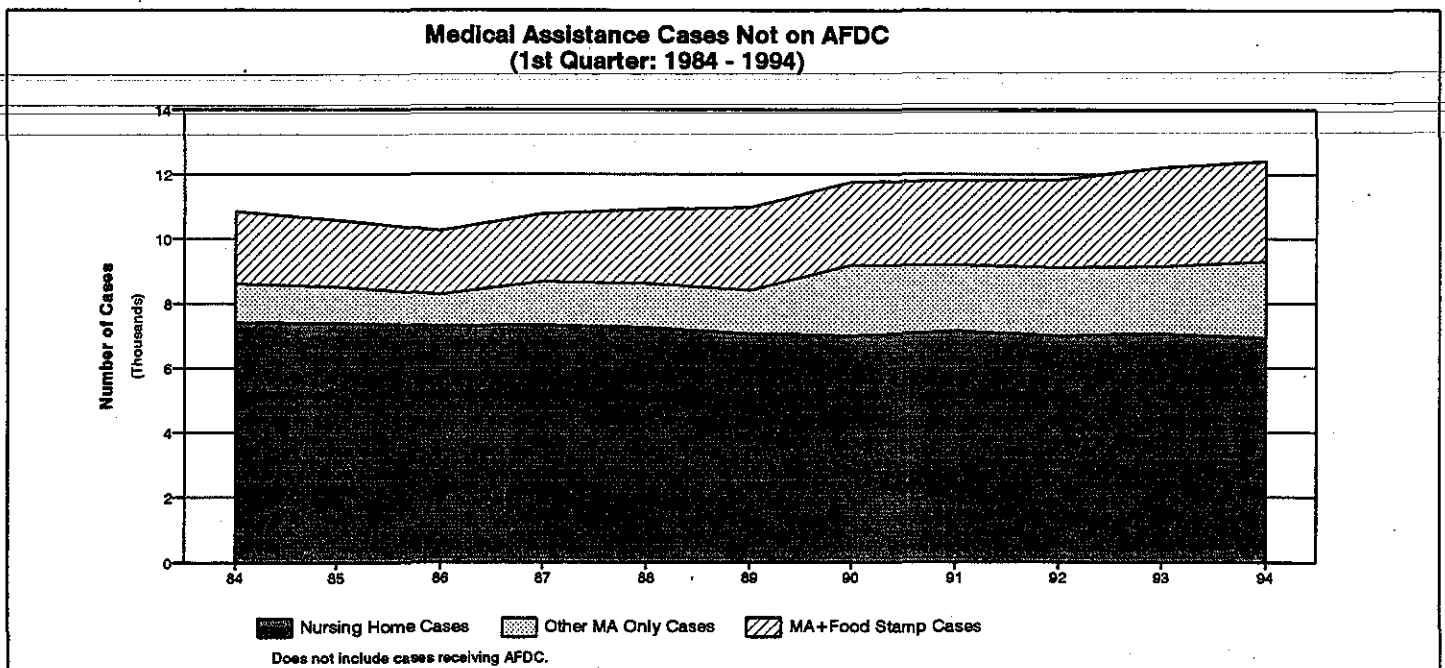


¹ Two-parent families are eligible for AFDC if the primary wage earner has been unemployed (or worked less than 100 hours) for at least 30 days before receiving AFDC, did not turn down a legitimate offer of employment or training during that period, and worked at least 6 quarters within a recent 13-quarter period.

B. Medical Assistance Cases

Medical assistance is available to all families receiving AFDC as well as medically needy persons whose income, after deducting incurred medical expenses, falls below state standards. The graph below shows medical assistance caseload trends for the population not receiving AFDC. Medical assistance only cases consist primarily of adults in nursing homes, and medical assistance payments for this population were more than double the payments for all AFDC clients.

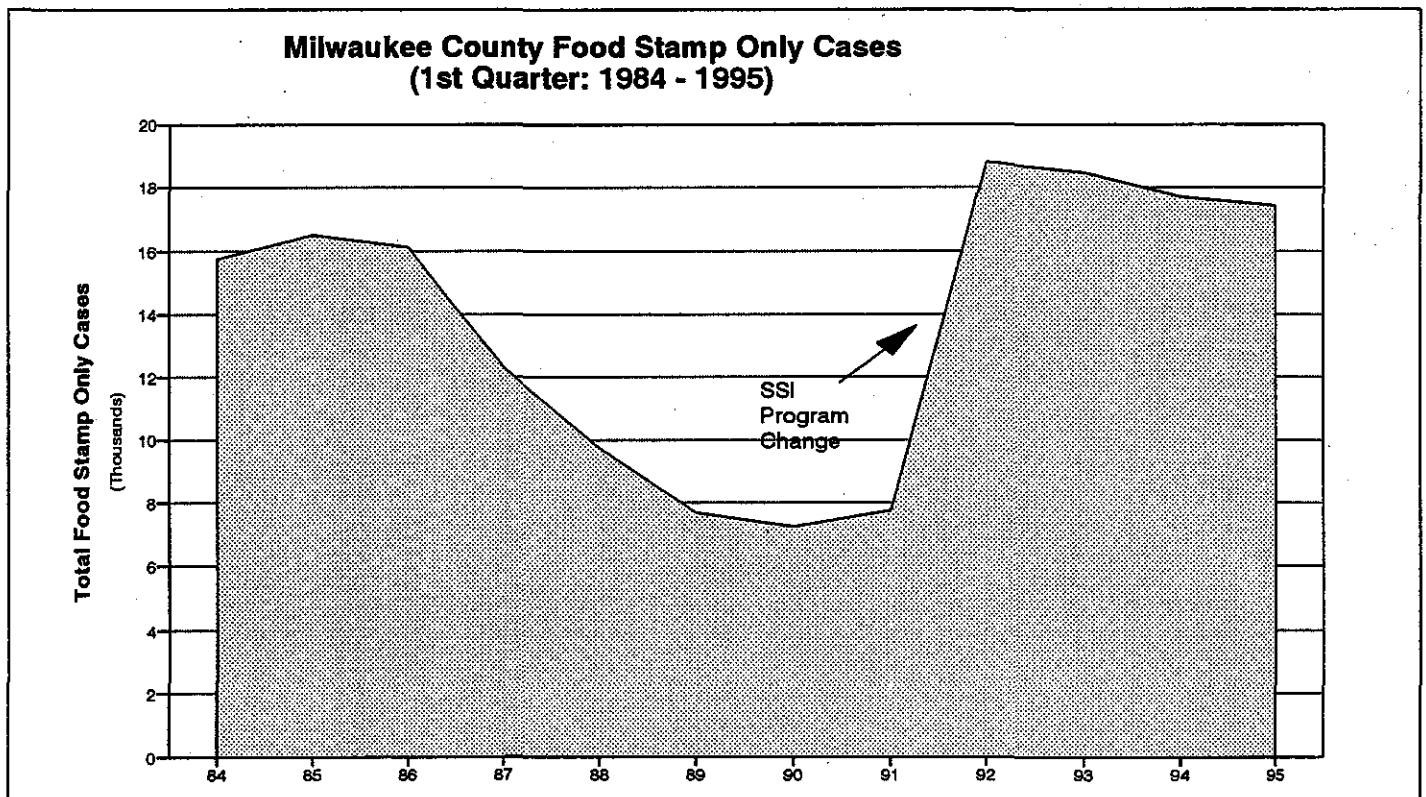
The nursing home population on medical assistance has remained at about 7,000 throughout the last 10 years while the total medical assistance (non-AFDC) caseload rose from 10,800 to 12,400 during the same period. The nursing home population and other medical assistance only population were made up almost entirely of blind, aged or disabled persons.



C. Food Stamp Only Cases

The federal food stamp program increases food purchasing funds for eligible households who meet income and asset limits and work requirements. Food stamp coupon allotments are based on household size and income. The program is used by most persons receiving AFDC and others in their household. The food stamp only (not receiving AFDC and not receiving medical assistance) population was made up in large part of single men on general assistance. The balance of cases included about 4,000 families with dependent children most of whom were formerly on AFDC.

Food stamp only cases showed dramatic declines in the second half of the 1980s when this population dropped by more than half. Regulatory changes in the SSI program were instituted in late 1991 which required SSI recipients to apply separately for food stamps even when the payments were small (i.e., less than \$10 monthly). Consequently, total food stamp only cases increased dramatically. As a result of the SSI program changes, the number of incapacitated persons on food stamps only showed an almost tenfold increase from 1,400 in September 1991 to 12,700 in April 1994.

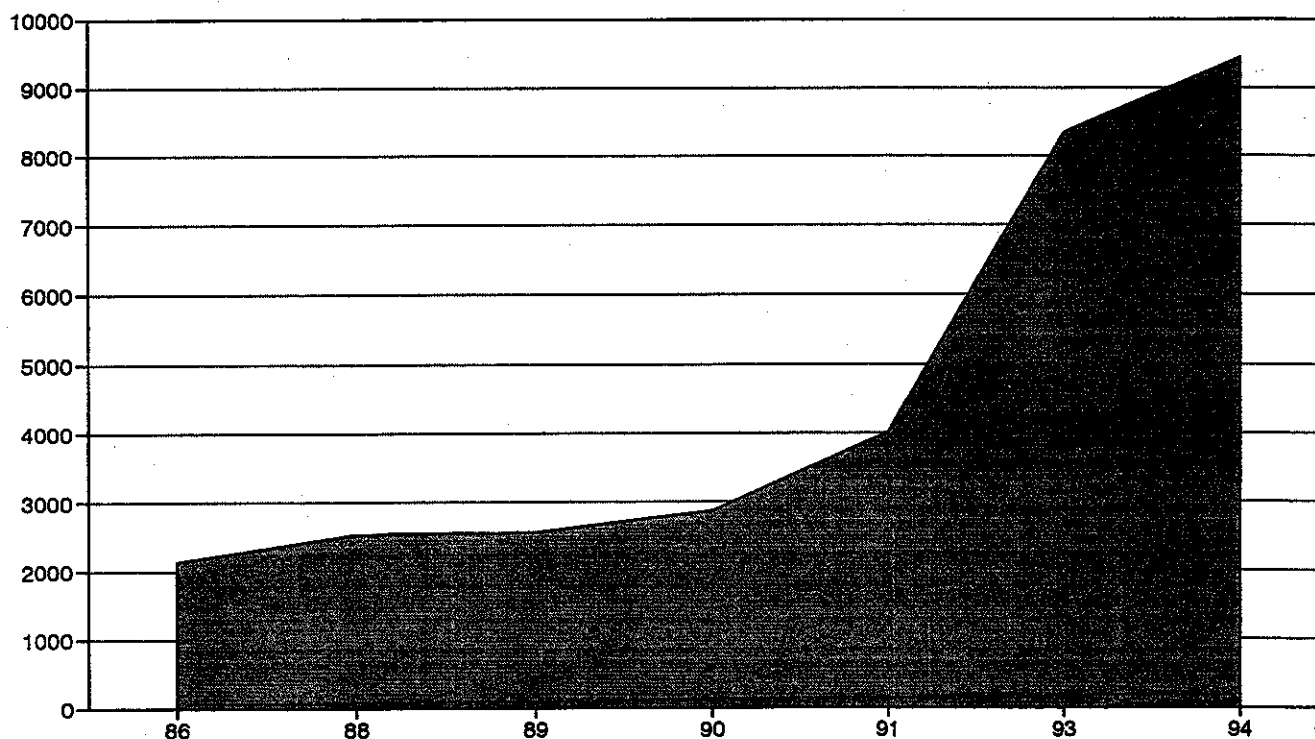


D. Supplemental Security Income (SSI) Payments

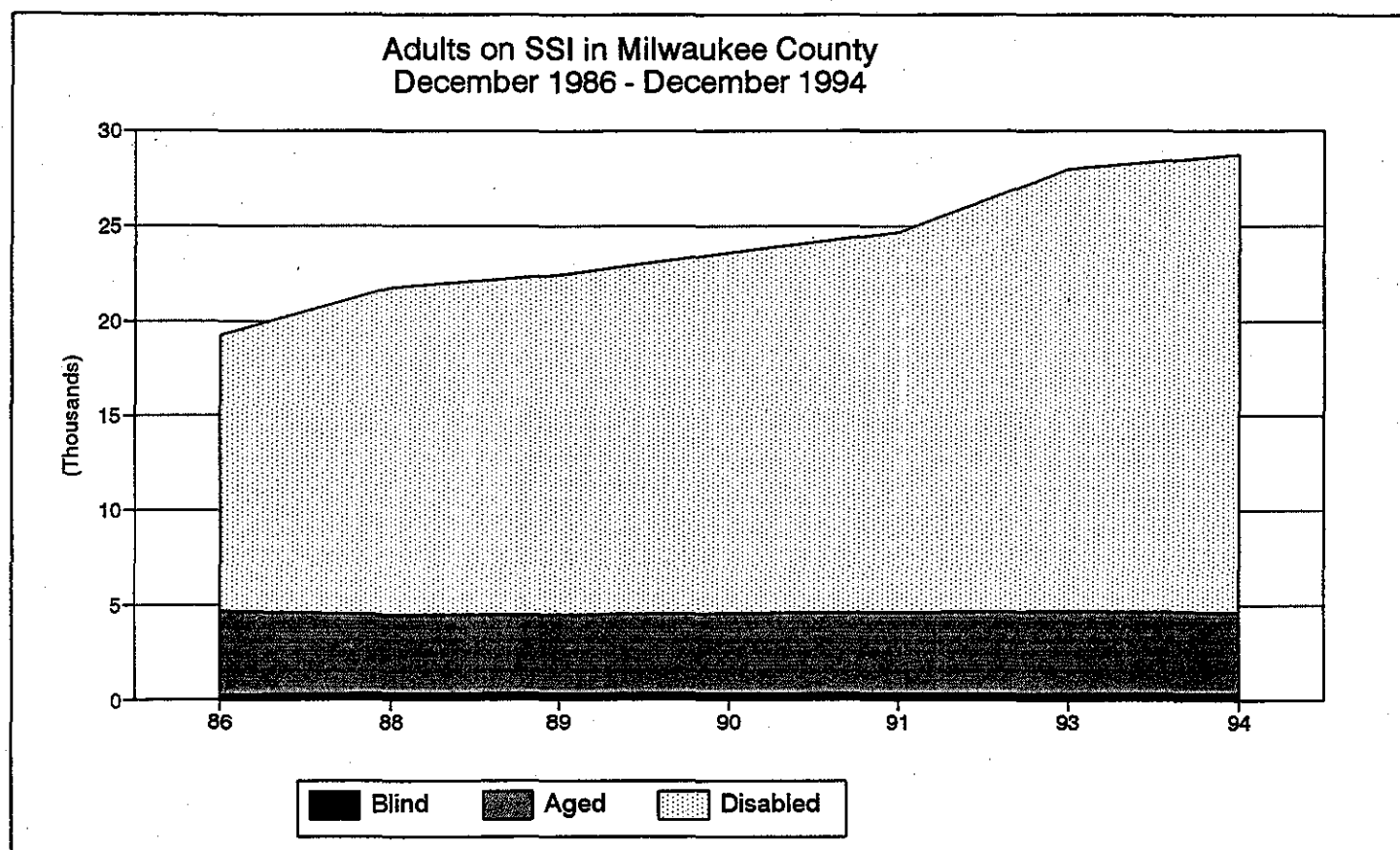
The Supplemental Security Income (SSI) program has provided federal benefits to needy blind, disabled and aged persons since 1972. Although fewer Milwaukee County residents received SSI than AFDC, outlays for SSI (an estimated \$192.9 million in 1993) were nearly equal in size to total outlays for AFDC (\$208.5 million in grants in 1993). In December 1994, a total of 38,195 Milwaukee County children and adults received SSI payments. The number of children receiving SSI benefits has risen almost five-fold from 2,106 in December 1986 to 9,484 in December 1994. Most of the expansion of cases took place after the Supreme Court *Sullivan v. Zebley* decision of February 1990 after which the definition of eligibility was expanded to include persons whose behavior and impairments limited their ability to have "age-appropriate" behavior.

Most children who receive SSI have monthly payments averaging about \$510. (These children are not eligible for AFDC but may be eligible for food stamps.) It is estimated that well over two-thirds of Milwaukee County children on SSI reside in families receiving AFDC or food stamps. As a result, federal SSI payments significantly decrease the state and federal costs of the AFDC program. In fact, the rapidly rising SSI population of children may be a significant factor in Milwaukee County AFDC caseload trends and total AFDC expenditures. For example, monthly AFDC payments for April 1994 totaled \$17,304,627 and provided assistance to 78,306 children. During the same month, an estimated 5,162 children in AFDC families received SSI payments totaling \$2,632,274. In addition, 727 children from families recently on AFDC received payments of \$347,863. In 70 percent of these cases, the SSI payment exceeded the AFDC payment for the family.

Children on SSI in Milwaukee County
December 1986 - December 1994



The population of adults in Milwaukee County who are blind and aged has remained at about 4,500 since 1986. The adult disabled population has increased substantially, however, from 14,628 in 1986 to 24,121 in 1994. This increase in SSI disabled cases may be due in part to the tightening of work program requirements for AFDC and food stamp adult participants as well as county general assistance work requirements. As part of the determination process for work relief programs requiring all able-bodied persons to work or to participate in employment related activities, a medical review is conducted to determine the existence of temporary or permanent disabilities. Adults with medical documentation are given assistance in applying for SSI. At any given point in time as many as one-third of the general assistance population was categorized as disabled, with many GA clients awaiting a decision on SSI eligibility (which in many cases takes as long as nine months to process).



E. Disability Benefits

The Social Security Administration administers both the Disability Insurance (DI) and Supplemental Security Income (SSI) programs which provide monthly cash benefits and health insurance for persons with disabilities. Disabled workers who are unable to work due to physical or mental impairments and are medically diagnosed as not able to work for at least a year are eligible for cash DI benefits which average \$660 per month.² Under the SSI program, there is a financial eligibility assessment but no employment requirement. The average monthly SSI payment is \$530 per individual with no cap on the amounts paid to a family or adverse impact on AFDC or food stamp payments to other family members on public assistance.

The number of workers receiving disability benefits rose steadily throughout the 1980s and 1990s from 11,378 disabled workers in 1980 to 16,975 in December 1993. Displacement of older workers in lesser skilled manufacturing jobs during the early 1980s combined with expansion of eligibility criteria, federal and local efforts to increase SSI enrollments, and lack of review have increased the adult disability roles during the period 1980-1994.

In some cases there is dual enrollment in both the disability income (DI) and Supplemental Security Income (SSI) programs when a shortfall occurs and the amount of SSI is not enough to cover an individual's disability payment. Social Security administrators suggest that as many as 25 percent of SSI disabled adults could be co-enrolled in Disability Insurance. After accounting for the overlap, the combined effect of the recession and changing eligibility criteria for both Disability Insurance and SSI have resulted in a doubling of the number of program participants since 1979 from 17,767 to about 34,500 in 1994. These numbers are fairly consistent with 1980 and 1990 census data which showed an increase in the number of individuals (ages 18-64) who were unable to work (from 21,717 in 1980 to 28,222 in 1990). Combined SSI/DI figures were 28,200 in December 1989.

F. Implications of Federal Proposals to Limit SSI and Disability Insurance Participation

Changes in federal and state regulations related to SSI in the 1990s have had a dramatic impact on caseloads and costs for SSI, food stamps and AFDC. The rapid increases in the SSI population have spurred proposals for federal regulatory changes which could result in direct and dramatic increases in AFDC and food stamp costs in Milwaukee County.

The increasing numbers of families receiving both SSI and AFDC payments and the enrollment of general relief recipients in SSI have resulted in significant overlap between the programs for both adults and children. Increased emphasis on enrollment in SSI by state and local officials has resulted in considerable government savings for the 100 percent funded general relief program and the 60/40 (federal/state) funded AFDC program.

² While originally designed to provide assistance to severely disabled workers, recent reports by the U.S. General Accounting Office suggest that the program also serves as an early retirement program.

Rapidly increasing SSI and Social Security disability rolls have triggered federal and congressional interest in both programs, an examination into possible warehousing of the disabled, and accusations of fraud and abuse. Any attempts by the Social Security Administration to tighten eligibility for Disability Insurance or SSI will adversely impact existing disability caseloads as well as anticipated future transfers of AFDC caseheads to SSI as work requirements are implemented. SSI and Disability Insurance cases are not only increasing in response to enrollment programs but cases are staying on longer. Lower exit rates and lack of case review appear to contribute to caseload increases and long-term costs.

Recent growth in both the Disability Insurance and SSI programs have generated concern at the federal level which may result in substantial changes in the administration of the SSI program in the next year and possible reforms of the Disability Insurance program in the more distant future. The General Accounting Office has issued a series of reports on these programs in response to increasing congressional concern about abuse and fraud in these programs. These reports attribute the growth of these programs to a number of factors including the following:

- Child SSI eligibility expanded to include non-medically determined impairments including hyperactivity and age inappropriate activity.
- Adult SSI and Disability Insurance eligibility expanded to include mental retardation and mental illness.
- State policies to actively shift AFDC, food stamps and general assistance recipients to the 100 percent federally funded SSI program through outreach and recruitment efforts.
- Labor market changes due to corporate restructuring and recessions contributing to increases in the number of program applications.

Proposed federal changes in the SSI program for children would limit eligibility to only those children who need constant care to avoid being institutionalized. If such changes were implemented, the impact would be felt on the current Milwaukee County AFDC caseload, as well as on families recently on AFDC who have come to rely upon the SSI payments. Most children (two-thirds) on SSI live in families receiving AFDC.

The effect of the proposed regulations related to children on SSI would result in an estimated annual reduction of \$45 million to Milwaukee County families currently or recently receiving AFDC. In turn, these affected families could be expected to qualify for higher level AFDC payments, raising costs of AFDC payments to these children and increasing the numbers of recipients in AFDC and food stamp programs. Those 5,162 children currently on SSI and living in families on AFDC would be eligible for AFDC if they lost their SSI benefits. As a result, AFDC costs will increase an estimated \$100 per child per month, or \$6.2 million annually for AFDC children and \$60 per child per month in food stamps, or \$3.7 million annually.

If AFDC and food stamp appropriations were capped prior to or concurrently with SSI changes, the fiscal and caseload impact on Milwaukee County would be more severe than for any other part of Wisconsin and substantially more than the overall trend for the nation. If

AFDC and food stamp allocations for Milwaukee County families are capped and amounts not adjusted for SSI regulatory changes, the net impact would be a minimum loss estimated at \$45 million annually assuming an SSI caseload of 10,000 Milwaukee County children in June 1995. Should AFDC and food stamp costs remain fixed or increase prior to the proposed caps, the effect of the changes to SSI for children would reduce the per person amount from \$530 from SSI to an estimated \$250 for AFDC and food stamps, and increase overall AFDC and food stamp financial requirements for these children by over \$10 million annually. In addition, it is likely that the population with SSI children formerly on AFDC or food stamps would in part return to assistance to compensate for the elimination of SSI benefits. However, reductions in SSI for children will likely take place during the same time AFDC block grants are scheduled to undergo reductions from current levels.

Additional changes in SSI eligibility excluding alcohol and drug-addicted clients would have less of a fiscal impact on the adult population. This population makes up an estimated 2,677 out of 66,492 disabled adults on SSI in the State of Wisconsin. Figures from Milwaukee County are not available, but assuming a distribution similar to that of the state as a whole, there may be 1,000 addicted adults out of 24,000 Milwaukee County adults on SSI.

III. Departure Rates for Current AFDC and Food Stamp Cases

To determine the numbers of Milwaukee County AFDC and food stamp cases that leave public assistance each year under the current welfare system, the "able bodied" population of AFDC and food stamp caseheads was analyzed for a one-year period from May 1993 through April 1994. Rates of departure from AFDC were calculated for all cases receiving assistance at some time during the year. A departure rate was derived by dividing the number of cases leaving assistance in the year by the total caseload ever on assistance during the same period. (Such an analysis will, as a result, include a larger number of short-term cases and differ significantly from a point-in-time cohort survival.) Characteristics of the population included in the welfare data system were used to examine the variables most likely to be associated with higher and lower departure rates from AFDC. The analysis includes all caseheads except persons identified as disabled, incapacitated or non-legally related relatives (NLRR).

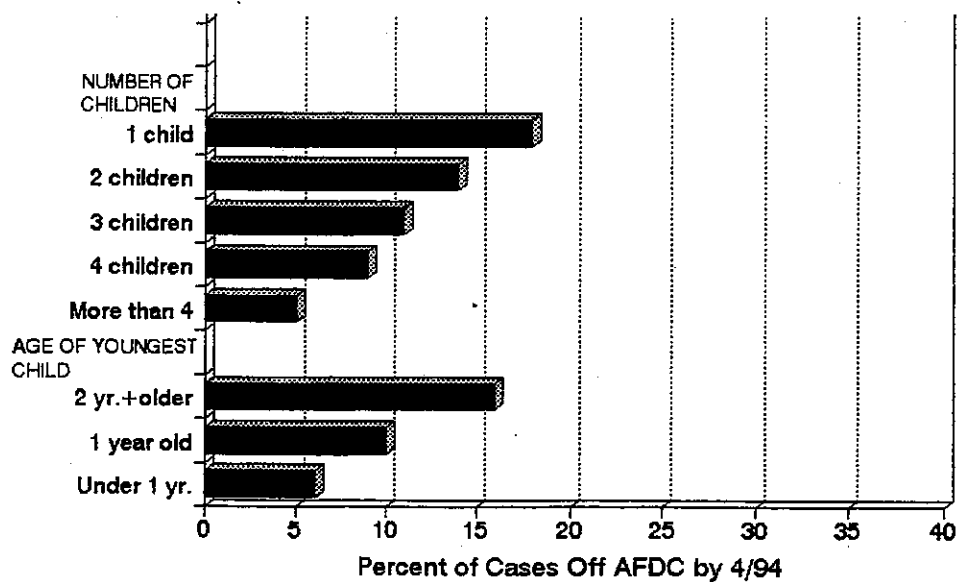
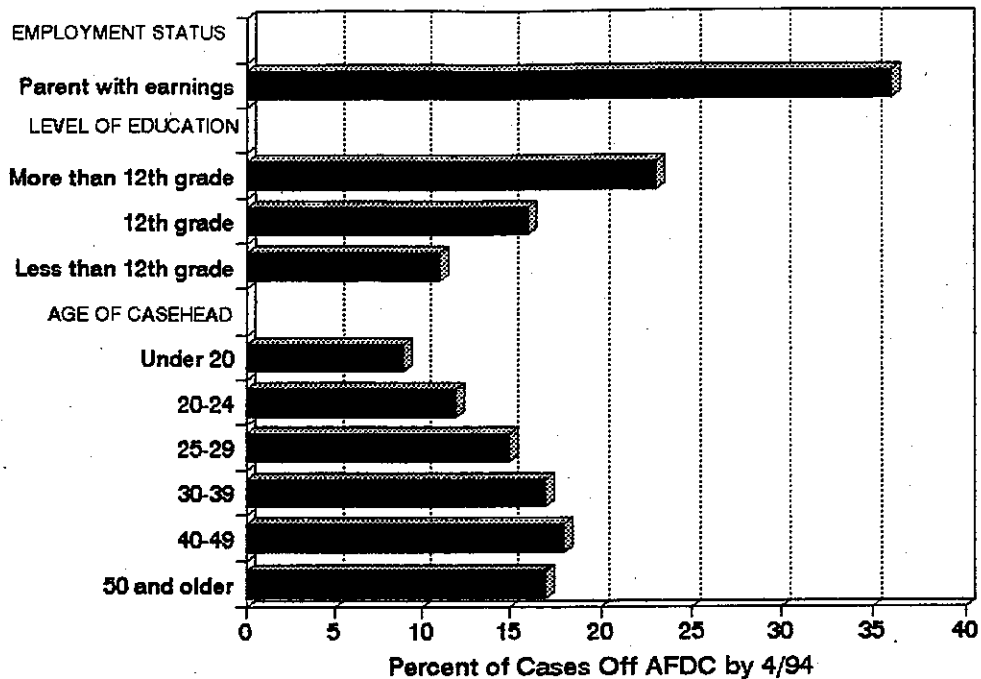
A. Departure Rates for Single-Parent AFDC Cases

The estimated population of able-bodied single parents on AFDC comprised well over half of the cases on AFDC or food stamps in a given year who would be expected to work. If the age of the youngest child is considered as a reason to grant an exemption to the work requirement, the number expected to work would drop accordingly. Sixteen percent of the annual cases considered in 1993-94 had a child under one year of age and an additional 16 percent of cases had a child one year of age. Currently these cases are exempt from the AFDC work program.

- Turnover within the one-parent AFDC population amounted to 15 percent during a given year and indicates the mobility and length of stay on public assistance. When the most recent stay on public assistance was examined, well over one-third of one-parent AFDC cases were on AFDC continuously for less than a year, over half for less than two years, and 10 percent were on AFDC continuously for six or more years. (It is important to note that many of these cases may have been on AFDC prior to the current episode. In such situations, these trendlines understate the number of months on AFDC over time.)
- Not surprisingly, level of education, age of the youngest child, age of the casehead and number of children were predictors of AFDC case closings. The population leaving AFDC during 1993-94 was proportionately better educated, had fewer children and had a youngest child at least 2 years of age or older. Conversely, the population least likely to leave assistance had a child under 1 year of age, 3 or more children, and less than a high school education.
- Employment and length of stay on AFDC were also strong predictors of case closure. Those cases dependent on AFDC for less than a year were most likely to leave. However, the drop in departure rates was most striking after the one year point where the rate for those on 1 to 2 years dropped almost in half. As expected employment was also a very strong predictor with 36 percent of those reporting earned income leaving during the year.

- The best overall predictor of case closure was when level of education was combined with employment. Nearly half (48 percent) of those with more than a 12th grade education and showing earnings can be expected to leave AFDC in a given year, compared to 37 percent of workers with a 12th grade education and 28 percent of workers with less than a 12th grade education.
 - The age of the youngest child was also a very strong predictor particularly when combined with level of education. The likelihood of exiting AFDC increased as the level of education of the casehead and the age of the youngest child increased. For caseheads with less than 12 years of school completed, exit rates were 4 percent if the youngest child was less than 1 year old, 6 percent if the youngest child's age was one, and 11 percent if the youngest child's age was 2 years or more. By comparison, caseheads with more than 12 years of schooling had exit rates of 11 percent if the youngest child was less than 1 year old, 21 percent if the child was one year old, and 24 percent if the youngest child was 2 years or more.
 - The number of children in a case was another strong predictor of departure rates for single-parent cases. Exit rates were higher for cases with fewer children, with exit rates of 18 percent for cases with one child, 14 percent for cases with 2 children, 11 percent for cases with 3 children, 8 percent for cases with four children, and 5 percent for cases with more than 4 children.
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- Those single parent cases least likely to exit AFDC were cases in which there were 3 or more children including a baby less than a year old. These cases showed a 4 percent exit rate.

Departure Rates in 1993-94 for Single Parent Cases

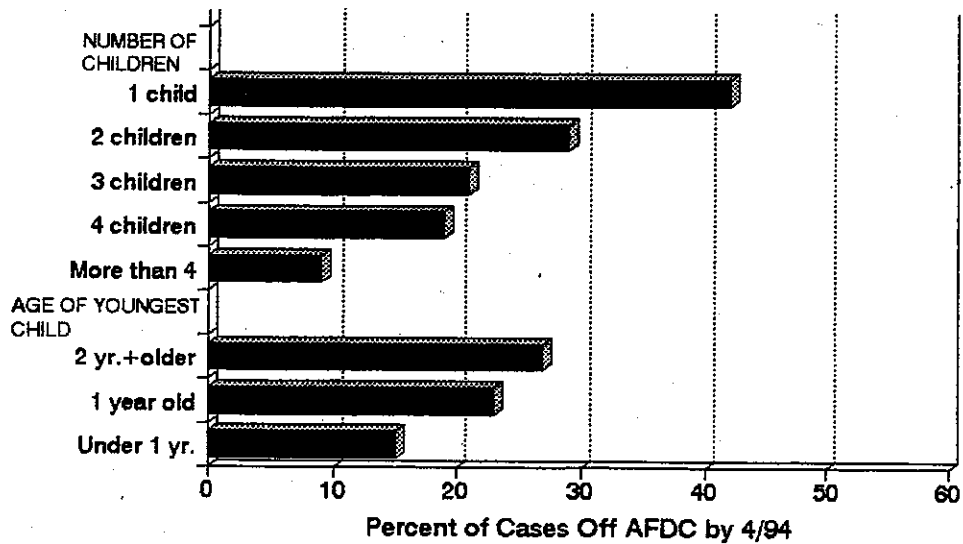
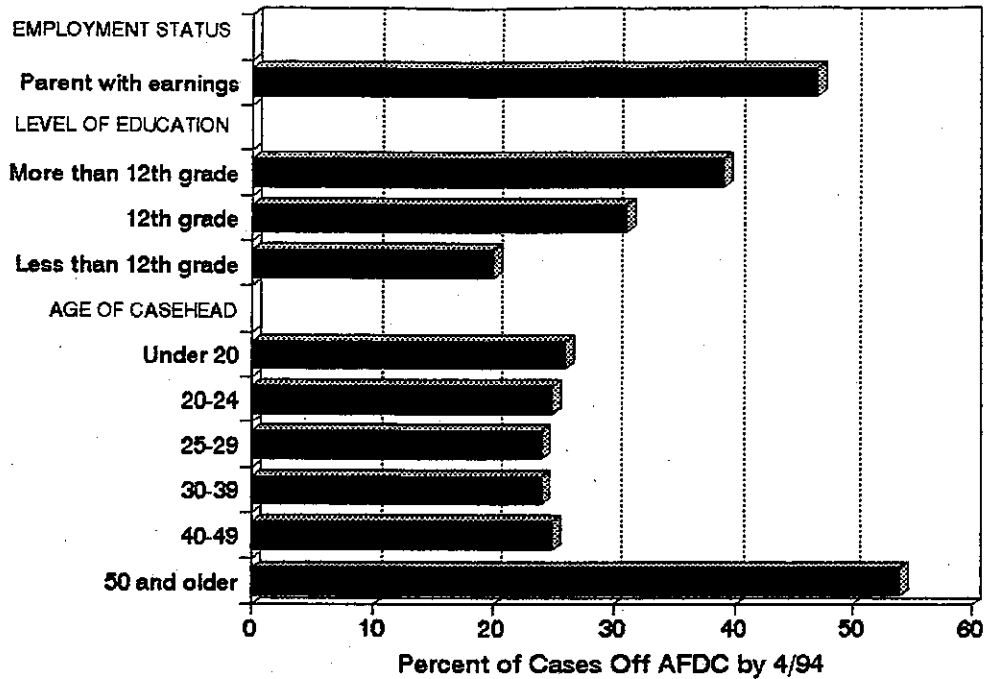


B. Departure Rates for Two-Parent Cases on AFDC

The presence of a recently unemployed spouse in a household was a significant variable in predicting length of stay on AFDC. Overall departure rates were 26 percent for able-bodied two-parent AFDC cases compared with only 15 percent for single parents. Nearly half (48 percent) of two-parent cases received AFDC for less than 12 months in the year studied.

- About a third of two-parent cases had earnings while on AFDC. These families were most likely to leave within the year, with a departure rate of 47 percent.
 - Age of the youngest child and level of education remained significant factors as did the number of children in a household. Departure rates for those with more than 12 years of education declined as the number of children increased, from 52 percent for cases with one child, to 24 percent for cases with more than four children. Those with less than 12 years of education posted rates of 39 percent for cases with one child, decreasing to a low of 6 percent for cases with more than four children.
 - While most of the two-parent population in a given year left within 12 months, there was a residual population of long-term recipients, most of whom had less than 12 years of schooling and had been on assistance for two or more years.
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Departure Rates in 1993-94 for Two-Parent Cases



C. Departure Rates for Food Stamp Only Cases

Cases with No Spouse

Caseheads receiving food stamps but not AFDC with no spouse and considered able-bodied included single males (62 percent of the total), single females (23 percent), and single parents (15 percent). Most of the single parents on food stamps only had recently left AFDC but were not on AFDC in the last 12 months. The overall length of stay on food stamps only was much lower than on AFDC. Ninety-three percent of the cases were on for less than two years and 82 percent were on for less than one year, as measured by the most recent episode of assistance.

- The employment experience of food stamp only single parent cases was markedly different than the experience of single adults without dependents. During the 1993-94 year examined, the annual single parent caseload showed reported earnings in 73 percent of cases on food stamps only (not on AFDC during the 12 month period). By contrast, only 7 percent of single non-parent cases showed any reported employment earnings and 47 percent were supported by the general assistance program funded through Milwaukee County.
- Departure rates for single parent food stamp cases varied most by level of education of the casehead. Caseheads with more than 12 years of schooling showed a 48 percent departure rate for the year. Caseheads who completed 12 grades have a 43 percent rate, and those with less than 12 years education posted a 38 percent rate.
- Single parents with a youngest child under age one showed lower departure rates (24 percent during the year), compared to parents with a youngest child aged one (46 percent departure rate) or aged two years or more (41 percent departure rate).

Cases with Spouse Present

A relatively small number of two parent families received food stamps but not AFDC in Milwaukee County. Most of these cases (80 percent) had dependent children. The majority (78 percent) stayed on assistance for less than a year during their current episode. Two-parent food stamp only families were also likely to be working (74 percent). Families with an employed casehead showed average monthly earnings of \$1,115 for those on food stamps in April 1994 and \$1,437 as the last reported earnings for those leaving food stamps during the 1993-94 year prior to April 1994.

- Almost half (47 percent) of the two parent food stamp cases left assistance by the end of the year studied. Departure rates were influenced most by the age of the youngest child and the number of children in the family. Cases with a child under one year of age had a 36 percent rate of exit. Cases with a one year old showed a 48 percent exit rate. Over half (52 percent) of those cases with the youngest child two years or older exited during the year.

- Departure rates decreased with additional children. Over half (56 percent) of cases with one child exited the food stamp program during the year, 52 percent of cases with two children left, 49 percent of cases with three children left, 43 percent of cases with four children left, and 35 percent of cases with four or more children left the program within the year.
- The educational level of the casehead did not appear to be as much a factor for predicting food stamp exit as for AFDC households. Two parent food stamp only cases with the casehead showing more than 12 years schooling had a 47 percent rate of exit, caseheads with 12 years of schooling had a 49 percent rate of exit, and caseheads with less than 12 years of schooling had a 43 percent rate of exit.

IV. Characteristics of the Current Public Assistance Populations

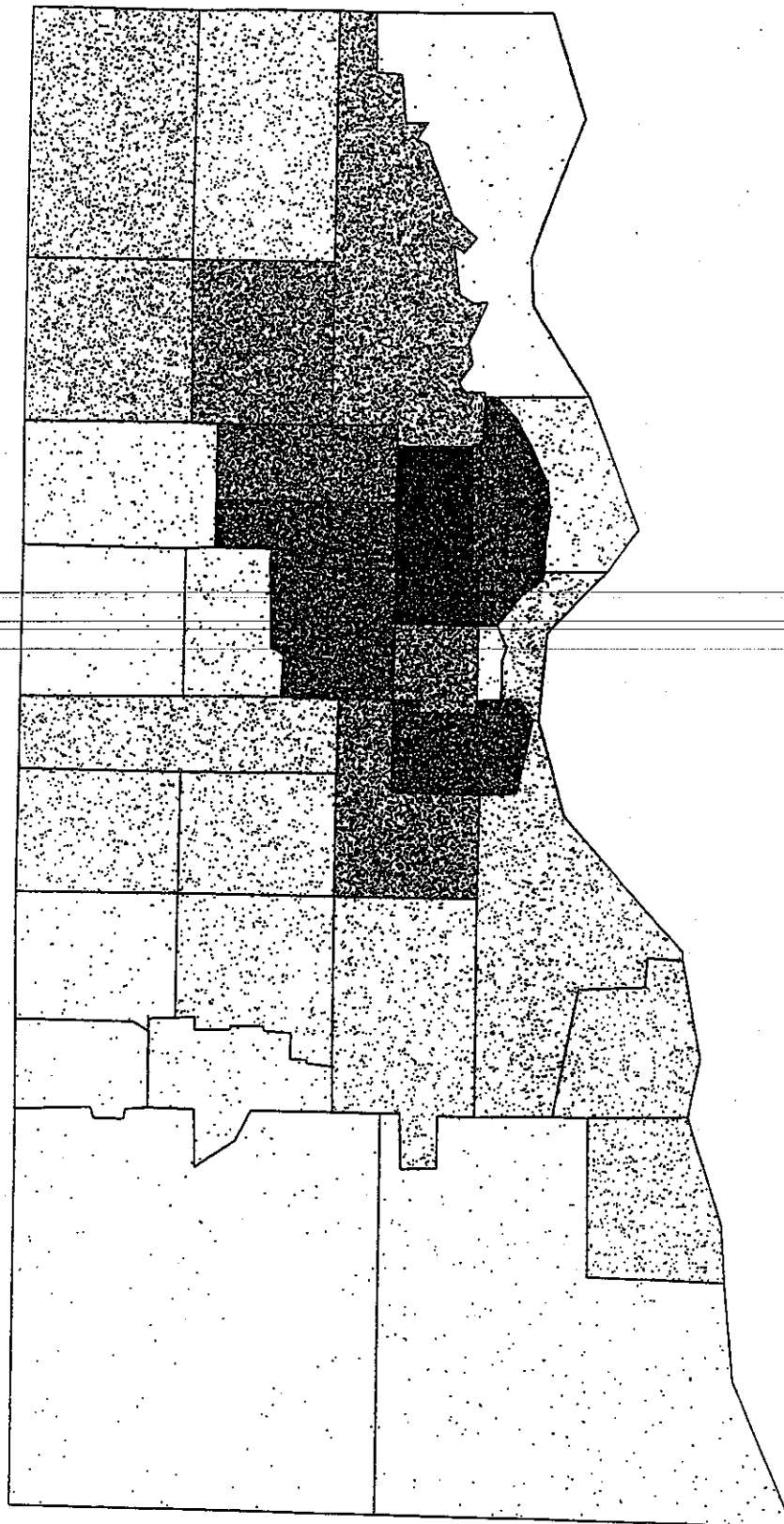
The April 1994 population on AFDC was examined in detail. The tables below provide demographic profiles of all AFDC cases expected to work under the state's W-2 welfare reform proposal, except those headed by an adult on SSI or a non-legally responsible relative (NLRR).

In April 1994 the 30,448 expected-to-work cases included 71,334 children receiving AFDC. About half of the caseheads had not completed high school, a third were high school graduates with no post-secondary education, and 12 percent had more than 12 years of school completed. One-third (35 percent) of cases had a child under age 2 and 18 percent had a baby under age one. Fifteen percent of the AFDC cases showed reported earnings in April 1994. Based on a detailed analysis of 1989 AFDC records and employer wage records, it is estimated that 30 percent of active AFDC cases are employed (considerably more than reported), but that 30 percent of cases have no recent labor market experience.

Families receiving AFDC were charted by neighborhood areas. AFDC cases are heavily concentrated in central city Milwaukee neighborhoods, with 70 percent of all cases residing in central city zipcode areas (53203, 53204, 53205, 53206, 53208, 53210, 53212, 53216, 53218 and 53233). On average these families are less educated and less likely to have reported earnings than in the outlying areas of the city and county, with 55 percent having less than 12 years of schooling compared to 43 percent in the balance of the county. These 21,363 cases cared for 52,944 dependent children, of which 21,958 were under 5 years of age. Families are also larger on average with 2.5 children compared to 2.0 children in the balance of the county. Minorities make up most of the central city AFDC population (91 percent) and 57 percent of the AFDC population in the remainder of the county.

Children on AFDC Milwaukee County

Source: Computer Reporting Network, April 1994



Within zipcode areas,
dots are distributed
randomly.

While AFDC caseheads include adults with a wide range of experiences, they can be broken down into three broad employment-based categories based on current state and federal AFDC regulations: "expected to work," "temporarily exempt from work," and "not expected to work." The following analysis provides a demographic breakdown of each of these groups, their status under the proposed welfare reform initiatives, and the number of community service jobs which may be needed. Currently, only half of the AFDC population falls into the "expected to work" category whereby recipients are required to participate in the "JOBS" program employment and training components. About a third are "temporarily exempt" from the work/training requirement because their youngest child is less than two years of age, and about 20 percent are exempt because they are unable to work or because they are caring for related children where the parent is absent. An analysis is also provided of the food stamp population not on AFDC and the population of working poor not on public assistance. These population are described in later sections according to the categories used in current welfare reform proposals.

Analysis of Milwaukee County AFDC Population: as of April 1994

	Monthly Caseload	Number of Children	Monthly Expenditures (in Millions)	
			AFDC	FS
<u>Expected to Work</u>				
Required to participate - mandatory	14,569	33,050	\$7.0	\$3.0
Employed	910	2,282	0.3	0.2
Sanctioned	2,869	7,476	1.1	0.7
Sub-Total	18,348	42,808	\$8.4	\$3.9
<u>Expected to Work, But Temporarily Exempt from Work</u>				
Youngest Child Under 1	4,682	11,782	\$2.5	\$1.0
Youngest Child Under 2	9,066	22,435	4.8	2.0
Other	3,034	6,091	1.4	0.5
Sub-Total	12,100	28,526	\$6.2	\$2.5
<u>Not Expected to Work</u>				
Parent not Present (NLRR)	2,232	4,489	\$0.8	\$0.1
Casehead Disabled (SSI)	5,545	12,200	2.2	0.6
Sub-Total (Unduplicated)	6,967	15,060	\$2.7	\$0.7
MONTHLY AVERAGE TOTAL	37,415	86,394	\$17.3	\$7.1
ANNUALIZED TOTAL	43,669	97,232	\$208.1	\$84.7

A. Characteristics of the Current "Expected to Work"/Mandatory AFDC Population

Currently about 18,300 cases in Milwaukee County are expected to work or to participate in AFDC work programs or training activities. These adults are generally more likely to obtain employment because this population excludes mothers with young children. Current AFDC regulations exempt mothers from work programs if they have children less than two years of age. In addition to 14,560 "mandatory cases" required to participate in the program, the "expected to work" group also includes those caseheads employed while on AFDC and those sanctioned for failure to cooperate with mandatory work program requirements or with child support enforcement regulations.

These caseheads are generally older than the rest of the caseload with 80 percent 25 years or older and over half over 35 years of age. Their dependents are usually older as well, with 45 percent of cases with the youngest child six years or older and only 12 percent with children under two years of age. The population includes 69.2 percent black, 19 percent white, 9.6 percent Hispanic and 2 percent Asian caseheads. Nineteen percent of cases report earned income and 11.3 percent have children on SSI. Single parents make up 92 percent of those expected to work, and half of the population has at least 12 years of schooling. The average number of dependent children is 2.34, the monthly AFDC payment averages \$460 plus \$208 for food stamps. Average length of stay for cases on aid is 34 months for the most recent episode of AFDC eligibility.

Those "expected to work" (18,348) make up half of the total AFDC cases and care for 42,808 children. They receive monthly expenditures of \$8.4 million for AFDC and \$3.9 million in food stamps. The average monthly wages of the population on AFDC with reported earnings is \$583 for those whose status is "employed" and \$401 for those in the "mandatory" population.

B. Characteristics of the Current "Temporarily Exempt" AFDC Population

While the need for child care is always an important consideration, it is most acute for the AFDC population with children less than two years of age. Historically, AFDC work regulations have exempted the population with young children. Until recently cases with children less than six years of age had been exempted and presently caseheads with children under two years are exempted. This includes 9,066 cases where there is a child less than the two years of age. The total number of children in temporarily exempt families is 28,526.

Most cases in this category are exempt because they have children under two years of age (about 80 percent) including about 40 percent who have a child less than one year old. Child care is a much more serious problem for these cases than for those in the "expected to work" category, since 96 percent have a child below six years of age. This population is also much younger than the mandatory population with 57 percent below 25 years of age, and as a result the average length of stay on AFDC is less (26 months). The percent with at least 12 years of schooling is 46 percent and 10 percent have a spouse listed in the case. Exempt cases are also much less likely to have a member of the household reporting earned income (8 percent). The average monthly AFDC check is \$523 and food stamps \$210. The racial make-up of exempt cases is similar to the mandatory population, with blacks making up 68 percent, whites 17 percent, Hispanics 8.6 percent and Asians 3.4 percent.

C. Characteristics of the AFDC Population Not Expected to Work Under W-2

About 20 percent of the AFDC population is made up of cases where the responsible adult is disabled or where a relative other than the parent cares for the children. In both situations, the children receive AFDC but the adult does not. Of these 6,967 cases, 5,545 or 80 percent are cases where the responsible casehead is aged or disabled, the majority of whom receive SSI payments instead of AFDC while the dependent children are the sole AFDC recipients. In addition, 2,232 of these cases with 4,489 children have other relatives, mostly grandparents, caring for the children, where the parents are absent. In such cases only the child and not the caring relative receives AFDC. As a result, AFDC and food stamp assistance payments are lower with average monthly AFDC checks of \$389 and food stamps at \$99. Caseheads are usually much older with 42 percent 40 years or older. Earned income is a limited source in these cases with 9 percent reporting some earnings in the household. However, SSI is a very important source of income for these families with 14 percent of children and 49 percent of adults on SSI in addition to the AFDC payment.

The two tables below provide demographic data and zipcode addresses of the AFDC cases who would be expected to work under the W-2 proposal, which would exempt only NLRR and SSI caseheads.

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MILWAUKEE COUNTY CASES ON AFDC AND EXPECTED TO WORK IN W-2
EXCLUDES NLRR CASES AND SSI CASEHEADS
AFDC CASES ACTIVE IN APRIL 1994

	NUMBER OF AFDC CASES				WITH FOOD STAMPS	WITH MEDICAL ASSISTANCE	NUMBER OF CHILDREN	AVERAGE # OF CHILDREN	LENGTH OF AFDC EPISODE (MONTHS)	AVG. MONTHLY BENEFITS	
	SINGLE PARENTS FEMALE	MALE	TWO PARENT	TOTAL CASES						AFDC	FOOD STAMPS
AGE OF CASEHEAD											
AVERAGE	28	34	30	29	29	29	N/A		N/A		
18 TO 22	5,004	13	258	5,275	5,031	5,273	8,170	1.6	15	\$457	\$175
22 TO 25	4,757	52	305	5,113	5,023	5,112	10,550	2.1	24	\$492	\$203
25 TO 30	6,542	110	583	7,233	7,150	7,232	18,350	2.5	31	\$501	\$221
30 TO 35	5,439	147	561	6,145	6,068	6,141	17,408	2.8	38	\$496	\$232
35 TO 40	3,508	135	332	3,973	3,923	3,973	10,847	2.7	42	\$467	\$230
40 TO 45	1,342	77	178	1,597	1,565	1,597	3,835	2.4	45	\$446	\$219
45 TO 50	499	33	76	608	589	608	1,367	2.3	48	\$434	\$215
50 TO 55	166	13	29	208	201	208	420	2.0	55	\$418	\$203
55 -- 60	43	10	16	69	68	69	121	1.8	45	\$433	\$189
> 60	8	0	0	8	8	8	13	1.6	51	\$474	\$200
AGE OF YOUNGEST CHILD											
1-5 MONTHS	2,287	3	270	2,559	2,469	2,559	6,655	2.6	21	\$528	\$230
1-11 MONTHS	4,926	14	561	5,498	5,346	5,498	14,307	2.6	22	\$527	\$229
1-23 MONTHS	9,532	46	1,029	10,602	10,355	10,600	27,035	2.5	24	\$521	\$226
REPORTING EARNINGS	3,763	55	649	4,467	4,295	4,466	10,456	2.4	22	\$318	\$201
YEARS OF SCHOOL COMPLETED											
LESS THAN 12 YEARS	13,259	255	1,030	14,541	14,239	14,537	36,120	2.5	33	\$494	\$217
12 YEARS	9,524	204	689	10,416	10,224	10,414	22,380	2.2	29	\$463	\$205
MORE THAN 12 YEARS	3,123	71	216	3,410	3,340	3,409	7,093	2.1	29	\$457	\$204
GRADE NOT REPORTED	1,603	60	421	2,081	2,020	2,080	5,741				
WORK PROGRAM STATUS											
MANDATORY	13,128	441	1,002	14,569	14,419	14,566	33,050	2.3	37	\$482	\$208
EMPLOYED	841	14	55	910	896	910	2,282	2.5	18	\$305	\$231
SANCTIONED	809	24	50	883	865	882	2,204	2.5	23	\$404	\$247
CASEHEAD NOT ON AID	1,722	28	236	1,986	1,889	1,985	5,272	2.7	18	\$375	\$219
RACE											
WHITE	4,606	100	618	5,323	5,126	5,323	10,307	2.0	30	\$452	\$204
BLACK	18,079	362	640	19,081	18,813	19,074	46,329	2.5	32	\$483	\$211
HISPANIC	2,133	45	415	2,591	2,534	2,591	6,171	2.4	27	\$488	\$219
ASIAN/ORIENTAL	190	12	441	639	631	639	2,619	4.1	39	\$676	\$345
NATIVE AMERICAN	328	5	37	370	357	370	813	2.2	31	\$492	\$225
RACE NOT SPECIFIED	2,173	68	205	2,444	2,362	2,443	5,095	2.1	20	\$471	\$201
WITH DEPENDENTS	27,185	585	2,351	30,114	29,585	30,107	71,334	2.4	31	\$483	\$214
SUM OF CHILDREN	62,628	937	7,808	71,334	70,283	71,321	71,334	1.0	N/A		
ALL	27,509	590	2,356	30,448	29,823	30,440	71,334	2.4	31	\$481	\$213

MILWAUKEE COUNTY CASES ON AFDC AND EXPECTED TO WORK IN W-2
EXCLUDES NLRR CASES AND SSI CASEHEADS
AFDC CASES ACTIVE IN APRIL 1994

ZIPCODE OF CASE	NUMBER OF AFDC CASES				WITH FOOD STAMPS	WITH MEDICAL ASSISTANCE	NUMBER OF CHILDREN	AVERAGE # OF CHILDREN	LENGTH OF AFDC EPISODE (MONTHS)	AVG. MONTHLY BENEFITS	
	SINGLE PARENTS FEMALE	MALE	TWO PARENT	TOTAL CASES						AFDC	FOOD STAMPS
53110	191	7	30	228	219	228	400	1.8	24	\$444	\$187
53129	29	2	1	32	30	32	44	1.4	23	\$445	\$168
53130	10	1	0	11	9	11	13	1.2	16	\$430	\$168
53132	44	0	10	54	47	54	92	1.7	20	\$443	\$172
53154	100	4	10	114	104	114	206	1.9	21	\$443	\$191
53172	183	4	26	213	205	213	417	2.0	26	\$462	\$197
53202	149	4	11	164	160	164	246	1.6	19	\$431	\$172
53203	2	1	0	3	3	3	9	3.0	2	\$627	\$213
53204	2474	55	566	3091	3032	3091	7858	2.6	30	\$498	\$233
53205	1451	26	83	1560	1541	1560	4221	2.7	39	\$507	\$213
53206	3702	95	131	3928	3867	3927	9730	2.5	32	\$486	\$217
53207	450	12	61	523	509	523	1056	2.0	30	\$465	\$212
53208	2710	70	317	3096	3048	3095	8439	2.7	32	\$513	\$232
53209	2409	40	103	2552	2506	2552	5334	2.1	30	\$460	\$199
53210	2288	41	90	2419	2371	2418	5965	2.5	31	\$484	\$215
53211	98	2	19	119	118	119	187	1.6	15	\$444	\$192
53212	2763	69	154	2986	2948	2986	7453	2.5	31	\$489	\$216
53213	80	0	7	87	84	87	117	1.7	24	\$455	\$180
53214	370	5	38	413	400	412	753	1.8	27	\$443	\$192
53215	1531	36	281	1847	1784	1847	4036	2.2	29	\$481	\$222
53216	1650	45	58	1753	1712	1752	3700	2.1	32	\$464	\$198
53217	17	0	5	22	22	22	37	1.7	14	\$448	\$204
53218	1777	16	111	1903	1869	1902	4189	2.2	33	\$467	\$200
53219	192	4	15	211	204	211	354	1.7	25	\$446	\$184
53220	117	3	19	139	130	139	255	1.9	24	\$458	\$187
53221	269	5	33	307	292	307	567	1.9	25	\$442	\$191
53222	87	0	5	92	89	92	145	1.6	26	\$418	\$173
53223	330	5	26	361	351	361	702	2.0	28	\$457	\$199
53224	618	9	30	657	646	657	1575	2.4	31	\$479	\$207
53225	612	11	40	663	650	662	1339	2.1	27	\$454	\$201
53226	18	0	2	20	18	20	32	1.6	27	\$422	\$185
53227	150	2	17	169	158	169	310	1.9	25	\$450	\$190
53228	34	1	2	37	34	37	55	1.5	27	\$419	\$184
53233	560	14	50	624	615	623	1380	2.2	28	\$479	\$200
53235	44	1	4	49	47	49	71	1.6	18	\$414	\$175
ELSE	20	0	1	21	21	21	47				
ALL	27509	590	2356	30448	29823	30440	71334	2.4	31	\$481	\$213

MILWAUKEE COUNTY CASES EXPECTED TO WORK IN W-2
 APRIL 1994 ACTIVE AFDC CASES
 BY ZIPCODE OF RESIDENCE

ZIPCODE	YEARS OF SCHOOLING			AVERAGE NUMBER OF CHILDREN	REPORTED RACE OF THE CASEHEAD		REPORTED RACE OF THE CASEHEAD				WITH REPORTED EARNINGS	TOTAL CASES
	LESS THAN 12 YEARS	12 YEARS	MORE THAN 12 YEARS		BLACK	HISPANIC	WHITE	ASIAN/ ORIENTAL	NATIVE AMERICAN	MISSING		
53110	75	107	26	1.8	7	15	178	0	1	27	25%	228
53129	10	8	11	1.4	0	2	24	1	1	4	25%	32
53130	2	6	3	1.2	1	0	10	0	0	0	9%	11
53132	21	29	2	1.7	4	4	39	1	2	4	24%	54
53154	35	52	17	1.9	5	5	88	2	2	12	16%	114
53172	71	92	37	2.0	16	9	163	1	1	23	20%	213
53202	61	58	40	1.6	56	11	80	1	4	12	19%	164
53203	1	0	2	3.0	1	0	1	0	0	1	33%	3
53204	1759	768	190	2.6	280	1392	803	147	112	357	14%	3091
53205	858	452	141	2.7	1352	32	21	54	3	98	11%	1560
53206	2053	1303	353	2.5	3552	15	33	14	5	309	11%	3928
53207	196	231	64	2.0	22	63	370	5	21	42	21%	523
53208	1619	912	284	2.7	2369	76	189	203	27	232	12%	3096
53209	1055	1028	337	2.1	2143	40	179	7	11	172	15%	2552
53210	1208	816	271	2.5	2088	22	115	16	9	169	14%	2419
53211	27	33	43	1.6	18	4	79	3	0	15	19%	119
53212	1554	975	291	2.5	2320	237	198	4	13	214	13%	2986
53213	14	32	15	1.7	9	3	48	0	1	6	19%	67
53214	144	188	58	1.8	26	18	326	2	12	29	25%	413
53215	927	586	169	2.2	89	451	941	76	91	199	18%	1847
53216	749	659	270	2.1	1540	18	70	7	5	113	14%	1753
53217	5	6	10	1.7	6	0	14	0	0	2	14%	22
53218	787	745	250	2.2	1452	36	256	24	7	128	17%	1903
53219	75	80	46	1.7	18	17	148	3	4	21	22%	211
53220	59	51	18	1.9	7	9	103	3	4	13	26%	139
53221	111	128	50	1.9	43	32	182	8	4	38	23%	307
53222	28	44	18	1.6	26	2	53	1	2	8	25%	92
53223	114	156	72	2.0	228	6	84	6	6	31	18%	361
53224	230	269	138	2.4	456	14	137	4	5	41	19%	657
53225	267	282	82	2.1	427	15	155	6	3	57	19%	663
53226	11	4	4	1.6	0	0	17	1	0	2	25%	20
53227	68	59	31	1.9	20	12	115	4	5	13	22%	169
53228	16	12	7	1.5	1	1	32	1	0	2	22%	37
53233	303	217	53	2.2	490	27	27	34	4	42	11%	624
53235	17	24	5	1.6	1	1	40	0	2	5	22%	49
ALL	14541	10416	3410	2.4	19081	2591	5323	639	370	2444	15%	30448

D. Characteristics of the Food Stamp Only Population

The population receiving food stamps and not AFDC consists of 19,611 mostly single adults (93.5 percent) the majority of whom are aged or disabled (52 percent) with an average monthly food stamp allocation of \$84. Most (69 percent) of the 10,114 aged/disabled adults are also receiving SSI along with an average \$36 per month food stamp allocation. Another 5,358 were listed as general assistance recipients (as of April 1994) with an average food stamp allotment of \$112 per month. An additional 1,973 or 10 percent of the overall population are listed as having earned income averaging \$801 per month with a \$149 food stamp allocation.

The overall population is much older than the AFDC population with 42 percent 45 years of age or older and 21 percent over 60 years of age. Half of the food stamp only population has at least 12 years of schooling as do two-thirds of those working and receiving food stamps. While the population is about evenly divided between men and women, on average women are older than men (54 percent were 45 and over), more likely to be aged/disabled (62 percent), more likely to be working (17 percent) and more likely to be white (36 percent). Men, on the other hand, are younger (30 percent are 45 years or over), less likely to be disabled (40 percent), less likely to be working (7 percent) and more likely to be a minority (77 percent).

E. Characteristics of the Population on Milwaukee County General Relief

Since 1930 Milwaukee County has operated a work relief and training program for recipients of General Assistance. As of August 1995 the work program ended with the anticipated end of the General Assistance Program in September 1995. Up until that time, applicants could enroll in remedial education or vocational English courses 12 to 14 hours per week, and 500 to 600 general assistance recipients were enrolled at the Milwaukee Area Technical College or participating community-based organizations. (Basic skill levels were low for most of the general assistance population. In 1993, 5,700 recipients, 68 percent of the total, had not completed high school and 2,075 recipients, 42 percent, showed less than a seventh grade reading level.) Counseling and alcohol and drug abuse services were also available for individuals through referral to contract agencies, but participation was voluntary and did not count toward the 12 to 15 hours of education/work required per week. Clients who failed to appear at scheduled appointments or work assignments, were late for work or refused a bona fide job offer could be terminated from the program. Grant suspensions lasted 30 to 60 days.

In 1994 the General Assistance caseload averaged about 6,000 cases per month. About 61 percent of these cases were identified as "able-bodied" (3,700 persons per month) and were required to participate in the work relief program. This program was administered under federal Food Stamp Employment and Training program rules and was financed primarily by local property taxes with Food Stamp program reimbursement for about 35 percent of program costs. As of October 1994 a total of 1,587 clients were in work programs for 10 hours per week at 4.35 per hour minimum wages. This included 446 persons in supported work, 630 workers on labor crews, 361 persons working for community-based organizations, and 150 persons working for government agencies. An additional 941 general assistance clients were in education, training and placement programs.

Current welfare proposals do not include provisions for single adults. Work sites used for General Assistance Work Programs will be transferred where appropriate to the JOBS/AFDC work program.

F. Characteristics of the "Working Poor" Non-AFDC Population in Milwaukee County

Current welfare proposals to replace the AFDC system establish eligibility based on family income (below 115 percent of poverty) and the presence of dependent children, thereby expanding the eligible pool of participants to include those working poor not on AFDC or food stamps. Despite a very serious undercount of the welfare population and the working poor, the 1990 U.S. Census may provide the only count of the working poor population not on public assistance. The 1990 U.S. Census estimated the 18 to 64 year old poor population (below 115 percent of poverty and not on public assistance) to be 8,119 two-parent and 10,743 single parent families with dependent children. Of these, 4,725 two-parent and 6,221 one-parent families were working and poor, yet not on public assistance. The population of adults without dependents living below 115 percent of the poverty level as reported by the 1990 census totaled 44,825 with 36,535 not on public assistance and 23,523 working and not on assistance in 1989.

V. Estimated Number of Community Service Jobs Required

Estimates of the number of community service jobs needed are presented here for the population expected to work under current welfare reform initiatives and for an expanded Milwaukee County population which would include single adults and couples without dependent children. Generally, it is assumed that under current economic conditions one-third of the current AFDC population already employed will not seek out low-paying community service jobs or utilize assistance in finding employment. An additional one-third will be high risk, high-cost young mothers with very young children and with little or no work experience and limited education. The residual population will need assistance in finding private sector employment or a community service job placement and are the most likely to benefit from intervention.

Contrary to popular beliefs, many caseheads in the AFDC population currently are employed in private sector jobs. In any given month a third of Milwaukee County AFDC families are working. Furthermore, half of all the AFDC families in a given year also work during that year. Consequently, it is estimated that many of those already working will not accept a community service job. This population will likely endure the loss of AFDC (partially offset by a food stamp increase) and choose to increase their working hours or remain at current employment levels rather than work for wages which may be significantly less than the prevailing wage. This population of "AFDC workers" are likely to be the type of employee sought out for entry-level jobs or better in the current tight labor market. They are often better educated and older, have fewer children and older children, and most importantly they have set themselves apart from the rest of the caseload by finding employment. Their barriers to employment are relatively minimal compared to that portion of the population least likely to be working.

In contrast to the working portion of the AFDC population are those one-third of cases with no recent labor market experience and little likelihood of exiting AFDC. This is a population with more children and younger children, and younger mothers with lower levels of education. Most of this population has been exempt from AFDC work requirements because their youngest child is less than 2 years old. For this population day care is a major barrier to self sufficiency since the cost of care for two children may far exceed the earnings of an entry-level worker. The combination of these factors make the population a high-cost, high-risk long-term investment.

In between and somewhat overlapping both the AFDC working population and the long-term difficult-to-employ population are those caseheads most likely to benefit from intervention. Much of this population has been employed recently although at limited hours or intermittently. Child care needs may be less of a problem because the children are frequently older and many are school age.

Methodology Used

Existing and historical caseload data on the Milwaukee County AFDC and food stamp population were used as the primary sources for constructing estimates of the number of community service jobs required in Milwaukee County under current welfare reform proposals. The March 1994 computerized case records were used to construct a demographic profile of the current caseload. The active AFDC and food stamp cases for March were analyzed as were those cases which had left AFDC or food stamps in the eleven months prior to April 1994. Departure rates and reported earnings were analyzed to identify the characteristics of those cases most likely to leave public assistance as well as those cases least likely to secure private sector employment. In addition, historical caseload data for Milwaukee County (CY 1989) were used to estimate the earnings patterns of AFDC cases using employee wage data from DILHR matched against AFDC caseload data for the year.

While the earnings experiences of the 1989 population may differ from the current population, they provide the only existing profile of employment patterns of the Milwaukee County AFDC population. Both AFDC caseload levels and unemployment rates during 1989 and 1995 are similar. However, prevailing wage rates for entry level workers have increased significantly and could result in higher quarterly earnings in 1995, if such an analysis were available for today's population. Conversely, it could be argued that, given the prolonged period of low unemployment in the county, the residual population on AFDC today consists of those who are less employable or less willing to work. Declines in the number of two-parent AFDC cases throughout the 1988-1995 period of low unemployment are evidence of such a pattern. Absent any other sources of data, however, this database provides the most comprehensive analysis of the actual earnings of cases as reported by employers to the State of Wisconsin. It considers all AFDC cases in the county and is not subject to sample error.

Examination of wage data on Milwaukee County 1989 AFDC recipients revealed that over half (53 percent) of the 46,335 annual cases had labor market experience during the same year, as measured by the employee wage data match, while 31 percent of those cases on AFDC during all three months of Fourth Quarter 1989 showed earnings during the same quarter. The common perception is that AFDC recipients are for the most part unwilling to work or are disengaged from the labor market. In fact, the high annual AFDC employment rate suggests that most of the population on AFDC has recently worked or is currently working, while a smaller but significant (one-third) portion of the caseload does not work and has no recent employment experience. Another common concern is that the majority of current recipients may be working and not reporting earnings to their caseworkers. While the state employee wage files do not capture wages derived from the cash economy, they do provide a comprehensive assessment of legitimate wages for the proportion of the caseload working while on AFDC. Typically, 12 percent of single parent cases and 18 percent of two parent cases reported earnings to their caseworkers during a given month. When earnings from the employee wage match were examined for cases on AFDC for all three months of the quarter, the two-parent employment rate rose only slightly from 18 percent to 25 percent. However, the single parent employment rates more than doubled from 12 percent to 32 percent. Clearly, more AFDC caseheads are working than reported; but while the actual (employee wage match) earnings of caseheads far exceed those reported to the caseworkers, the overall employment rate of the active monthly caseload is still below one-third.

MILWAUKEE COUNTY CASES ON AFDC AT ANYTIME DURING 1989
EARNINGS AND EMPLOYMENT BY CASE STATUS AND YEARS OF SCHOOL COMPLETED

	ANNUAL 1989 EMPLOYMENT			4TH QUARTER 1989 EMPLOYMENT			PERCENT WORKING IN 4TH QTR 1989				TOTAL CASES
	CY 1989 AVERAGE EARNINGS	NUMBER WORKING DURING 1989	PERCENT WORKING DURING 1989	QUARTERLY AVERAGE EARNINGS	NUMBER WORKING 4TH QTR	PERCENT WORKING 4TH QTR	QUARTERLY EARNINGS				
							\$0	\$1-499	\$500-1499	>=\$1500	
TOTAL ANNUAL CASES	3971	24344	53%	1637	17047	37%	63%	9%	11%	17%	46335
4TH QT 1989 AFDC PARTICIPATION											
ON ALL 3 MONTHS	2820	16461	48%	1221	10667	31%	69%	10%	11%	10%	34055
ON 1 OR 2 MONTHS	5374	3264	66%	1965	2617	53%	47%	8%	12%	33%	4925
OFF AFDC	7079	4619	63%	2589	3763	51%	49%	5%	8%	38%	7355
YEARS OF SCHOOL											
LESS THAN 12 YEARS	2971	9371	46%	1315	6258	30%	70%	10%	10%	11%	20541
12 YEARS	4273	9299	60%	1712	6665	43%	57%	10%	13%	21%	15506
MORE THAN 12 YEARS	5580	3438	65%	2177	2538	48%	52%	8%	12%	28%	5313

Employment levels for the annual AFDC caseload in Milwaukee County are very different from levels for the monthly caseload and include those cases who have left AFDC during the year as well as those who are not on assistance in a given month but will enter sometime during the year. As can be seen in the following table, those cases on AFDC for all three months of 4th Quarter 1989 showed 31 percent with earnings reported during the same quarter. Those on AFDC only one or two months of the quarter showed 53 percent working, and those off AFDC 4th Quarter but on aid sometime during the year showed a 51 percent employment rate.

An estimation of earnings data for the 1989 AFDC population by years of school completed shows the importance of education for the population working. Those caseheads with less than 12 years of school completed were much less likely to be employed during the year, posted lower average earnings and were least likely to earn wages necessary to support a dependent. Only 46 percent of those with less than 12 years of schooling were working in 1989, compared to 60 percent of those with 12 years schooling, and 65 percent of those with more than 12 years of schooling. Similarly, 4th Quarter earnings at or above the \$1,500 level were 10 percent for those with less than 12 years of schooling, 21 percent for those with 12 years completed, and 28 percent for those with more than 12 years posted.

Assuming 1995 earning patterns similar to those of the 1989 population and assuming continued low county unemployment rates, it is estimated that most of those who are working while on AFDC will likely choose to expand or continue employment in the private sector rather than seek out a community service job paying significantly less than the prevailing private sector wage rate. Furthermore, it is likely that those cases leaving AFDC during the year will not return to community service jobs under current economic conditions.

Furthermore, as many as half of AFDC caseheads leave AFDC and do not have earnings as measured by the employee wage match, suggesting that other factors (i.e. out-migration, reliance upon other family members) may have as much to do with caseload closings as employment. Half of the 1989 cases off AFDC by the 4th Quarter of the year showed no reported earnings during the same quarter, while 38 percent were at or above the \$1,500 level. The average quarterly earnings for those employed were \$2,589. Clearly, replacing AFDC with a rigorous work program could easily result in a dramatic caseload reduction and welfare savings without any increase in family earnings, thereby resulting in an immediate government savings but a net loss of dollars to the local economy.

The following assumptions were used to estimate the number of community service jobs at \$4.25 an hour which would be needed under the conditions laid out in the current welfare reform proposals:

1. Half of all AFDC cases in a given year also have earnings sometime during the same year and evidence at least some attachment to the labor market. Under current economic conditions it is assumed that much of this population will secure, increase or retain employment in the private sector at wages at or above community service jobs levels (but at or below the poverty level). On average this population is better educated and older, and has fewer children and older children. They represent the most able and willing

portion of the current AFDC population who are most likely to seek and obtain employment without assistance.

2. Those who work while on AFDC will prefer to seek out private sector jobs rather than community service jobs. Higher wage private sector employment together with food stamps will remain more attractive than community service jobs for those able to work.
3. Employers will be unwilling to hire a large portion of the AFDC population who are willing to work but have a disability or impairment and who are not eligible for SSI. Current numbers reflect only a portion of the population who would otherwise be required to participate in a work program. It is assumed that the same percent of the exempt population with children under two years will require a supported work environment or become eligible for SSI.
4. A portion of the population will simply not accept the offer of work and will either move or rely solely on food stamps and income from other family members.
5. Many individuals may need part-time community service jobs to supplement their private sector hours.
6. Cases which are not expected to work will continue to receive financial assistance through the child welfare system. This includes caseheads on SSI and cases where the parent is absent and the child is cared for by another relative.

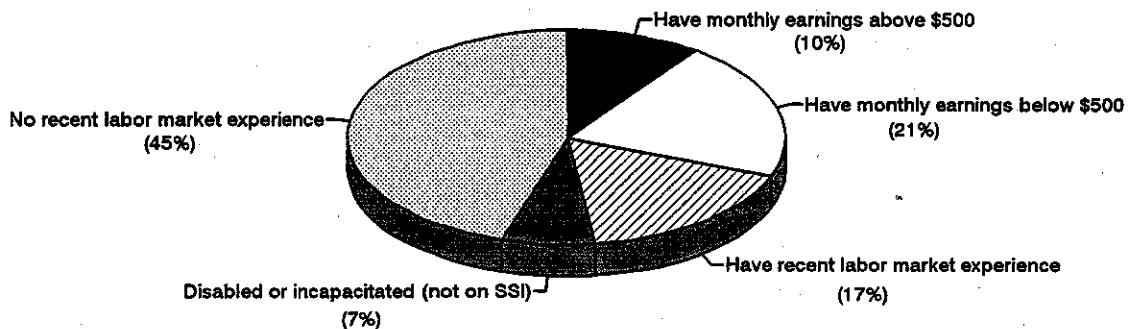
Recent and historical caseload data on the Milwaukee County AFDC population were used to estimate the number of cases working and those needing trial employment or community service jobs.

- Cases with earned income of more than \$500 per month are unlikely to use community service jobs. This population is estimated to be 10 percent of the monthly caseload and 17 percent of the annual caseload.
- Cases with earned income, but less than \$500 a month might need trial jobs. This population is estimated to be 21 percent of the monthly caseload and 20 percent of the annual caseload.
- An additional population may not currently be employed but has worked some time in the last year and will be likely candidates for private sector placements rather than community service jobs. This population is estimated to be 17 percent of the active caseload in a given quarter and 16 percent of the annual caseload.
- An estimated 2,000 some cases are disabled/incapacitated but not on SSI and may need a supported work environment if required to work. This includes the percent of the currently exempt population who would likely be categorized as disabled upon review.

- An estimated 7 percent of the caseheads will not work and will not accept community service jobs. These include 2,000 cases that are currently sanctioned for failure to cooperate with AFDC work programs or for failure to cooperate with the child support agency. It is assumed that these cases will rely on other sources of income as well as increased food stamp allocations, rather than seeking out a community service job.

- The residual AFDC population (17,805) would constitute the maximum number of cases likely needing community service jobs under current welfare reform proposals. Most of this population would consist of the high-risk difficult-to-serve group with education and child care barriers. Many of these individuals may find private employment with assistance and many may fail to follow work program rules. It is estimated that half of this residual population (8,900 cases) will be in community service jobs at any given time.

**Labor Market Experience of Milw. County
AFDC Cases Expected to Work Under W-2**
(Estimated 30,448 Cases Monthly)



- A portion of the population of able-bodied general assistance participants will need community service jobs due to the end of the general assistance program in Milwaukee County. If the 6,938 mostly single men formerly on relief had access to community service jobs, it is estimated based on the general relief work program experience that a third would participate at any given time, with the balance in sanction status.

- In addition to the above populations, there are those poor families and individuals (earning less than 115 percent of poverty) who work but are not on public assistance. It is estimated using 1990 U.S. Census data that 34,469 adults are in this category, none of whom will likely seek out a community service job.

Estimates of Community Service Jobs Required

	<u>Families with Dependent Children:</u>		<u>Food Stamp Only Families:</u>		<u>Not on Public Assistance, Working Poor (115% of Poverty)</u>	<u>FS/GA Annual</u>	<u>ANNUAL TOTAL</u>
	<u>AFDC Monthly Caseload</u>	<u>AFDC Annual Caseload</u>	<u>Food Stamp Monthly Caseload</u>	<u>Food Stamp Annual Cases</u>			
Expected to Work	30,448	35,976	2,146	3,681	34,469	6,938	81,064
Estimated Working, Will Not Need a Community Service Job	-9,439	-13,671	-1,797	-3,136	-34,469	0	-51,276
Not Working, Disabled, Not on SSI	-2,090	-2,300	-199	-294	0	-950	-3,544
Not Working, Not Interested in Community Service Jobs	-2,078	-2,200	-150	-251	0	-3,698	-6,149
Not Working, Needing Community Service Jobs (Maximum)	16,841	17,805	0	0	0	2,290	20,095
(Minimum)	8,420	8,900	0	0	0	1,145	10,050