

1993

Wisconsin Welfare Employment Experiments: An Evaluation of the WEJT and CWEP Programs (1993)

John Pawasarat

University of Wisconsin - Milwaukee, pawasara@uwm.edu

Lois M. Quinn

University of Wisconsin - Milwaukee, lquinn@uwm.edu

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Recommended Citation

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https://dc.uwm.edu/eti_pubs/160

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Employment & Training Institute

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An Evaluation of the WEJT and CWEP Programs**

September 1993

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**Wisconsin Welfare Employment Experiments:
An Evaluation of the WEJT and CWEP Programs**

by

**John Pawasarat
Lois M. Quinn**

September 1993

**Employment and Training Institute, Division of Outreach and Continuing Education Extension,
University of Wisconsin-Milwaukee, P.O. Box 413, Milwaukee, WI 53201. (414) 229-4934.**

Acknowledgements

Individuals from the University of Wisconsin-Milwaukee who assisted with this project included Frank Stetzer, Statistical Consultant, Computing Services Division; Swarnjit S. Arora, Associate Professor of Economics and Director of the Social Science Research Facility; Terry Roehrig, Research Assistant, Employment and Training Institute; Linda Hawkins, Senior Information Processing Consultant, Social Science Research Facility; Okey Peter Akubeze, Information Processing Consultant, Social Science Research Facility; and Dorothy Smith, Administrative Assistant, Employment and Training Institute. Computer consulting was provided by Susan Larsen and Perry Brunelli. Student assistants included Vanessa Higginbottom, Charisse Kendricks, Stephen Kovnesky and Denise Waddy. The study also benefited from interviews provided by present and former state policy makers and administrators, county officials and program operators throughout the state.

We would like to thank James Heckman, Ernest Stromsdorfer, V. Joseph Hotz, Robert LaLonde, Sar Levitan, Mark Greenberg, and Robert Magill, who reviewed the draft of the evaluation report and provided many helpful suggestions and recommendations. We benefited from these reviewers' insights and their commitment to understanding the dimensions and complexities of welfare reform initiatives and employment and training programs.

This project was supported in part by funding from the Wisconsin Department of Health and Social Services and the U.S. Department of Health and Human Services. The opinions expressed herein remain, however, those of the authors.

EXECUTIVE SUMMARY

In 1986 the Wisconsin Legislature authorized the Department of Health and Social Services (DHSS) to implement pilot programs to test the effectiveness of two approaches aimed at reducing AFDC (Aid to Families with Dependent Children) dependency and increasing the economic self-sufficiency of Wisconsin families. This legislation marked a significant change in state policy toward AFDC recipients and was precipitated by concern over rising AFDC caseloads and welfare migration into the state. The most controversial aspect of the legislation was the introduction of a mandatory "workfare" program in which AFDC recipients would be required to work in unpaid community work sites in return for their grant. Two types of county-level programs were established to test the efficacy of increased public expenditures for welfare employment programs:

- A comprehensive program (called **Work Experience and Job Training, WEJT**) to test the effectiveness of the workfare requirement combined with an extensive array of services including remedial education, job search, subsidized employment, job training, day care and supportive services. Those clients not finding work after completing their training were to be required to participate in a mandatory Community Work Experience Program or lose a portion of their AFDC benefits.
- A "workfare" program (called the **Community Work Experience Program, CWEP**) which would require county AFDC recipients to participate in unpaid community service jobs.

This study describes the implementation of the WEJT and CWEP programs in Wisconsin and analyzes program expenditures by county for 1987 through 1990. The evaluation tests whether WEJT and CWEP programs met their identified goals to reduce AFDC dependency and to increase the economic self-sufficiency of families. At the time the new programs were implemented, Job Service was operating limited welfare employment programs (called **WIN/WEOP**, Work Incentive/Wisconsin Employment Opportunities Program) in about one-third of the largest Wisconsin counties, providing mainly job search activities with little or no funding for education and training. Impacts of WEJT and CWEP programs were measured against these Job Service WIN/WEOP programs for counties with comparable populations. In rural counties, program impacts for the WEJT and CWEP programs were also tested against counties with no welfare employment programs in operation.

The evaluation measured the overall impact of these programs on the state's AFDC caseload and separately assessed the impact of county WEJT and CWEP programs operational in 1987 and 1988, according to the research design approved by the state and presented to the Legislature in December 1989. Measures used included 1) percent of cases off AFDC, 2) percent of cases off AFDC with quarterly (three month) earnings greater than \$2,500, and 3) average quarterly earnings. Econometric models were used to analyze the effect of the statewide impact of the waiver experiments and expanded welfare employment programs.

Findings

1. Analysis of Wisconsin AFDC caseloads from 1984 through 1990 showed that AFDC caseloads began declining due to the improving economy well before the welfare reform measures went into effect in most counties. (Unemployment rates dropped from 8.9 percent in February 1986 to 3.4 percent in September 1988.) The analysis also showed a reduction in AFDC cases as a result of the state's six percent cut in AFDC benefits in Fall of 1987. The data did not show reductions in state AFDC caseloads resulting from the new welfare employment programs or from the federal waiver experiments.
2. Most Wisconsin WEJT and CWEP programs did not show success in increasing AFDC families' earnings or reducing AFDC dependency rates when compared to the traditional WIN/WEOP Job Service model. Of 29 county CWEP and WEJT programs studied, only two counties showed increased quarterly earnings for AFDC families and five counties showed reductions in AFDC cases for single parent or two parent cases as of Fourth Quarter 1990 when compared to counties operating under the WIN/WEOP model.

When compared to counties with no welfare employment program, measurable impacts were found in small rural counties which began the WEJT or CWEP program as their first entry into welfare employment and training programs.

3. CWEP programs operating in fifteen counties were compared to counties operating under the WIN/WEOP Job Service model and to counties with no program in operation, to test the impact of the CWEP program over time. Because these CWEP counties had not previously operated welfare employment programs, it was expected that they would show a substantial impact when compared to counties with no program and modest impact when compared to the existing WIN/WEOP model. Impact was assessed for one parent and two-parent families on measures of AFDC reduction in caseload and increased earnings. This summary presents the impact of 1988 county programs in Fourth Quarter 1990. (Tables for 1987 programs and earlier time periods are shown in the full text.)

- For one parent AFDC families only one county (Walworth) out of fifteen was found to have a measurable impact on AFDC caseload in Fourth Quarter 1990 when compared to either the WIN/WEOP model or to no program. When compared to counties with no program in operation, Walworth County showed higher percentages of cases off AFDC with quarterly earnings greater than \$2,500 and Price County showed an earnings impact.

- For two-parent AFDC families, three counties (Iron, Langlade and Walworth) out of fifteen showed declines in AFDC caseloads by Fourth Quarter 1990 when compared with either the WIN/WEOP model or counties with no program in operation. No earnings impact was found for any county when compared to the WIN/WEOP program model. However, three counties (Columbia, Oconto and Price) showed earnings increases when compared to counties with no program.

4. WEJT programs operating in fourteen counties were compared to counties operating the existing WIN/WEOP model. These included five WEJT counties which had previously operated employment programs under the WIN/WEOP model and nine smaller rural

counties, which had not previously operated welfare employment programs. (These nine counties were compared both with comparable WIN/WEOP county populations and with counties operating no program.) It was anticipated that the first time introduction of an employment training and work program would show substantial impacts when compared to no program, and that overall, WEJT counties would show modest but measurable improvements when compared to the WIN/WEOP model. This summary presents the impact of 1988 county programs in Fourth Quarter 1990.

- When one parent AFDC families in fourteen WEJT counties were compared to the existing WIN/WEOP model, none showed impact on AFDC reduction and only one (Iowa) showed an impact on the measure of increased earnings in Fourth Quarter 1990.

- When two-parent AFDC families in fourteen WEJT counties were compared to counties operating the WIN/WEOP model, two counties (Fond du Lac and Green) were found to have an impact on AFDC reduction and one county (Fond du Lac) had an impact on earnings in Fourth Quarter 1990.

- When the nine smaller rural WEJT counties which had not previously operated welfare employment and training programs were compared with counties with no program in operation, only Iowa County showed an impact on AFDC caseloads for single parent families and only Green County showed an impact on caseloads for two-parent families in Fourth Quarter 1990.

- When earnings impacts for the nine rural counties were compared to counties with no program in operation, four of the nine (Green, Green Lake, Iowa and Richland) showed impacts for single parent families and three (Green Lake, Iowa and Juneau) showed impacts on earnings for two-parent families in Fourth Quarter 1990.

5. Clients randomly assigned to the WEJT program in Rock County did not show better success rates by Fourth Quarter 1990 than the control population assigned to existing WIN/WEOP Job Service programs. After three years WEJT participants had yet to show higher percentages of clients off AFDC or improvements in earnings. Fifty-nine percent of WEJT program participants were off AFDC, compared to 69 percent for the control group.
6. The evaluation of WEJT/CWEP was required to study the impact of welfare employment programs and the waiver experiments on caseload reduction and AFDC costs. While DHSS officials submitted reports to the federal government claiming that the Wisconsin welfare employment program and waiver experiments resulted in over \$300 million in federal and state welfare savings from January 1988 through December 1992, analyses of costs and savings using the methodology prescribed by the federal government showed substantial cost increases rather savings. These findings call into question \$148.4 million in federal waiver savings monies the U.S. Department of Health and Human Services awarded to Wisconsin by September 1992.¹ Federal officials searched for but could not locate documentation of the methodology for \$70 million of the award and state officials do not appear to have received approval to deviate from the methodology specified in the federal waiver requirements for other savings claimed.²

Factors Contributing to Lack of Overall Impact of Wisconsin Welfare Employment Programs

Large expenditures of state and federal funds for Wisconsin welfare employment programs have been shown to produce at best only modest impact and in many counties no measurable impact. The impact of these programs was diminished due to the effects of the economy which had begun a rapid improvement in spring of 1987. AFDC caseloads began declining significantly due to the improving economy well before the welfare reform waivers and most WEJT and CWEP programs went into effect. Other factors contributing to the lack of measurable impact of WEJT and CWEP programs include:

1. The failure of DHSS officials to effectively target services to cases likely to remain long term AFDC recipients resulted in training resources going to populations likely to leave AFDC regardless of intervention. Targeting goals were not clearly defined or monitored throughout the implementation of the welfare programs. State officials identified the population of single parent families where the mother had less than a twelfth grade education as a target group most likely to benefit from training. However, this group did not receive any more training than two-parent households or households with a twelfth grade education or better.

During the four years from 1987 to 1990, Milwaukee County received only 17.9 percent of the \$91.6 million spent on employment and training under WEJT, CWEP and JOBS programs, even though the county had 40 percent of the AFDC caseload and 58 percent of AFDC parents without a high school diploma. Instead of targeting financial resources and programs to the population of AFDC recipients most likely to become long-term AFDC cases, state officials developed formulas which resulted in a disproportionate amount of funds being diverted to areas of the state outside Milwaukee County.

2. Lack of adequate participant reporting mechanisms, poor monitoring of program performance, and incomplete financial records severely hampered the ability of state administrators to properly supervise the implementation of welfare employment and training initiatives. Inadequate state level administrative staffing and oversight have been detailed by internal DHSS evaluators and federal and state auditors.³ While the Department's budgeted funds for welfare employment programs were increased from \$12 million in 1986-87 to \$64 million for 1990-91, program expenditures were well below the funding levels, as evidenced by estimated surpluses of \$20.8 million for programs in 1987-88, \$36.9 million in 1988-89 and \$25.3 million in 1989-90.
3. The state legislature's prescribed workfare model for WEJT and CWEP programs was not adhered to by state and county officials. This resulted in the development of a service delivery plan similar to the WIN/WEOP job search model with enhanced services. Consequently, when the performance of WEJT and CWEP programs was compared to the existing WIN/WEOP model program operated by state Job Service, measurable impact was diminished.

Recommendations

1. Develop a statewide strategy for targeting state and federal resources and program emphasis to AFDC recipients most likely to be long-term AFDC recipients and to clients unable to leverage existing training, educational resources, and day care on their own.
2. Establish state funding formulas which allocate employment and training resources based on the proportion of identified target populations residing within each county.
3. Establish and adequately staff fiscal and programmatic structures to ensure timely and complete reporting of expenses, program performance, and follow-up data.
4. Develop uniform outcome measures and reporting requirements for program operators which detail the experience of participants by target group. Report expenditures and participant outcomes annually by county.

Evaluation Design

State efforts to improve the earnings of AFDC recipients and to reduce welfare rolls through support for employment and training programs have had mixed results. Time series analysis of Massachusetts caseloads showed no reduction due to the Employment and Training (ET) Choices Program implemented during the period of an improving economy.⁴ A recent study of the California GAIN program by the Manpower Demonstration Research Corporation found that while the GAIN program did not show significant reduction in AFDC caseloads, participants did show increased earnings and lowered AFDC costs.⁵ A three-year study of the Washington State Family Independence Program found that the program led to a slight reduction in employment and average earnings, while increasing the cases remaining on AFDC and the average grant amounts.⁶

The evaluation of Wisconsin's welfare employment initiatives provides information on the impact of publicly funded programs in order to assist the Wisconsin Legislature in assessing the impact of the last decade of attempted welfare reforms. The evaluation also provides the federal government and other states with data on the impact of one of the nation's early experiments with the kinds of welfare employment programs embraced by the Family Support Act of 1988. State legislation passed in June 1988 (Wisconsin Act 413) required the Department of Health and Social Services to enter into contracts with outside evaluators to assess the impact of the WEJT/CWEP programs and the waiver experiments. State officials selected the University of Wisconsin-Milwaukee Employment and Training Institute to evaluate both the Learnfare waiver and the WEJT and CWEP programs and contracted for reports to the Wisconsin Legislature on the findings by July 1993. In July 1992 DHSS officials cancelled the University's contract to evaluate WEJT/CWEP. Having spent over three years conducting the evaluation, the Employment and Training Institute committed to completing the final stages of analysis and issuing the final evaluation report.

This evaluation tests the impact of the WEJT and CWEP county programs in increasing the labor force participation of AFDC recipients, increasing the earned income of families and improving the long-term economic well-being of participant households. Client impacts were tested one, two and three years after the implementation of the 1987 programs and two years after implementation of the 1988 programs. Data sources used for the evaluation included ten years of AFDC data on all recipients in the state, the AFDC check file of payments from 1980 through 1990, and health care costs since 1985 on a quarterly basis. All counties participating in the evaluation identified and/or reviewed lists of all AFDC clients served in their programs in 1987 and 1988.⁷ Client earnings were collected from the Department of Industry, Labor and Human Relations' statewide employee wage file which includes the quarterly earnings since January 1988 of all Wisconsin employees covered by unemployment compensation reporting requirements.

Client measures used to test the hypotheses included the percentage of AFDC clients off AFDC in the Fourth Quarter (October through December) of 1988, 1989 and 1990; the percentage of AFDC clients off AFDC with earnings greater than \$2,500 (the quarterly equivalent of the minimum income needed to support a three-person family in 1990); average earnings by quarter; and earnings impact by quarter. In two-spouse cases (referred to as "two-parent families") spousal earnings were combined to determine average family earnings and earnings impact by quarter. Single parent cases were analyzed separately to measure impact on this harder-to-serve population.

Absent the use of random assignment, it was necessary to use quasi-experimental methods to evaluate welfare employment programs implemented in most Wisconsin counties. Because the programs were not implemented statewide, it was possible to use comparison county populations to test the effectiveness in 29 counties with WEJT and CWEP programs. In smaller rural counties, the new programs were tested against comparable county populations with no programs and in all counties programs were tested against the traditional Job Service WIN/WEOP programs already in operation. These programs provided mainly job search with some enhanced training and educational programs supported by non-welfare state and federal funds. Milwaukee County was not selected by state officials as a WEJT pilot program in 1987 and received only planning monies in 1988. The late start-up and limited scope of AFDC employment programs in Milwaukee County did not permit the necessary follow-up period for this evaluation of program impact.

Comparison counties were chosen using quarterly unemployment rates for the years 1984 through 1987, immediately prior to the WEJT and CWEP program implementations, matching each of the WEJT and CWEP counties with a set of comparison counties which were similar in unemployment levels and in seasonal unemployment fluctuations. Subsequent unemployment rates were reviewed for the period 1987 through 1990 to insure that county comparison groups did not show substantial deviations during the program implementation. The evaluation study population used for this analysis included the entire county population on AFDC and subject to AFDC work registration by reason of having a two-spouse case or a case with children over five years of age without consideration for exemptions, other than age of the youngest child.

Regression models were used to control for differences between county welfare populations by race, year of birth, highest grade completed in school, number of children, total

months on AFDC since 1980, a teenager as the youngest child, and whether the family had recently migrated to Wisconsin. Measuring outcomes over time by county made it possible to assess the impact of the rapidly expanding welfare employment programs in the state while controlling for associated welfare waiver policies which took effect in late 1988 and 1989.

Results for CWEP Programs in 15 Small Rural Counties

Federal and state regulations for the CWEP program required all participants to perform up to 16 weeks of unpaid community service ("workfare") in return for their AFDC grants. Participation in job search, education and training was allowed but only concurrently with the unpaid community work experience. However, state officials allowed Wisconsin CWEP counties to deviate from the required workfare model and to permit clients to enroll in training or unpaid work experience. Most program participants were not required to perform unpaid work experience and only a few counties enrolled more than half of their participants in the required workfare component. With the encouragement of state officials, most counties while operating under the rubric of CWEP, instead implemented a model similar to WEJT offering clients the option of education, training, job search, or a workfare placement.

In 1987, 54 percent of clients participated in the work experience component. In 1988 the use of the work component dropped to 28 percent. For those programs which were evaluated, use of 1988 CWEP work site placements ranged from a low of 9 percent in Pepin County to a high of 80 percent in Columbia County. As a result, this evaluation cannot assess the impact of workfare as designed, but instead must limit its analysis to the varied program models permitted under the CWEP program as operated in each county.

The table below shows whether CWEP county programs showed any measurable impact on welfare dependency, earnings above poverty or average quarterly earnings when compared with existing WIN/WEOP job search programs. The tables in this executive summary show the impact of 1988 programs in Fourth Quarter 1990. (See the full text for impacts by county for 1987 and 1988 programs as of Fourth Quarter 1988, Fourth Quarter 1989 and Fourth Quarter 1990.) In this comparison only 3 of the 15 CWEP counties showed any measurable impacts for AFDC case reductions and none of the 15 counties showed increased earnings for AFDC cases in Fourth Quarter 1990.

**Do CWEP Programs Show Impact When Compared With Job Service WIN/WEOP Programs?
(1988 AFDC Cases as of Fourth Quarter 1990)**

<u>COUNTY</u>	<u>PERCENT OFF AFDC</u>		<u>PERCENT OFF AFDC WITH QTR. EARNINGS >\$2,500</u>		<u>EARNINGS IMPACT</u>	
	<u>1-Parent</u>	<u>2-Parent</u>	<u>1-Parent</u>	<u>2-Parent</u>	<u>1-Parent</u>	<u>2-Parent</u>
Adams	No	No	No	No	No	No
Burnett	No	No	No	No	No	No
Clark	No	No	No	No	No	No
Columbia	No	No	No	No	No	No
Florence	No	No	No	No	No	No
Iron	No	Yes	No	No	No	No
Langlade	No	Yes	No	No	No	No
Marquette	No	No	No	No	No	No
Oconto	No	No	No	No	No	No
Pepin	No	No	No	No	No	No
Pierce	No	No	No	No	No	No
Price	No	No	No	No	No	No
Rusk	No	No	No	No	No	No
Walworth	Yes	Yes	No	No	No	No
Washburn	No	No	No	No	No	No

Source: Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

When compared to counties which had no program in operation during 1987 or 1988, 3 of the 15 CWEP counties showed improvement in average quarterly earnings for two-parent families while only one county showed earnings improvements for single-parent families.

**Do CWEP Programs Show Impact When Compared With NO Welfare Employment Program?
(1988 AFDC Cases as of Fourth Quarter 1990)**

<u>COUNTY</u>	<u>PERCENT OFF AFDC</u>		<u>PERCENT OFF AFDC WITH QTR. EARNINGS >\$2,500</u>		<u>EARNINGS IMPACT</u>	
	<u>1-Parent</u>	<u>2-Parent</u>	<u>1-Parent</u>	<u>2-Parent</u>	<u>1-Parent</u>	<u>2-Parent</u>
Adams	No	No	No	No	No	No
Burnett	No	No	No	No	No	No
Clark	No	No	No	No	No	No
Columbia	No	No	No	Yes	No	Yes
Florence	No	No	No	No	No	No
Iron	No	Yes	No	No	No	No
Langlade	No	Yes	No	No	No	No
Marquette	No	No	No	No	No	No
Oconto	No	No	No	Yes	No	Yes
Pepin	No	No	No	No	No	No
Pierce	No	No	No	No	No	No
Price	No	No	No	Yes	Yes	Yes
Rusk	No	No	No	No	No	No
Walworth	Yes	Yes	Yes	No	No	No
Washburn	No	No	No	No	No	No

Source: Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

Results for the WEJT Programs in 14 Counties

One of the key goals of WEJT was to provide more education and training activities for welfare recipients. Overall, 27 percent of all WEJT clients took part in some education activity in 1987, including remedial, vocational and technical education programs. In 1988 the proportion of WEJT participants in education increased to 31 percent. Workfare CWEP placements were not emphasized in most counties. In 1987 only one percent of WEJT participants were in CWEP placements and in 1988 the percent grew to only 5 percent.

All fourteen WEJT counties listed below were compared with existing WIN/WEOP programs operated by Job Service in comparison counties. Only Iowa County showed positive impacts for its 1988 WEJT programs for single parent families when compared with existing Job Service WIN/WEOP outcomes. For two-parent families, Fond du Lac WEJT programs showed improvements in percent of cases off AFDC, percent of cases off AFDC with average quarterly earnings above \$2,500, and average quarterly earnings. Green County showed reductions in AFDC for two-parent families.

Do WEJT Programs Show Impact When Compared With Job Service WIN/WEOP Programs? (1988 AFDC Cases as of Fourth Quarter 1990)

COUNTY	PERCENT OFF AFDC		PERCENT OFF AFDC WITH QTR. EARNINGS >\$2,500		EARNINGS IMPACT	
	1-Parent	2-Parent	1-Parent	2-Parent	1-Parent	2-Parent
Crawford	No	No	No	No	No	No
Douglas	No	No	No	No	No	No
Eau Claire	No	No	No	No	No	No
Fond du Lac	No	Yes	No	Yes	No	Yes
Green	No	Yes	No	No	No	No
Green Lake	No	No	No	No	No	No
Iowa	No	No	Yes	No	Yes	No
Jackson	No	No	No	No	No	No
Juneau	No	No	No	No	No	No
Kenosha	No	No	No	No	No	No
Lafayette	No	No	No	No	No	No
Richland	No	No	No	No	No	No
Vernon	No	No	No	No	No	No
Winnebago	No	No	No	No	No	No

Source: Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

Smaller counties operating WEJT programs were also tested against comparison counties operating no welfare employment programs in 1987 or 1988. Two of the 9 rural counties showed reductions in AFDC rates and four showed improvements in average quarterly earnings when compared with no program.

**Do WEJT Programs Show Impact When Compared With No Welfare Employment Program?
(1988 AFDC Cases as of Fourth Quarter 1990)**

<u>COUNTY</u>	<u>PERCENT OFF AFDC</u>		<u>PERCENT OFF AFDC WITH QTR. EARNINGS >\$2,500</u>		<u>EARNINGS IMPACT</u>	
	<u>1-Parent</u>	<u>2-Parent</u>	<u>1-Parent</u>	<u>2-Parent</u>	<u>1-Parent</u>	<u>2-Parent</u>
Crawford	No	No	No	No	No	No
Green	No	Yes	No	No	Yes	No
Green Lake	No	No	Yes	Yes	Yes	Yes
Iowa	Yes	No	Yes	Yes	Yes	Yes
Jackson	No	No	No	No	No	No
Juneau	No	No	No	Yes	No	Yes
Lafayette	No	No	No	No	No	No
Richland	No	No	Yes	No	Yes	No
Vernon	No	No	No	No	No	No

Source: Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

Rock County Findings

One Wisconsin county implementing a new welfare employment program (Rock County) used a classical experimental model where AFDC cases were randomly assigned to the WEJT program or to a control group population which entered the existing Job Service WIN/WEOP job search program. Statistical tests were conducted for differences in the proportion of AFDC clients off welfare after three years and those off AFDC with earnings above \$2,500 a quarter, a rough poverty measure. Clients assigned to the newly funded WEJT program did not show improvements in AFDC rates or earnings compared to clients assigned to traditional Job Service programs operated in Rock County. The findings that the Rock County WEJT program did not lower the percentages of clients leaving AFDC or reduce AFDC costs are consistent with data collected by the state Department of Health and Social Services evaluation staff in 1988 which found that individuals in the WEJT program stayed on AFDC longer and had higher AFDC costs than the control group of AFDC recipients in the program.⁸

Test for Differences in Proportions Off AFDC and Off AFDC With Earnings Greater than \$2500 During Fourth Quarter 1990 in Rock County

	<u>Experimental Population (N = 538)</u>	<u>Control Population (N = 487)</u>	<u>Difference in Proportions</u>	<u>z- Statistic</u>
Percent Off AFDC:				
Total Population	59.29%	68.79%	- .0950	-3.1853
Single-Parent Cases	60.62	65.00	- .0438	-1.1336
Two-Parent Cases	57.28	74.87	- .1759	-3.7892
Percent Off AFDC With Quarterly Earnings Greater Than \$2,500:				
Total Population	22.68%	26.08%	- .0340	-1.2655
Single-Parent Cases	19.38	21.67	- .0229	-0.7079
Two-Parent Cases	27.70	33.16	- .0546	-1.1843

* Significant at .05, one-tailed test.

Percent Off AFDC and Percent Off AFDC With Quarterly Earnings Greater Than \$2500 are unadjusted.

Source: Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

The test for differences in earnings during Fourth Quarter 1990 showed no significant differences in average earnings for cases assigned to the WEJT program. WEJT cases showed average quarterly (October through December) 1990 earnings of \$1,619, compared with \$1,744 for the control population assigned to the existing Job Service program.

Racine County Voluntary Program

State legislation creating the original WEJT pilot projects stipulated that one of the county-operated programs only enroll participants who volunteered. The original design of the Racine County experiment targeted single-parent AFDC cases with one child older than six months and under six years of age, where the client was not pregnant, not enrolled in school and not working more than twenty hours per week. Decisions to shift the focus of the Racine County program to include AFDC cases outside the target group resulted in a much different population being served in 1988 than in 1987. The 1988 population included volunteers plus those AFDC recipients regardless of characteristics who were already enrolled in an education and training program in 1986 or 1987.

The effectiveness of a voluntary approach cannot be adequately evaluated using the Racine County experience. The failure to implement a voluntary program as originally proposed resulted in serious contamination and selection programs. In addition, the state introduction of a mandatory welfare employment program registration requirement in late 1988 for single parents with children ages two through five further limited the analysis. Thus, no conclusions can be drawn concerning the impacts of a voluntary approach.

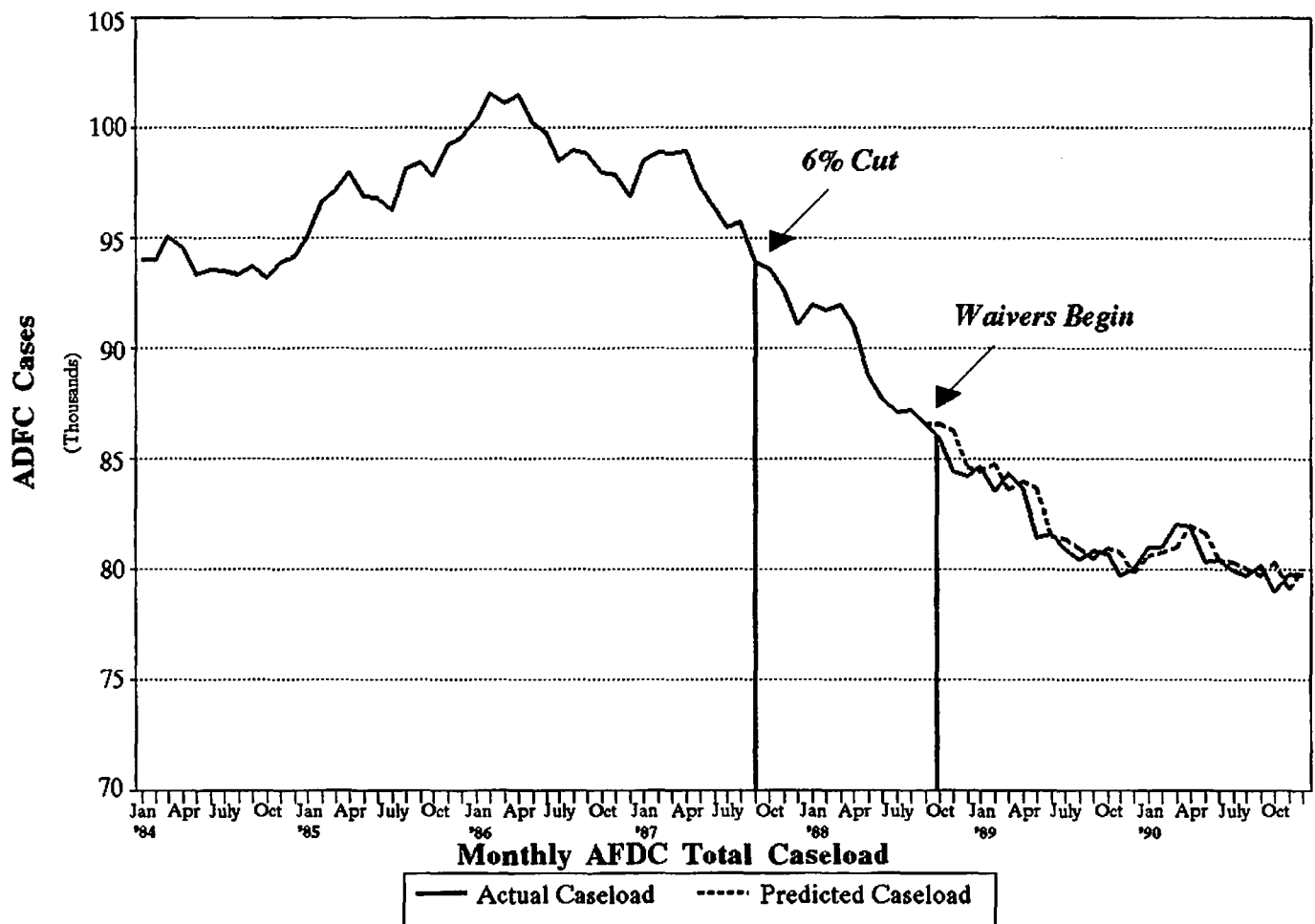
Evaluation Findings of Lack of Statewide Impact

County WEJT and CWEP programs were evaluated individually in order to identify those programs which could provide models for statewide programs as well as county programs which require substantial improvement. The research design for the WEJT and CWEP evaluation required that the effect of 1987 Wisconsin waiver experiments be examined and controlled for in the analysis of the program impact of welfare employment and training programs. These waiver experiments required mandatory welfare employment program registration for an expanded welfare population of adults, including single parents with children over age two; a change in the AFDC income disregard formula for AFDC benefits; and extended medical coverage for employed recipients leaving AFDC.

The type of econometric model prescribed by the federal terms and conditions was used to test for any impact of Wisconsin's welfare demonstration experiments after controlling for the effect of lowering unemployment rates and the six percent cut on the AFDC population and using the actual beginning date of the waivers in October 1988. Monthly AFDC caseloads for the period beginning January 1984 were used to track caseload changes and state unemployment rates, lagged by one month, were used to predict the impact of the economy on fluctuations in the total AFDC caseload during and after the implementation of the waiver experiments beginning in October 1988. Analysis controlled for the September 1987 six percent AFDC benefit reduction through the use of a dummy variable.

The relationship between unemployment rates and caseloads was found to be direct and consistent over time. The econometric model constructed for the time period January 1984 to September 1988 predicted expected caseloads for October 1988 to December 1990 within the established norm of 5 percent for all 27 time periods, indicating that the model was very stable over the estimation and prediction periods and that the implementation of the waiver experiments and programs did *not* show reduced statewide AFDC caseloads.

IMPACT OF WELFARE REFORM WAIVERS USING ECONOMETRIC MODEL



SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

Endnotes

1. Jo Anne B. Barnhart to Gerald Whitburn, DHSS, September 1, 1992.
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CONTENTS

	<u>Page</u>
Acknowledgements	ii
Executive Summary	iii
List of Tables	xx
List of Graphs	xxii
Introduction	1
Commonly Used Abbreviations	2
IMPLEMENTATION OF THE WISCONSIN PROGRAMS	
I. History of Wisconsin Welfare Employment Programs	3
Federal Welfare to Work Legislation	3
Early Wisconsin Welfare Employment Programs -- WIN and WIN-Demo	5
Early Role of Department of Industry, Labor and Human Relations	6
Political Context for the WEJT Program	8
The DHSS Plan for WEJT	9
The DHSS "Vision Paper"	12
DILHR's Response: The DILHR "Vision"	14
Role of the Income Maintenance Unit	16
The Approved WEJT Legislation	17
II. Welfare Reform Initiatives Under Governor Thompson	22
Joint Committee on Finance Deliberations	24
Senate Bill 31 Before the Full Legislature	25
Executive Action and the Governor's Vetoes	26
Six Percent AFDC Benefit Reduction	26
Employment Program Waivers	27
WEJT Expansion	28
Wisconsin Response to the Family Support Act	31
III. State Implementation of the WEJT Pilots	36
Five Counties Selected for First Wave WEJT Implementation	38
Pressure for Legislative Expansion	40
Second Wave Expansion	41
July 1988 DHSS Evaluation Report	42
Issue of Unexpended WEJT Funds	42

IV.	Expenditures For WEJT, CWEP and JOBS Programs	48
	1987 - 1989 Budget Appropriations	49
	Wisconsin Act 413 - Spending the Budget Reduction & Program Expansion	50
	Appropriations versus Expenditure for Welfare Employment Programs	52
	State Formulas for Distributing WEJT, CWEP and JOBS Funds Among Counties	55
	Effect of WEJT Funding Formulas	57
	Funding Formula Differs for CWEP Counties	60
	1989 and 1990 Expenses for WEJT, CWEP and JOBS Programs	60
	1989 Expense Data	62
	1990 JOBS Expense Data	65
	Costs Per Participant by County	68
	Variations in County Costs for Program Components	70

DESCRIPTION OF WISCONSIN WEJT AND CWEP PROGRAMS AS IMPLEMENTED

V.	Description of Work Experience and Job Training Programs	76
	WEJT Participants in Work Experience and Training	77
	WEJT Participants in Education	78
	Post-AFDC Daycare	80
	1987 and 1988 WEJT Expenses	80
	1987 and 1988 WEJT Costs Per Participant	82
VI.	Description of Community Work Experience Programs	84
	Legislative Intent for the Program and DHSS Response	84
	WEJT Use of CWEP: 1987-1988	86
	Stand Alone CWEPs: 1987 and 1988	86
	1987 and 1988 Participants in CWEP Work Site Placements	88
	Use of Education Programs in CWEP Counties in 1987 and 1988	90
	CWEP Expenses for 1987 and 1988	92
	Use of Workfare in 1990	93
VII.	Comparison of the Job Service WIN/WEOP Model with County WEJT/CWEP Programs	95
VIII.	Work Supplementation/Grant Diversion Program	100
IX.	The County Welfare Worker's Role in Implementing Programs	107

EVALUATION FINDINGS

X.	Evaluation Research Methodology	111
XI.	Findings from the Rock County Experiment	118
XII.	Regression Analysis for WEJT/CWEP Counties	125
	Results for CWEP Programs in 15 Small Rural Counties	129
	Results for Douglas, Kenosha, and Jackson 1987 and 1988 WEJT Programs	137
	Results for 8 Rural WEJT Counties Beginning Operation in 1988	140
	Results for 3 Urban WEJT Counties Beginning Operation in 1988	143
XIII.	Racine County's Volunteer Experiment	145
	Impact Analysis of the Target Population	146
	Analysis of Program Impact on the Larger Single Parent Population	149
XIV.	Time Series Analysis of Statewide Welfare Reform Impacts	152
XV.	Analysis of MA Extension and 1/6 Income Disregard Experiments	157
	\$30 and 1/6 Earned Income Disregard Analysis	158
	Analysis of the Statewide Impact of the 12-Month MA Extension	159
	Impact of the 12-Month MA Extension on Family Earnings	163
XVI.	Analysis of Reported Waiver Savings Attributable to the "Wisconsin Welfare Reform Demonstration"	164
	Medicaid Extension	166
	\$30 and 1/6 Earned Income Disregard	168
	Caseload Reductions	169
	Total Welfare "Waiver Savings" Reported to the Federal Government by DHSS Officials	173
	Federal Approval for Wisconsin to Spend Its Welfare "Savings"	175

List of Tables

Do CWEP Programs Show Impact When Compared with Job Service WIN/WEOP Programs?	x
Do CWEP Programs Show Impact When Compared with <u>No</u> Welfare Employment Program?	x
Do WEJT Programs Show Impact When Compared with Job Service WIN/WEOP Programs?	xi
Do WEJT Programs Show Impact When Compared with <u>No</u> Welfare Employment Program?	xii
Test for Differences in Proportions Off AFDC and Off AFDC With Earnings Greater Than \$2500 During Fourth Quarter 1990 in Rock County	xiii
Wisconsin Act 29 - 1985-87 Biennial Budget Act	48
Appropriations Available Following Wisconsin Act 120	49
Wisconsin Act 285 - 1986 WEJT Start-Up	49
Wisconsin Act 27 - 1987-89 Biennial Budget Act	50
Appropriation Increases in Act 413	51
Total Appropriations - Act 27 and Act 413	52
Wisconsin Act 31 - 1989-91 Biennial Budget Act	54
Budgeted Amounts and Reported Expenses for AFDC Employment and Training Programs: 1983-84 to 1990-91	54
Expenditure and Program Cost Ratio Per Year for the Eligible AFDC Population	58
1989 Expenses for WEJT, CWEP and JOBS	62
CWEP -- 1989 Expenses	63
WEJT -- 1989 Expenses	64
1990 JOBS Expenses by Category and County	66
1990 JOBS Participation and Per Component Costs	69
1990 Participant Costs in 36 CWEP/ESP/JOBS Entities	70
1990 Participant Costs in 22 WEJT Entities	71
1990 Participant Costs in Milwaukee County	71
1990 JOBS Participation by Component and County	73
Lead Agency Administering County WEJT Program	76
1987 Participation in Training and Work Experience Activities: WEJT Programs	78
1988 Participation in Training and Work Experience Activities: WEJT Programs	78
1987 Participation in Education: WEJT Programs	79
1988 Participation in Education: WEJT Program	79
1987 and 1988 Expenditures for Post-AFDC Daycare	80
1987 WEJT Expenses by County	81
1988 WEJT Expenses by County and Consortium	82
1987 WEJT Costs Per Participant	83
1988 WEJT Costs Per Participant	83
WEJT County Use of CWEP	86
Lead Agency Administering County CWEP Program	87
CWEP County Use of CWEP Work Site Placements	89
Total Reported Hours Worked for CWEP Participants	89
Number of Participants in Education Programs in 1987 in CWEP Counties	90
Number of Participants in Education Programs in 1988 in CWEP Counties	91
CWEP Contracts and Expenses in CWEP Counties: 1987 and 1988	93
Use of the CWEP or Workfare Component: 1987-1990	94
Counties and Consortia With Increases in CWEP Placements: 1988-1990	94

Percent of Eligible AFDC Recipients Active in Education, Training or Job Search Components in 1987 or 1988: WEJT, CWEP and WEOP	99
1987 Work Supplementation Expenses and Contracts	102
1988 Work Supplementation Expenses and Contracts	103
Work Supplementation Expenses and Wage Payments: 1987-1990	105
Percent of AFDC Cases With Mandatory Status in Any Quarter of 1988	109
Variables Available Within Each Database	114
Population on AFDC in 1987: Balance of the State	116
Population on AFDC in 1988: Balance of the State	116
Rock County: Test for Differences in Proportions Off AFDC and Off AFDC With Earnings Greater Than \$2,500 During 4th Qtr, 1990	118
Test for Differences in Mean Earnings During 4th Qtr, 1990	119
Number of Participants in Experimental and Control Groups Job Training and Job Search Programs	121
Test for Differences in Proportions Off AFDC During 4th Qtr, 1990	122
Test for Differences in Proportions Off AFDC and Off AFDC with Earnings Greater Than \$2,500 by Program Component During 4th Qtr, 1990	123
Test for Differences in Mean Earnings by Program Component During 4th Qtr, 1990	124
Impact of Welfare Employment Programs on 1987 AFDC Clients: CWEP87 - 1 Parent Families	131
Impact of Welfare Employment Programs on 1987 AFDC Clients: CWEP87 - 2 Parent Families	132
Impact of Welfare Employment Programs on 1988 AFDC Clients: CWEP87 - 1 Parent Families	133
Impact of Welfare Employment Programs on 1988 AFDC Clients: CWEP87 - 2 Parent Families	134
Impact of Welfare Employment Programs on 1988 AFDC Clients: CWEP88 - 1 Parent Families	135
Impact of Welfare Employment Programs on 1988 AFDC Clients: CWEP88 - 2 Parent Families	136
Impact of Welfare Employment Programs on 1987 AFDC Clients: WEJT87A - 1 Parent Families	138
Impact of Welfare Employment Programs on 1987 AFDC Clients: WEJT87A - 2 Parent Families	138
Impact of Welfare Employment Programs on 1988 AFDC Clients: WEJT87A - 1 Parent Families	139
Impact of Welfare Employment Programs on 1988 AFDC Clients: WEJT87A - 2 Parent Families	139
Impact of Welfare Employment Programs on 1988 AFDC Clients: WEJT88A - 1 Parent Families	141
Impact of Welfare Employment Programs on 1988 AFDC Clients: WEJT88A - 2 Parent Families	142
Impact of Welfare Employment Programs on 1988 AFDC Clients: WEJT88B - 1 Parent Families	144
Impact of Welfare Employment Programs on 1988 AFDC Clients: WEJT88B - 2 Parent Families	144
Test for Differences for Racine County Target Population	148
Test for Differences in Racine County WEJT and WEOP Programs and No Treatment: All Single Parent Cases	150
Results of Econometric Model Using Auto Regressive Correction Controlling for Economic Changes and the Six Percent Benefit Cut	156
Estimated Net Costs or (Savings) for the MA Extension Experiment: 1989 and 1990	161
Earned Income and Excess Hours Medical Extension Experiment: AFDC and Health Care Costs	162
Earned Income and Excess Hours Medical Extension Experiment: Labor Force Participation and Earned Income	162
Federal Waiver Savings Claimed by the State of Wisconsin	174
Estimated Cost Impact of Wisconsin Waiver Experiments	176

List of Graphs

AFDC Welfare Employment Programs: State GPR Funding Budgeted and Expended	53
AFDC Welfare Employment Programs: Federal Matching Funds Budgeted and Expended	53
Outcomes for the Rock County Experiment by 4th Quarter, 1990: Single Parent Families	120
Outcomes for the Rock County Experiment by 4th Quarter, 1990: Single Parent Families	120
Impact of Welfare Reform Waivers Using Econometric Model: Statewide Monthly AFDC Total Caseload	155
DHSS Projected Caseload Trends Used to Claim Waiver Savings	171
Impact of Welfare Reform Waivers Using Econometric Model: 1984-1990	172

INTRODUCTION

This evaluation provides a detailed study of the implementation of Wisconsin welfare employment programs, traces the allocations and expenditures of programs by county from 1987 through 1990, and assesses the impact of county welfare employment programs two and three years after their implementation. The first part of the evaluation report provides a history of the creation and funding of welfare employment programs in Wisconsin. Chapter One describes the workfare and comprehensive employment and training models developed in the mid-1980s and passed by the state Legislature. Decisions to emphasize the role of the income maintenance unit and transfer administrative control from the state employment service are examined in the context of earlier state "WIN" programs. Chapter Two provides a discussion of the expansion of these programs and the federal government's role in providing waivers for Social Security Act experiments. The decisions of the state Department of Health and Social Services in selecting and implementing pilot programs under the 1986 welfare employment program initiatives are discussed in Chapter Three. The delays in starting up the program and political pressures to expand the program before the pilots were implemented and evaluated created a large fund of public monies dedicated to welfare employment programs. Chapter Four provides a description of legislative appropriations and expenses and surpluses accrued during the first four bienniums of the programs. State formulas for distributing WEJT, CWEP and JOBS monies are presented along with the spending figures (total and per capita) by county for 1987, 1988, 1989 and 1990.

The second section of the evaluation report presents descriptions of the Wisconsin Work Experience and Job Training (WEJT) Program and the Community Work Experience Program (CWEP) as they were implemented in the counties. Chapter Five provides a description of the WEJT programs, Chapter Six examines the use of "workfare" in the CWEP counties, and Chapter Seven compares the Job Service WIN/WEOP model with county WEJT and CWEP programs. The Work Supplementation/Grant Diversion Program received little use in the state, as detailed in Chapter Eight. Chapter Nine completes the program description by detailing the county welfare workers' role in implementing Wisconsin welfare employment programs.

The findings of the evaluation are presented in part three. Chapter Ten provides a description of the methodology approved for the evaluation by the state Department of Health and Social Services and details the data sources used for the study. The evaluation tested the impact of WEJT and CWEP programs for 31 counties. Chapter Eleven provides the hypothesis testing of the program impacts on program participants in Rock County where AFDC clients were randomly assigned to experimental and control groups. Chapter Twelve presents the evaluation findings for 29 counties implementing WEJT and CWEP programs in 1987 and 1988, using comparison counties with no program or with Job Service WIN/WEOP programs. The limitations of the data available for Racine County, which was expected to test program impacts for a voluntary population, are presented in Chapter Thirteen.

In addition to county level analysis, the evaluation tested the overall impact of Wisconsin's welfare employment programs and waiver experiments using econometric models consistent with the federal waiver requirements for the state. This analysis is presented in Chapter Fourteen. The statewide impacts of the federal waiver experiments for the medical assistance extension and earned income disregard experiments are provided in Chapter Fifteen. Finally, state officials' calculations of welfare costs and savings are described in Chapter Sixteen, along with the evaluation findings of these costs and savings using the methods prescribed in the federal waiver.

Commonly Used Abbreviations

AFDC	Aid to Families with Dependent Children
AFDC-R	Aid to Families with Dependent Children - Regular (one-parent) cases
AFDC-U	Aid to Families with Dependent Children - Unemployed Parent (two-parent) cases
CWEP	Community Work Experience Program, commonly known as "Workfare"
DHHS	U.S. Department of Health and Human Services
DHSS	Wisconsin Department of Health and Social Services
DILHR	Wisconsin Department of Industry, Labor and Human Relations
ESP	Employment Search Program
GPR	state General Purpose Revenues
IM	income maintenance
JOBS	federal Job Opportunities and Basic Skills Training Program of the Family Support Act of 1988
JTPA	federal Job Training Partnership Act of 1982
MA	Medical Assistance
OBRA	federal Omnibus Budget Reconciliation Act of 1981
OJT	on-the-job training
VTAE	Wisconsin Vocational, Technical and Adult Education (community college) system
WEJT	Wisconsin Work Experience and Job Training Program
WEOP	Wisconsin Employment Opportunities Program, also referred to as WIN/WEOP
WIN	Work Incentive Program
WSP	Work Supplementation Program

Chapter One

HISTORY OF WISCONSIN WELFARE EMPLOYMENT PROGRAMS

The federal program of Aid to Dependent Children, later known as Aid to Families with Dependent Children (AFDC), began in 1935 as part of the Social Security Act. The original legislation was devised to provide financial assistance to widowed mothers so that they would not have to work outside the home. A Report of the Committee on Economic Security, submitted to President Franklin Roosevelt in 1935, stated this intention

... to release from the wage-earning role the person whose natural function is to give her children the physical and affectionate guardianship necessary not alone to keep them from falling into social misfortune, but more affirmatively to rear them into citizens capable of contributing to society.¹

Although proposed as a temporary relief program, the number of families receiving AFDC increased dramatically over the next half century.

Federal Welfare to Work Legislation²

Beginning in the 1960s when AFDC eligibility was extended to two-parent families with an unemployed parent (AFDC-UP), the direction of welfare policy shifted from programs that simply distributed aid to ones that actively attempted to reintegrate welfare recipients, and particularly male caseheads, into the labor force. A study by the Congressional Budget Office attributes three major factors for the emphasis in the 1960s on work programs for welfare recipients. First, the creation of AFDC-UP placed unemployed fathers on the welfare rolls, and these men were viewed as able and expected to work. Secondly, the 1960s saw a tremendous increase in the number of families receiving AFDC and governmental costs for the AFDC program. And, finally, the Congressional Budget Office suggests that societal attitudes toward women in the labor force had changed, with mothers of school-age children increasingly employed or expected to be employed to supplement the family income.³

Amendments to the Social Security Act in 1962 placed more emphasis on provision of social services and work programs. States were encouraged by 50 percent federal matching funds to establish community work programs with little training involved. Further efforts to redirect welfare policy occurred with Title V of the Economic Opportunity Act of 1963. This legislation established federally supported Work Experience and Training demonstration projects that stressed vocational training, day care supportive services, education and work experience programs for men receiving AFDC-UP and for out-of-school dependent teens.

In 1968 the Work Incentive Program (WIN) was created through a series of amendments to the Social Security Act. Considered the centerpiece of federal welfare employment training policy, the WIN amendments were intended to assist AFDC recipients in obtaining employment with sufficient earnings to end their need for welfare benefits. Detailed federal regulations

dictated WIN's program design and operation, with WIN administered jointly at the federal level by the Department of Labor and the Department of Health, Education and Welfare, and at the state level by the welfare department and the state employment agency. Rather than immediately providing clients with job search activities, the WIN program in its early years stressed classroom training and supportive services for client volunteers. Incentives were introduced to encourage AFDC recipients to seek employment, including the concept of a "\$30 and 1/3 income disregard." Under this provision, the first thirty dollars and 1/3 of the remaining amount of any earnings of employed AFDC recipients were "disregarded" when calculating their AFDC benefit levels. The \$30 and 1/3 policy increased the income for employed AFDC recipients but also enabled more working poor families to qualify for AFDC.

During the early 1970s the federal government shifted WIN's program emphasis away from classroom training to direct job placement. The 1971 Talmadge amendments mandated that one third of WIN funds be earmarked for on-the-job training and public service employment and required all adults on AFDC to participate in the revised WIN program (often called "WIN II") unless they were exempted for a specified "good cause" reason. (The most common exemption allowed for parents with children under the age of six.) The mandatory features of WIN II also led to the development of administrative procedures for determining compliance, administering sanctions, and fair hearings.

Beginning in 1975 WIN II was redesigned and began to shift back to its original focus on a combined use of employment search, long-term training, and supportive services. To emphasize the importance of work, "WIN II Redesign" participants were required to register with the local employment service, and the state employment service was positioned in a dominant administrative role. During this period a number of innovations in the employment search program component were developed, including the "Job Club" concept.

In the early 1980s major changes occurred in federal welfare employment and training programs. The Reagan Administration proposed that a national workfare program replace the WIN II Redesign. Instead, Congress continued the WIN program, but expanded the program options available to states. Under the Omnibus Budget Reconciliation Act (OBRA) passed by Congress in 1981 and the 1982 Tax Equality and Fiscal Responsibility Act (TEFRA), states were allowed to require AFDC recipients to participate in

1. Community Work Experience Programs (CWEP) or workfare programs;
2. Work Supplementation programs, intended to provide private sector on-the-job training, using the AFDC grant to subsidize up to six months of employer costs for hiring AFDC recipients;
3. WIN Demonstration programs which eliminated the controversial dual administrative structure required under WIN, increased state flexibility in program design, and reduced federal reporting requirements. "WIN Demo" programs required approval at the federal level from the Family

Support Administration in the Department of Health and Human Services and were administered at the state level by the agency responsible for the AFDC program.

4. an employment search component for up to 16 weeks in the first year and 8 weeks a year thereafter, which under TEFRA could be made mandatory.

While these four new options permitted increased flexibility of programs for AFDC clients, the Reagan Administration reduced federal support for WIN dramatically. Between 1980 and 1987 federal WIN monies were cut from \$395 million to \$133 million. Under the federal legislation, states were required to operate a WIN or WIN Demo program, financed 90 percent by the federal government up to a fixed amount. States also had the option of creating Community Work Experience Programs, Job Search or Work Supplementation programs supported with an unlimited amount of federal funding, but at a lower 50 percent federal match. Not surprisingly, most states used their WIN or WIN Demo allocation at the 90 percent federal reimbursement level and made little use of federal funding allowed under the lower matching rate. States could, however, mix funds and program emphasis.

Federal government funding formulas for welfare employment program experiments during this period of dramatic cuts in WIN funding resulted in many states limiting their programs to job search rather than longer term and more expensive human capital training options aimed at improving client skills and removing barriers to employment. Few state programs offered training and remedial education programs and some programs began to exclude participants with little prior work history or severe educational deficiencies.⁴ As the federal government reduced its WIN allocations, states relied increasingly upon federal Job Training Partnership Act program appropriations for more expensive training options for welfare recipients.⁵

Early Wisconsin Welfare Employment Programs -- WIN and WIN Demo/WEOP

Wisconsin began operating a Work Incentive Program (WIN) for AFDC recipients in Milwaukee in 1968. Wisconsin's WIN Program evolved from a voluntary client program to a mandatory approach with heavy emphasis on job placement and was operated jointly by the Department of Health and Social Services (DHSS) and the Department of Industry, Labor and Human Relations (DILHR), with a separate administrative unit within each department. DILHR was responsible for the employment and training of clients through its Job Service Offices located in each county and received approximately 80 percent of the funding, while DHSS provided social services and day care through county departments of social services. When the budget for WIN was cut by one-third in late 1981, DHSS disbanded its separate administrative unit completely, eliminating the role of welfare social services in the counties. Job Service employment services under WIN were scaled back to the largest 27 counties, where 70 percent of the AFDC population was concentrated. In 1986, given additional federal cuts in WIN funding, Wisconsin reduced the number of counties in the WIN program to 22 and limited its

welfare employment program to primarily job search activities with little funding available for training, education or supportive services. Under this arrangement, DHSS essentially abandoned its role in WIN; all supervisory personnel, staff and support staff were located in Job Service, which also maintained the management information system and staff support. Until 1987 the WIN program was operated solely by Job Service which provided job search assistance, and assumed responsibility for child care payments previously handled by county departments of social services. With limited funds for employment training and supportive services, DHSS had no operational role in welfare employment programs.

In 1983 under Democratic Governor Anthony Earl, the State of Wisconsin applied for and received federal approval to operate a WIN Demonstration program, called the Wisconsin Employment Opportunities Program (WEOP). The Department of Health and Social Services, the federally designated state agency responsible for the program, chose not to administer the "WIN Demo" and instead signed a sole-source agreement with Job Service to operate the program, with DHSS serving as a conduit for the funds. Wisconsin did not request permission to operate either Community Work Experience Program (CWEP) or Work Supplementation programs as part of its "WIN Demo" proposal, but placed the focus of WEOP on employment search, as did most states.

Wisconsin's "WIN Demo" project began on September 30, 1983, utilizing unspent DILHR funds for start-up costs. Under the program AFDC clients were immediately referred to a job search component, except when there was an obvious need for assessment of the client's employability. The state's rationale for this approach was that WEOP should begin with the least costly methods for obtaining employment and that clients should be exposed to the employment market before any other actions were taken. During the first years of WEOP, registration in the program was not mandatory for AFDC recipients. However, beginning in June 1986, WEOP registration became a condition of eligibility for receiving AFDC. Noncompliance with the WEOP requirements could result in the client being sanctioned, that is, having the family's AFDC benefits reduced.

Early Role of the Department of Industry, Labor and Human Relations (DILHR)

The Wisconsin Department of Industry, Labor and Human Relations (DILHR) operated three major employment and training programs, in addition to its responsibility for operation of the state unemployment compensation system.

1. Job Service's Labor Market Exchange Program was funded through the federal Wagner-Peyser Act operated in local offices throughout the state to match employer hiring needs with those of job seekers.
2. The Job Training Partnership Act (JTPA) program which replaced the Comprehensive Employment and Training Act was operated by DILHR's Employment & Training Policy Division and administered through

seventeen independent locally controlled service delivery areas. A substantial portion of JTPA funds were earmarked to address the employment needs of the welfare population.

3. The WEOP welfare employment program was operated by Job Service with federal funds passed through from DHSS.

By the mid-1980s Wisconsin employment and training programs for persons of all income levels were spread out over 40 programs administered by twelve departments within the state and federal governments, with over half of these funds in the Department of Industry, Labor and Human Relations.⁶ State programs reflected the wide array of federal initiatives which had evolved since the 1930s. However, concern over federal budget cuts forced state officials to consider coordinating these often unrelated and overlapping systems to increase program effectiveness through policies which encouraged cooperation.

Beginning in 1981 substantial and continuing reductions in federal Wagner-Peyser funding for Job Service coupled with similar cuts to the WIN program jeopardized DILHR's ability to maintain county offices throughout the state, and categorical aids such as WIN/WEOP monies became an increasingly important source of funding for Job Service. In 1982 DHSS Secretary Donald Percy of DHSS and DILHR Secretary Lowell Jackson agreed to shift WIN/WEOP funding and program emphasis, giving over the WIN program to Job Service and disbanding the DHSS role. Job Service chose to shift the emphasis of the WIN/WEOP program to a lean labor exchange program comprised mostly of a job search component for individuals in 27 counties rather than the more extensive range of services previously provided under the joint DHSS/DILHR program. The Job Service WIN/WEOP staff was reduced by two-thirds, from 300 to 100 employees. The impact of this decision, precipitated almost entirely by federal budget cuts, would be the major argument used in 1986 and 1987 to shift administrative and programmatic control of the AFDC welfare employment programs back from DILHR to DHSS.

Federal funding cuts continued into the mid-1980s, forcing additional reductions in positions allocated for Job Service. In 1985 alone, Wagner-Peyser reductions resulted in the elimination of 38 positions in central and local offices.⁷ As losses in WIN and Wagner-Peyser monies threatened the ability of Job Service to maintain the quality of WIN/WEOP programming, Job Service grew increasingly dependent on WIN/WEOP funding to maintain its system of statewide offices. Some policy makers in both DILHR and DHSS remained uncomfortable with the limited focus of WIN/WEOP, the lack of intensive services, and a program model involving little client contact or case management.

State plans to broaden the WIN/WEOP program were severely curtailed in Fiscal Year 1986 by further Reagan Administration reductions in WIN funding. The federal budget for that year included significant cuts in the funding available for "WIN Demo" programs. Consequently, beginning in May 1986, Wisconsin reduced the number of active "WIN Demo" programs from 29 to 22 counties and one tribal reservation. Federal cuts also forced

WIN/WEOP to primarily emphasize employment search programs with little money remaining for training options or supportive services.

Political Context for the Wisconsin Work Experience and Job Training (WEJT) Program

As welfare reform became an issue of national and state interest, members of both political parties began portraying welfare as a barrier to independence for AFDC clients. Federal policy initiatives emphasizing workfare became increasingly popular, particularly with the introduction of 1981 OBRA legislation allowing states to require AFDC participants to work off their grants through labor in public service projects. This approach required recipients to work the number of hours required to "earn" their AFDC grant at minimum wage. Many states initiated programs under the rubric of workfare. However, throughout the early 1980s few AFDC participants were actually required to work off their grants in these so-called workfare programs.⁸ A General Accounting Office report suggested that states, in response to public opinion and political pressure, created workfare programs which gave the impression that welfare recipients were being compelled to work, but in most programs job search was the only required activity, with the controversial workfare component playing only a minor role. Furthermore, problems of programs "creaming" the best AFDC clients for workfare through use of screening and exemptions raised serious questions about the workfare program's effectiveness in targeting the long-term welfare dependent population. The workfare concept was also criticized as unfair by opponents because of its perceived punitive nature, requirement that participants work at wages below those of regular employees, and placement of welfare clients in jobs considered "make work" or demeaning. Several studies of workfare participants suggested, however, that many clients supported community service work.⁹

In Wisconsin by the time workfare had become a major policy issue in 1985, WIN/WEOP continued its evolution into an under-funded program unable to deal with the increasing number of AFDC recipients required to participate in the program. For over twenty years state policies attempting to address the increasing AFDC welfare caseload revolved around the WIN program with changes in emphasis largely dictated by federal policy. As the WIN program evolved, the state shifted its program emphasis increasingly toward a mandatory work search requirement in which Job Service was the primary program provider, focusing its employment assistance efforts on individual job search activities, job clubs and structured job search. Investments in strategies to address barriers to employment through education and social services were largely abandoned given federal budget cuts to the WIN program. However, the absence of human capital investment strategies and lack of resources frustrated state policy makers as increasing numbers of recipients overloaded the Job Service system. Large numbers of recipients expected to work were reported unserved in "hold status" or "unassigned status" (i.e. enrolled, but not receiving the required services).¹⁰

DHSS administrators, who had largely abandoned their role as active participants in the WIN effort through creation of a Job Service-run WEOP program, now found themselves facing a renewed political interest in fixing the "welfare mess." The political climate in Wisconsin

preceding the creation of the Work Experience and Job Training Program was influenced by an increasing public concern about rising AFDC caseloads, conjecture about the effect of Wisconsin's high AFDC benefit rates on welfare migration from other states, and concerns about overall inadequacy of the AFDC system as a contributing factor to dissolution of the family.

Within DHSS responsibility for WIN rested in the income maintenance unit, but key administrators in that unit showed little interest in operating or assuming control over the WIN/WEOP system. However, Division of Policy and Budget staff began formulating new policy options in response to renewed political interest in welfare reform. Peter Tropman, then director of the DHSS Division of Policy and Budget, his staff and selected staff from the income maintenance section introduced a framework for legislative initiatives. This framework was designed to undo the "monolithic" WIN/WEOP model, replace it with a program providing more intensive training and supportive services, reassert the local county role in the operation and delivery of social services, and move programmatic and financial control from Job Service to DHSS.

The establishment of the Work Experience and Job Training legislation in 1986 marked a significant milestone in Wisconsin's political approach to welfare policy through the institution of a mandatory work requirement for AFDC recipients. Among key legislative players in welfare reform, Senator Joseph Strohl (D-Racine) was particularly vocal regarding the need to institute changes in the state welfare system. Strohl was the primary author of the WEJT enabling legislation, proponent of its expansion, advocate of workfare, and was credited with developing the original WEJT program with DHSS. Representative Thomas Loftus (D-Sun Prairie) and Institute for Research on Poverty staff at the University of Wisconsin worked closely with DHSS Policy and Budget staff on a Child Support Assurance Program designed to provide incentives for single parent low-wage workers to work more hours through wage supplements and to insure better collection of child support payments. Representative Joseph Andrea (D-Kenosha) promoted AFDC benefit cuts as a way to address concerns raised about welfare migration resulting from relatively high Wisconsin AFDC benefit levels.¹¹

While the initial WEJT legislation was largely credited to the leadership of DHSS and Senator Strohl, it represented a significant compromise among competing political perspectives on welfare and workfare requirements. WEJT was introduced in the summer of 1985, when the Wisconsin State Legislature passed Wisconsin Act 29, the biennial budget for 1985-87, which authorized a total of \$6.3 million for the development of a new employment and training program. Act 29 directed the Department of Health and Social Services to develop a WEJT plan and submit it to the Legislature by September 1985.

The DHSS Plan for WEJT

On September 17, 1985, DHSS Secretary Linda Reivitz forwarded guidelines for the new employment and training plan to legislative leaders Fred Risser (D-Madison) and Loftus. Reivitz detailed how the department would use the \$6.3 million allocated for employment job

training to develop programs which would result in a "250% increase in the number of AFDC recipients engaged in on-the-job training and work experience placements so that an additional 18,000 Wisconsin AFDC recipients will have access to the employment and training services they need to move from public assistance to unsubsidized employment." The Legislature's appropriation would result, according to Reivitz, "in opportunities for some 12,000 clients to be served in work programs and some 6,000 to be served through vocational training and education activities during the 1985-87 biennium."¹²

The department plan noted that the San Diego Search and Work Demonstration Program, the Massachusetts Employment and Training Choice Program, and WIN/WEOP had been studied in developing the Wisconsin initiative. According to Reivitz, the Wisconsin WEOP program had some shortfalls, particularly its lack of funds necessary to serve many of its enrollees, and she expressed the department's frustration with WIN/WEOP.

The primary problem faced by Wisconsin is that it lacks the resources and program capacity to meet the demand for work programs and education and training programs, and to provide the necessary support services to allow participation. WEOP is unable to serve all 48,000 who are enrolled each year (20,000 of which are new registrants) and provide them with an adequate number and range of work placements and training opportunities.

At any one time, approximately 40% of the WEOP caseload is an "unassigned status," which means they are in between scheduled activities or are not receiving services. This large number of eligible but inactive recipients is an indication that the demand for services far exceeds the funds available to provide them.¹³

Reivitz noted that the new WEJT initiative "... builds on those parts of our existing [WEOP] program which are working well, expands services which are currently insufficient in meeting needs, and incorporates new approaches in targeting groups with special needs."¹⁴ The target groups identified in the DHSS plan were long-term welfare recipients, youth deemed "at-risk" of becoming long-term welfare dependents, and families with two unemployed parents. Special programs were also planned for Native Americans and clients in need of bilingual education. Other highlights of the plan included an increase in on-the-job training and work experience placements, state funding of county administrative costs for Community Work Experience Programs, increased money for vocational and remedial education, expansion of the "Economic Self-Sufficiency Initiative" for at-risk youth, and funding of WEOP programs for two previously unserved counties. The proposal also included an emphasis on coordination of services with the federal Job Training Partnership Act, the VTAE (Vocational, Technical and Adult Education) community college system, and county social services departments in order to expand use of existing resources to an additional 2,000 clients. The Work Experience and Job Training Program package stressed reallocation of proposed AFDC grant increases into the WEJT program and a 12-month extension of medical assistance for employed recipients. The workfare

compromise promoted training first and a workfare requirement for recipients who had not found employment after training and job search.

From the beginning, DILHR administration and staff viewed the WEJT initiative with skepticism and caution. While Reivitz's promises of increased services and training seemed exaggerated in the eyes of DILHR staff,¹⁵ it was important to Job Service to become an active participant in the design and implementation of the new program in order to position itself to remain the primary delivery system. Helene Nelson, Deputy Director of DILHR in 1986, had formerly served as deputy at DHSS and used her contacts there to play the key role in negotiations with DILHR. Within DILHR Nelson pushed for consolidation of Job Service and JTPA to provide services more effectively and to reduce unnecessary duplication -- a concept later to be implemented as Job Centers. This theme of coordinated services, leveraging services from existing programs and more effective delivery systems through case management remained a major policy initiative and one of considerable controversy within DILHR. In fact, it would take over five years for the Job Center concept to move beyond the pilot stage.

As Nelson continued to meet with DHSS through the summer of 1985, DILHR staff expected that the funds for WEJT would flow to Job Service. Although staff at DHSS had advanced the concepts of pilots and expansion of services through the counties rather than Job Service, these ideas had not yet been approved by DHSS management. Throughout the fall, DILHR participated in DHSS discussions on the design of the WEJT initiative as part of the DHSS Employment and Training Task Force.¹⁶ In these meetings DHSS staff indicated that the WEJT legislation was the "result of practicality, politics and good public policy" and that DHSS wanted "efficient and speedy program implementation with more immediate program results."¹⁷

However, after the DHSS WEJT plan was provided to the Legislature in September, DILHR began to understand that the new monies for WEJT might not be going to Job Service as they had anticipated. DILHR staff came to realize how deep-seated the frustrations of DHSS staff were regarding Job Service's operations of the WIN/WEOP program and the implication this might have for funding and management of the WEJT program. When DHSS indicated that most of the new money would not go directly to Job Service but would be let out through a competitive RFP process in order to insure the best possible services for clients. Nelson warned, "If DHSS simply 'RFP'd' these monies to a variety of groups for a variety of purposes, we would regress, rather than progress, towards the Governor's goal of a well-integrated delivery system. In some areas, the resources proposed may not be sufficient to achieve the intended results."¹⁸

In October 1985, the Legislature began debate on the new program. Senate Bill 361, authorizing the new program, was introduced on October 3, 1985, with thirteen state senators listed as sponsors and thirteen representatives listed as cosponsors. In a letter to the Legislature Governor Earl threw his support behind the Senate WEJT proposal, calling the DHSS plan a fair yet tough approach. Earl stated his support of welfare work programs, a concession from his earlier position, arguing, "The Department plan ... assures through the development of standards and model programs that community work experience jobs are fair-work, not just workfare..."¹⁹

SB 361 authorized DHSS to administer a work experience, job search and employment training project, provide supportive services including child care and transportation reimbursement, and reimburse counties for the administrative costs of operating a Community Work Experience Program. Following hearings in the Senate and Assembly, a number of amendments were considered in the Senate, including changes in the level of state reimbursement for county CWEP administrative costs, creation of a county-level CWEP council, provision for sanctioning AFDC clients who failed to comply with CWEP regulations, and restrictions on types of government jobs that could be used as CWEP placements. Only thirteen days after its introduction in the Senate, an amended WEJT bill passed by a unanimous vote.

Soon after receiving SB 361 from the Senate, the Assembly voted to create an Assembly Select Committee on Work Incentives. It was this committee, chaired by Representative John Antaramian (D-Kenosha), which put together the detailed WEJT plan passed by the Legislature and which advanced most of the elements of subsequent welfare reform initiatives. The Antaramian Committee studied the current WIN/WEOP program and the WEJT program as outlined in SB 361. For its deliberations, the committee requested a more detailed proposal from DHSS for an employment and training program for AFDC recipients. The result was the DHSS "Vision Paper" that was presented to the committee at its first meeting on November 21, 1985.²⁰

The DHSS "Vision Paper"

In its "Vision Paper" the Department of Health and Social Services presented its plan to resume the role DHSS had previously performed under WIN by providing social services (drug and alcohol treatment, mental health, parenting skills, day care and transportation) through case management designed to provide personalized, intensive services to clients and better employment placements than existed under WIN/WEOP. Under WIN, social workers in each county social service unit provided social services to prepare clients for employment search and training. The new DHSS expectation was that county departments of social service would once again assume responsibility for providing the continuum of services offered under WIN II and thereby dismantling the "monolithic" WIN/WEOP model operated by Job Service.

A controversial addition to previous WIN models was the requirement that participants work in a Community Work Experience Program for 16 weeks if they did not find employment after completing the job search or training components. This requirement was the first formal position DHSS had taken on workfare as the department redesigned its employment and training programs. CWEP placements, the department posited, would "be used to enhance skills and complement training already completed."²¹ For most AFDC recipients, participation in the new program would be mandatory. However, clients with children under the age of six or spouses of mandatory participants would be exempt from the program, although they could volunteer to participate. To aid the compliance of mandatory participants, supportive services such as day care and transportation would be available.

It is clear that many of the recommendations from the "Vision Paper" emerged because of growing concerns in DHSS with the WIN/WEOP program. The paper noted,

Despite the Department's efforts, problems continue to exist in meeting the needs of persons who want to make the transition from welfare to work. We have a number of tools or strategies, but not enough openings for everyone to participate.

We have fallen short on case management to help clients develop training and employment goals and make realistic plans for a working future. We have not been able to provide sufficient child care to allow all who want to work to do so. . . . The program that the Department envisions for the future is a statewide program available to all AFDC recipients and addresses the deficiencies of the current program.²²

Rather than establish an underfunded statewide program, DHSS recommended using the \$6.3 million earmarked by the Legislature for the Work Experience and Job Training Program to develop a small number of pilot programs which could be gradually expanded until statewide implementation was achieved in six to ten years. The program promised a comprehensive approach including a range of job search activities, education and training options. The "Vision Paper" reiterated DHSS dissatisfaction with Job Service's administration of WIN/WEOP, centering on the limited focus of the WEOP program which resulted in many participants languishing in an "unassigned" status or being abandoned when unsuccessful at some stage of the process. Under the new program, DHSS promised, "Participants will not be placed in an 'unassigned status' for long periods of time or abandoned when unsuccessful at some stage of the process."²³ Antaramian's committee also heard detailed testimony about client dissatisfaction with the WIN/WEOP program.

A February 1986 DHSS Division of Policy and Budget document, "Report on Job Search Activity in the WEOP," examined the impact of DILHR's WEOP decisions and provided arguments for returning the system to its original design. The DHSS report observed that prior to December 1984, WIN/WEOP job search consisted of a very staff intensive, supervised group job search. The 1985 revisions replaced this process with minimal staff contact with clients during an initial four-hour orientation, after which clients were expected to search for jobs on their own during a two-phase process. Phase I required clients to make 2 to 4 documented employer contacts per week for eight weeks, followed by Phase II which required an intensive 8-week group job search (Job Club) similar to the approach used previous to December 1984. If the client had not found a job after completion of Phase II, an in-depth assessment or staff interview was required. The intent of this approach was to use the 8-week individual job search as an intensive screening and assessment mechanism designed to focus intensive staff resources on the more difficult-to-place clients unable to secure employment on their own. DHSS found, however, that less than half of the clients who had not obtained employment progressed to the required Phase II. While most of the clients who did not proceed to Phase II had legitimate reasons (leaving AFDC, enrolling in another component), according to the report, "... a number of other enrollees did not continue to Phase II due to local WIN/WEOP staff not ensuring that

enrollees progressed through the JSA system."²⁴ The DHSS report concluded that the original Job Search Activity (JSA) worked slightly better than the new approach and recommended keeping Phase I, adding a self-assessment up front, and placing women and minorities with severe educational deficiencies and no recent work history immediately in Phase II. To prevent clients from falling into "hold" status or not reaching Phase II service levels, DHSS recommended that a case management system be implemented to track the movement of each client through the system.

DILHR's Response: The DILHR "Vision"

DILHR's response to the county-based WEJT proposal was to stress the need for a detailed administrative plan, something notably lacking in the DHSS "Vision Paper." DILHR's drafted response stated, "We believe the effectiveness of this effort will be guaranteed only by careful design of program elements, within an overall delivery system that is well coordinated. The potential for lack of coordination, and correspondingly the potential for significant achievements in coordination are great."²⁵ The DILHR response offered quite a different vision from that of DHSS. DILHR proposed operation of WEJT programs at the JTPA Service Delivery Area (SDA) level rather than by county, well-defined case management roles, requirements for utilization of leveraged services before use of state GPR (General Purpose Revenues), Job Service as the presumptive deliverer of job search functions, and performance-based contracting. Finally, DILHR emphasized, "It is absolutely essential to implement statewide a uniform information system for operational and MIS [management information system] purposes.... A standard and sophisticated information system is necessary to achieve our goals of free client movement among agencies and our mutual responsibility for client success and overall program performance."²⁶

DILHR policy makers hoped to create a single integrated delivery system by retaining welfare employment and training programs operated by Job Service and taking control of the Job Training Partnership Act program from the Governor's Employment and Training Office. As outlined in the department's November 1985 policy paper, "An Overview of Wisconsin Employment and Training System," the DILHR vision saw the seventeen JTPA Service Delivery Areas throughout the state as the administrative and jurisdictional focus of a coordinated effort involving Job Service, the welfare employment program, JTPA, and the VTAE system. Incorporation of the \$126 million Job Training Partnership Act program into DILHR was promoted as a cost-effective strategy to promote coordination of a maze of overlapping federal initiatives. Welfare employment programs were seen as a part of this overall vision of using the seventeen SDA's under JTPA rather than the 72 counties as the basis for implementation. The DILHR argued, "Professional employment service approaches and efficient service delivery mechanisms are more likely to be feasible for areas of this size."²⁷ DILHR Secretary Howard Bellman in testimony before the Antaramian Committee stressed the importance of not creating new county-based bureaucracies, stating, "72 ways to do something seems counterproductive to our way of thinking. There are work experience programs now in Job Service, as there is the expertise."²⁸ DILHR administrators saw the need for a well-developed and coordinated state

strategy for moving clients from AFDC to employment, and identified "four key case management points where the state should specify expectations for coordination or linkage: initial referral to the program, registration and case review, the employability assessment and plan, and a later checkpoint for individuals who are not succeeding in these established programs."²⁹

In January 1986, the tenor of the debate between DHSS and DILHR was changed when both departments were confronted with the threat of \$2 million (18%) federal cutbacks in the WIN program along with Gramm-Rudman cuts expected in March 1986, with further cuts anticipated in Fiscal Year 1986. In response to the budget cuts, DILHR's position shifted dramatically to one of preserving WEOP at all costs and eliminating the DHSS-proposed pilot WEJT projects. By contrast, DHSS's response was to propose a shifting of program emphasis to maximize federal support available for the mix of WEJT services. DHSS proposed utilization of unused carryover funds from the previous year, use of in-kind funds rather than state GPR (General Purpose Revenue) to match federal dollars for WIN Demo services, leveraging of Title XX day care for WEJT participants, and adoption of the federal 50/50 match option under Title VI A for CWEP, work supplement, and job search as allowed under OBRA legislation. State GPR saved by the use of in-kind funds for WIN Demo would be applied to the 50 percent federal match available for Title VI A programs.

Major policy differences between the DHSS and DILHR visions reflected the changing institutional perspectives of policy makers rather than recommendations of program staff in the bureaus and divisions that would be responsible for WEJT's implementation. The DHSS "Vision" advanced by the Policy and Budget Division suggested that the income maintenance unit assume control of the WEJT program, linking the AFDC application and check writing unit directly with the employment program's expectation to require work and training in return for receipt of AFDC. This was a dramatic shift in policy from the department's operation of WIN, when social workers in the Division of Community Services had control of the WIN program at the state level and county social workers assumed provision of social service for clients. According to state policy officials, limited funding for social services made it expedient to recommend that administration of the program be transferred to the check writers at the state and local levels, even though these units had no experience operating welfare employment programs.³⁰

Creating a new system of delivery to replace the Job Service WIN/WEOP model and to return the administration of the program to DHSS would prove particularly difficult since the department had not run its portion of the WIN program at a state or county level since 1981 and the staff in charge of the income maintenance section did not appear interested in operating the program in 1986. The DHSS solution advanced was to use WEJT funds to increase the level of service and training and to seek out new service providers at the county department of social services level to replace Job Service's lock on the method of delivery. A continuum of services would be provided through a comprehensive case management system beginning at the income maintenance unit when a family first applied for AFDC and continuing until employment was secured. As proposed, it was a system remarkably similar to the WIN program operated by DHSS and DILHR prior to 1981.

On February 12, 1986, Nelson and Tropman sent a joint memo to the Antaramian Committee agreeing to the funding and program changes discussed by the committee and informing the committee that the federal funding reductions for the WIN/WEOP program and decisions of the committee would likely result in five to seven of the smallest WEOP counties being eliminated from the program.³¹

DILHR had lost the "Vision" battle. The DHSS county-based system, similar to the old WIN program, would prevail over the SDA/JTPA model which would have placed DILHR in the primary role in operation of the AFDC employment and training program. The new pilot programs would operate in five counties in 1987 chosen by DHSS, and WIN/WEOP would be eliminated in seven counties in 1986-87. While the Job Service model would remain in place over the next three years, the process of phasing out DILHR's control of these programs began.

Role of the Income Maintenance Unit

A key element in the "Visions" model promoted by the DHSS Policy and Budget staff was the need to change the role of the income maintenance unit at the state and local level so that it was closely tied to the welfare employment and training system. Some policy makers argued that the way AFDC recipients were treated by income maintenance workers who focused efforts solely on calculating checks sent the wrong message to AFDC recipients and new applicants. Instead, under WEJT the income maintenance unit would send a new message by immediately presenting AFDC applicants with a plan for economic independence and an expectation that recipients participate in education and training programs. When social services were required, these services would be provided with continued emphasis on keeping the client involved in a continuum of services until economic independence was achieved.

The Job Service model was no longer seen as sufficient. According to one DHSS administrator, "What was needed was a continuum of service from 'A' to 'Z' with Job Service fitting in starting with 'F.'" Giving counties the lead responsibility for early and continued case management of clients was to result in a system which presented AFDC clients with the expectation and requirement that they work toward employment. This would counter the perception that income maintenance check-writing unit encouraged dependency.

While the "Vision" within DHSS Policy and Budget identified a restructured role for the income maintenance (IM) unit, this role was not detailed in the legislation nor was it well received in the IM unit. The previous WIN model placed responsibility for the so-called "'A' to 'E'" services in the hands of social workers in the Division of Community Services. Once DHSS abandoned this role in 1982 because of decreasing funds available for social services, county and state social work staff never reassumed this role. At the same time the AFDC entitlement program protected the IM unit from these kinds of budget cuts. The increasing resources spent on income maintenance together with diminishing funding for social services encouraged policy makers to emphasize the role of IM in the administration of employment and training programs for the AFDC population. Changing income maintenance would be one of

the most difficult challenges of the implementation process, as DHSS struggled to create a new system to provide the needed social service, day care, transportation and training.

The Approved WEJT Legislation

The WEJT legislative initiative represented a compromise between Andrea's position and that of legislators who favored a less extreme approach. Senator Strohl and Senator Timothy Cullen (D-Janesville) initiated a compromise which would freeze AFDC benefit levels, use the savings to invest in employment and training programs, and create a workfare requirement.³² The benefit freeze coupled with new programs was presented as a deterrent to further welfare caseload increases and alleged welfare migration from other states. The presentations of Senator Strohl and Representative Loftus to the Antaramian Committee on November 21, 1985 explained this intent of the legislation from their perspectives. Loftus asserted that,

This initiative began with the controversy with the 3% benefit increase in AFDC grants. The grants increase was reduced to 2% with the remaining 1% going for employment and training. These funds are not viewed as one time funds but ongoing, therefore this committee has a golden opportunity to "make a difference." An acceptable societal goal is to have working in the private sector as many AFDC recipients as possible.³³

Senator Strohl argued for the workfare portion of the bill.

Workfare is the most controversial portion of the bill. \$1 million is set aside for pilots in 5-10 counties for CWEP. The remainder of funds is for expansion and enhancement of current WEOP program. Workfare is good for three reasons: (1) Even though specific work skills are not learned - becoming acclimated to the world of work and learning good work habits are useful. (2) There are some public service jobs that are not being done and will never be done given low priorities and funding (i.e. conservation). (3) Given the high in-migration of AFDC recipients in southeastern Wisconsin, Workfare may act as a deterrent and limit the influx of people.³⁴

Antaramian's committee crafted a Substitute Amendment to SB 361 which incorporated the more detailed DHSS recommendations for the WEJT program.³⁵ This amendment, which was approved by the committee on March 5, 1986, required that the Work Experience and Job Training Program be run as a pilot project beginning by January 1, 1987. DHSS was directed to select two or more counties to participate from those counties currently running a WIN/WEOP program. One county was required to give priority to AFDC recipients who volunteered for participation while other counties would serve mandatory clients. If more than two counties were chosen as WEJT pilots, at least one county was to be selected from rural counties in which a WIN/WEOP program did not currently exist.

The Assembly substitute amendment delineated the specific activities to be included in WEJT, added clarifications and restrictions on CWEP participation, and provided child care and medical assistance. To increase jobs available to welfare recipients, the amendment also required state agencies and private businesses which benefited from state-funded loans or grants to post notification of employment openings with DILHR and the local private industry council. Several amendments recommended by the Committee on Children and Human Services failed to receive Assembly floor support, including attempts to increase the voluntary nature of Community Work Experience Programs and to place restrictions on CWEP jobs to prevent displacement of unionized jobs. Assembly amendments which passed on the floor along with the full substitute amendment required DHSS to award contracts through competitive bids or competitive sealed proposals and deleted the requirement that the wage supplement be an hourly amount based on the income of the participant.

After rejecting several proposed amendments, the Senate approved the Assembly bill intact, and on April 21, 1986, Governor Tony Earl signed the legislation to become 1985 Wisconsin Act 285. The final form of the legislation required programs to include the following activities:

1. Enrollment, assessment and job search, including registration and case review, remedial education, independent job search, group job search and employability assessment;
2. Subsidized employment, including on-the-job training, grant diversion and work skills experience;
3. Job training, including vocational skills training, Private Industry Council job training programs under JTPA, youth employment programs and other classroom programs;
4. A Community Work Experience Program, or Workfare;
5. Evaluation of the employment status of participants 30 days and 180 days following the start of employment.

A critical component of the legislation was the provision of supportive services. Program participants could receive reimbursement for licensed or certified child care and transportation expenses. To help recipients in their transition off AFDC, Act 285 also provided funds for child care for up to one year after participants left AFDC.

The WEJT program was to begin implementation in two or more counties by January 1, 1987. Two of these counties were to be WIN/WEOP counties with one county giving priority to voluntary participants while the other required mandatory participation. If a third county were chosen for a WEJT pilot, it would have to be a non-WEOP rural county. Also, at least one of the counties could implement the Child Support Supplement Program approved in 1985

Wisconsin Act 29. State and federal law already allowed counties to establish a "CWEP only" program that required only a work experience component. However, no Wisconsin county had chosen to implement this option. Act 285 required all WEJT pilot programs to include a public or non-profit work experience component, and Act 285 revised the funding arrangements for CWEP so that WEJT counties paid only 5 percent of administrative costs with the state paying 45 percent, along with the federal 50 percent match.

CWEP worksite participation was allowed for thirty-two hours per week for a maximum of sixteen weeks. The CWEP component was required of participants who had completed other elements of the program but failed to obtain employment. Prior to program implementation, counties participating in a CWEP program were required to establish a CWEP council, whose duty it was to monitor the CWEP. The CWEP council was to be composed of representatives from county government, a local school district, organized labor, private industry, a program operator, and either an AFDC recipient or representative of a recipient advocacy agency. The law required participation of all AFDC recipients with children who were over six years of age as well as the primary wage earner in an AFDC-U household. **Any person who completed WEJT training or job search and remained unemployed would be required to participate in CWEP.** Failure to participate or cooperate with program requirements would result in the loss of a portion of the client's AFDC grant.

The legislation required both 30 day and 180 day follow-up of clients placed in jobs to insure outcome measures for the projects and to discourage placements in short-term jobs. The law also established a deadline for completion of an evaluation of the WEJT pilots, specifying:

The department shall submit a report evaluating the effectiveness of the pilot program established under this subsection and containing its findings and recommendations on which components of the pilot program under this subsection should be implemented statewide to the presiding officer of each house of the legislature by July 1988. [49.50(7j)(g)]

The law explicitly stated the importance of studying the effectiveness of the pilot projects as a basis for implemented a statewide WEJT program. The "statement of purpose" for the act read,

The purpose of the work experience and job training pilot program is to provide recipients of aid to families with dependent children with more comprehensive and intensive employment services than are currently available. **The goal of the pilot program is to determine the features of an effective and efficient statewide program which can be implemented when fiscal resources become available.** [emphasis added]

Endnotes

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10. Wisconsin Department of Health and Social Services, "Employment Initiative for AFDC Recipients," September, 1985.
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16. Helene Nelson to file, DILHR, September 1, 1985.
17. Chris Everson to Jack Hetzer, DILHR, October 8, 1985.
18. Helene Nelson to Bob Wagner, DHSS, September 13, 1985.
19. Anthony Earl to Rodney Moen, October 1, 1985, p. 2.

20. Wisconsin Department of Health and Social Services, "Employment Programs for AFDC Recipients - A Vision," November 19, 1985.
21. DHSS, "Vision," p.3.
22. DHSS, "Vision," p.2.
23. DHSS, "Vision," p. 3.
24. Wisconsin Department of Health and Social Services, "Report on Job Search Activity in the WEOP" (DHSS Bureau of Evaluation, February, 1986), p. 2.
25. Wisconsin Department of Industry, Labor and Human Relations, "For Discussion Purposes Only: First DILHR Reactions to 'Employment Programs for AFDC Recipients - A Vision'" (November, 1985), p. 1.
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27. DILHR, "First DILHR Reactions," p. 3.
28. Howard Bellman testimony before the Assembly Select Committee on Work Incentives, December 5, 1985.
29. DILHR, "First DILHR Reactions," p. 4.
30. Jack Hetzer interview October 29, 1990; Joe Davis interviews January 3, 1990 and December 29, 1990; Peter Tropman interview April 11, 1990.
31. Peter Tropman and Helene Nelson to John Antaramian, February 12, 1986.
32. Peter Tropman interview.
33. Presentation of Thomas Loftus to the Assembly Select Committee on Work Incentives, November 21, 1985.
34. Presentation of Joseph Strohl to the Assembly Select Committee on Work Incentives, November 21, 1985.
35. The comparison of Assembly Substitute Amendment 1 with SB 361 comes from a Wisconsin Legislative Council Staff Memorandum to the members of the Work Incentives Committee, dated March 6, 1986.

Chapter Two

WELFARE REFORM INITIATIVES UNDER GOVERNOR THOMPSON

The core specifications for WEJT program were established in Wisconsin Act 285 in 1986. As the Department of Health and Social Services began implementation of the program, Wisconsin also geared up for the 1986 gubernatorial election. Welfare reform became an important issue between Democratic incumbent Anthony Earl and his Republican challenger Tommy G. Thompson and a priority for Governor Thompson after assuming office. During the campaign, Thompson criticized Earl's welfare policies, stating, "Instead of welfare...the state should encourage workfare programs, where benefit recipients are expected to work for their checks."¹ Thompson promised to "require all AFDC recipients with children over the age of 4 to participate in workfare programs."² In his January 1987 Executive Budget Thompson recommended a six percent benefit reduction in AFDC payments, which was expected to reduce state GPR requirements for AFDC by \$14.7 million annually. Thompson proposed use of these funds to support six welfare reform initiatives: expansion of WEJT from five counties to 12 to 14; state funding for the county-operated CWEP to create about 6,000 CWEP slots; funding for nine months of child care costs for former AFDC recipients placed in employment by WEJT or CWEP; extension of Medical Assistance benefits to children of low income working families; increased funding for self-sufficiency programs for adolescent parents; and creation of a "Learnfare" program penalizing adolescent AFDC parents who did not attend school and providing funds for child care costs for these cases.³

Two committees also conducted examinations of welfare reform options. A Special Committee on Employment Disincentives, created by the Legislative Council in July 1986, began meeting in December 1986. Chaired by Assembly Speaker Loftus, the committee included legislators and members of the general public.⁴ Committee recommendations focused on paternity and child support policies as well as directives concerning health insurance for children and pregnant mothers in families below the poverty line, the minimum wage, grants for schools to start up before and after school day care programs, a raise in the compulsory school attendance age, expansion of the Wisconsin Conservation Corps, and the Learnfare requirement for teen parents on AFDC.⁵

Soon after taking office, Governor Thompson appointed Timothy Cullen, former Democratic Senate Majority Leader, to be Secretary of the Department of Health and Social Services. Thompson also established a bipartisan commission of legislative leaders to develop a comprehensive welfare reform proposal that could be incorporated into his biennial budget bill. The Governor's Welfare Reform Commission was chaired by Cullen and included the leadership of both houses of the legislature: Senator Susan Engeleiter (Republican Minority Leader), Senator Joseph Strohl (Democratic Majority Leader), Representative Thomas Loftus (Democratic Assembly Speaker), and Representative Betty Jo Nelsen (Republican Minority Leader). The Special Committee on Employment Disincentives, which was meeting concurrently with the Welfare Reform Commission, also became a source for recommendations to the Commission.

Beginning on March 18, 1987, the Governor's Welfare Reform Commission held seven meetings before issuing its report on May 22. The final report contained 35 recommendations which covered a wide range of welfare-related issues, many of which had been proposed by DHSS in July 1986. Four of the recommendations required federal waivers from federal Social Security Act provisions: Learnfare, extension of medical assistance benefits for families leaving AFDC, a change in the \$30 and 1/3 income disregard rule, and a requirement that parents with children under six participate in welfare employment and training programs.⁶

Viewing the loss of Medical Assistance as a significant impediment to families leaving AFDC, the Commission recommended that families be eligible to receive Medical Assistance for twelve months after terminating AFDC benefits. Previously, recipients could receive a four month extension in Medical Assistance benefits if they were no longer eligible for AFDC due to an increase in earned income or the number of hours worked. A nine month extension could be obtained if the client was no longer eligible for the earned income disregard of \$30 or \$30 and 1/3 of their remaining income.

The Commission also recommended a change in the \$30 and 1/3 earned income disregard rule. The existing formula allowed an employed AFDC recipient to disregard for the first four months, an initial \$30 of any earned income and 1/3 of any remaining amount for the purpose of calculating the AFDC benefit level. For an additional eight months, the recipient would lose the 1/3 disregard but retain the \$30 exemption. The Commission proposed that a constant disregard for twelve months of \$30 and 1/6 of earned income be adopted to help provide a smoother transition to work.

The Governor's Commission report contained numerous proposals that did not require federal waivers. The Commission recommended that the current WEJT program be expanded over the biennium from the five existing pilot counties to 12 to 14 counties, including Milwaukee. The Commission also recommended that the CWEP program, as operated in non-WEJT counties, be expanded into fifteen to twenty-five additional counties. To standardize the funding arrangement for the CWEP component in WEJT and "CWEP only" counties, it was recommended that the funding formula be changed for "CWEP only" counties so that the state would pay for 45 percent of the costs, with the federal match covering 50 percent of the costs and the counties paying the remaining five percent of total administrative costs.

The Commission recommended provisions for financing day care and transportation expenses for CWEP participants. For both WEJT and CWEP, a post-AFDC day care program was viewed as an important tool to aid in clients' lasting transition off AFDC. Thus, a recommendation was included that program participants who obtained employment with earnings sufficient to leave AFDC should be reimbursed for child care. Other Commission proposals dealt with paternity issues, child support, welfare fraud, medical assistance to the working poor, a Guaranteed Jobs program, establishment of enterprise zones (one in Milwaukee County and one in a rural county), and the establishment of AFDC case management in two pilot counties. The total package of recommendations was developed for nearly the same dollar amount, \$34,865,600, as the Governor's recommended six percent AFDC benefit reduction.⁷

An issue significantly absent from the Commission's recommendations was mention of Governor Thompson's proposed reduction in AFDC benefits. Thompson had campaigned in support of a five percent reduction in AFDC benefits, promising to use most of the savings from the cut for workfare programs for AFDC and general relief recipients. In his 1987-89 budget proposal, the Governor pushed for a six percent benefit cut -- to negate the AFDC benefit increase to begin April 1, 1987, and to further reduce benefits an additional five percent. While the Commission made no recommendation for a benefit reduction, it appears that the Welfare Reform Commission assumed a six percent benefit cut for the purposes of calculating the budgetary implications of their recommendations. Cost calculations made by the Commission suggest that the Commission assumed that its recommendations would occur in the context of a six percent reduction in AFDC benefits.⁸ However, they did not appear willing to make this a public recommendation and include it in their final report.

Joint Committee on Finance Deliberations

The closing weeks of the Welfare Reform Commission's proceedings coincided with the concluding budget deliberations of the Joint Committee on Finance. When the Commission released its final report, the Joint Committee on Finance had already completed the bulk of its work on the biennial budget bill, Senate Bill 100, which contained the Governor's proposals for welfare reform and into which the Commission hoped its recommendations would be incorporated.

The conclusion of Joint Finance deliberations in the last week of May produced Senate Substitute Amendment 1 that modified significant portions of the Governor's budget in the area of welfare reform. Of the thirty-five Welfare Commission recommendations, only eleven were adopted in some form in the Joint Finance budget amendment. Significant items that were not included were CWEP expansion, extension of work requirements to mothers with children under the age of six and to both parents in an AFDC-U family, extension of Medical Assistance for twelve months after leaving AFDC, a pilot program of AFDC case management in two counties, the Guaranteed Jobs program, and the establishment of two enterprise zones. The Commission recommendations that were included or modified included Learnfare, WEJT expansion, the \$30 and 1/6 income disregard, and the extension of medical benefits to the needy. The Joint Committee on Finance voted to delete the Governor's proposed six percent benefit reduction and replace it with a one percent reduction, allowing Wisconsin to meet the Medical Assistance for the needy provisions of the federal legislation.

A Learnfare proposal that required the participation of all teenagers as a condition for receiving AFDC benefits was adopted. The Joint Finance proposal also specified that the Learnfare program provide child care for teenage mothers who needed it in order to attend school, but that the supplement would be based on financial need and provided at the lower of the actual cost of the child care or the local Title XX day care rates for licensed and certified day care.

Concerning WEJT, the Joint Committee on Finance scaled back the amount of money authorized for expansion in the Governor's proposal, as well as the amount in the Commission's recommendations. The Joint Committee on Finance proposal provided for the continuation of the five pilot WEJT programs and expansion of the number of pilots into a portion of Milwaukee County and a few additional counties. The proposal also specified that the Milwaukee County program would be administered by the community action agency. Other important inclusions by the Joint Committee on Finance were the \$30 and 1/6 income disregard, the extension of Medical Assistance to the needy, and increased funding for pregnancy prevention.

A "Health and Social Services Discussion Group" formed within the Joint Committee on Finance to consider these measures proposed a single motion to the full Committee that included the approval of all of these actions. However, the Committee decided to consider the benefit reduction as a distinct motion while leaving the remaining measures together as a second motion. The motion for changing the benefit reduction from six percent to one percent passed by a vote of 11 to 5 with all four Republican members and one Democrat voting against the change. The second motion, which contained Learnfare for all teenagers, the income disregard, and the Medical Assistance expansion also passed by a vote of 14 to 2 with the only two negative votes being cast by Republican senators. On June 11, 1987, the Joint Committee voted to recommend the adoption of Senate Substitute Amendment 1 by a vote of 13-3, and then by a vote of 12-4 agreed to send the budget bill as amended on to the Senate.

Senate Bill 31 Before the Full Legislature

The welfare reform portion of the budget that emerged from deliberations in the Senate and Assembly contained some significant differences from the version that arrived from the Joint Committee on Finance. Many of the measures that had been recommended by the Governor's Welfare Reform Commission, and had been omitted by the Joint Committee on Finance were reinstated. In particular, most of the measures concerning paternity cases, child support, the Guaranteed Jobs program and the establishment of enterprise zones were restored in the budget measure of the legislature. The legislature also approved the expansion of CWEP but at a reduced funding level compared to Commission recommendations. In addition, the CWEP component in WEJT received approval to be used earlier in the array of service and not as a last resort. The measure also included, as did the Joint Committee on Finance revision, provisions for child care funding for WEJT and CWEP participants who left AFDC.

For CWEP and WEJT, the legislature specified that mothers could not be required to participate until after their infants were three months old. This stipulation was also added to provisions requiring both parents in an AFDC case to participate in an employment and training program. Thus, for the single parent in a one-parent household and the second parent in a two-parent household, work program participation could not be required unless the youngest child was over three months of age.

Concerning the benefit reduction, the legislature approved only a 1 percent cut in AFDC benefits, the amount approved by the Joint Committee on Finance. A reduction of 1 percent also allowed Wisconsin to participate in the federal program of Medical Assistance for the needy contained in SOBRA with the income eligibility standards for medically needy families set at 133 and 1/3 percent of the AFDC benefit level. (Since an AFDC benefit increase of 1 percent had been approved to begin April 1987, the proposed decrease of 1 percent actually represented a freeze of AFDC benefits.)

The final significant action taken by the legislature concerned the Learnfare program. Although the recommendation to include all teenagers on AFDC grants was made by the Welfare Reform Commission and the Joint Committee on Finance, the Assembly limited the bill to apply only to teen parents.

Executive Action and the Governor's Vetoes

On August 2, 1987, Governor Thompson gave his approval to the 1987-89 biennial budget act, which became Wisconsin Act 27. In addition to signing the bill, the Governor made extensive use of his partial veto authority by making 290 changes in the bill, more than any previous governor. Thompson vetoed in their entirety the Guaranteed Jobs program and the establishment of two enterprise zones. Using his partial veto, he modified other sections dealing with paternity establishment, child support, and welfare fraud. Thompson left standing portions of the budget bill regarding the removal of a ten county limit on the grant diversion program, the expansion of Medical Assistance benefits for twelve months to those who leave AFDC due to employment, state funding for CWEP expansion, post-AFDC child care for WEJT and CWEP participants who obtain employment, and the adoption of the \$30 and 1/6 income disregard. Those measures that required a federal waiver were approved pending the receipt of this permission.

The Governor essentially concurred with the legislature regarding WEJT expansion and the required participation of both spouses in an AFDC-U case and parents with children over age three months. These two groups would now be required to participate in employment and training programs as a condition for receiving AFDC benefits. The piloting of AFDC case management in two counties was maintained, but the Governor vetoed funding for the 1988-89 fiscal year. The Governor used his partial veto to delete those words which limited the Learnfare program to teen parents (expanding the program to all teens in families receiving AFDC) and to reduce the level of AFDC benefits.

Six Percent AFDC Benefit Reduction

One set of controversial vetoes concerned the reduction of AFDC benefits. The passed legislation included a one percent benefit cut, which would allow the State to participate in the Medical Assistance extension under SOBRA. Thompson wanted a six percent reduction in

AFDC benefits. As previously noted, AFDC benefit levels are calculated using the federal standard of need, upon which the State pays a certain percent. The legislature used the calculation of "84.04" percent of the federal standard of need, slightly more than a one percent reduction in AFDC benefits. The Governor used his partial veto power to alter this to a six percent reduction by vetoing the two fours and the decimal point in "84.04". What remained was "80" percent which translated into a six percent reduction, slightly higher than the Governor had requested. Since the six percent reduction reduced AFDC benefits below the guidelines allowed by the federal government for state participation in the SOBRA Medical Assistance extension, the Governor also vetoed the provisions concerning this program.

When viewing the veto that produced the six percent benefit reduction, it is notable that the digits in "84.04" were conducive to the desired veto. DHSS personnel in interviews indicated that this was in fact coincidence.⁹ However, a one percent reduction of the 85 percent payment level actually required a legislated percent of "84.15." This number is determined by taking 85 and multiplying by .99. Legislative Fiscal Bureau staff, who developed the "84.04" percent number could not locate information on how the figure was calculated.¹⁰ Consequently, the method for producing the "84.04" percent could not be determined.

The Governor's extensive use of the veto angered many Democrats in the Assembly and Senate. Although a 1930 amendment to the state constitution gave the Governor power to "partial" veto appropriations bills, legislators argued that the Governor could not veto individual letters, digits or words. On September 29-30, 1987, the Senate attempted to override a number of the vetoes and failed on each attempt with votes that ranged from 19-14 to 14-19, short of the 22 votes needed to override the vetoes.

When attempts to override failed, Democratic leaders initiated a lawsuit (Wisconsin Senate v. Thompson) in State Supreme Court to block the Governor's use of the veto. The court ruled in favor of the Governor and based its ruling on the definition of "partial." Other states, the court noted, used the term "item veto" in their constitution; Wisconsin specifically chose the term "partial veto." In a strict interpretation of the definition of the word partial, the court said that part could refer to a letter, digit or word. So long as what remained was a "complete, entire and workable law," the veto was considered proper. Despite the court ruling, a great deal of animosity remained between the Democratically-controlled legislature and the Thompson administration. It was in this strained atmosphere that the WEJT program was expanded.

Employment Program Waivers

On October 20, 1987 Wisconsin received a federal waiver for the Learnfare experiment and on October 29, 1987, the state received waivers for three welfare experiments.¹¹ The first of these Wisconsin waivers permitted Wisconsin to operate the "Learnfare" program. The second waiver required a parent with a child three months or older and the second parent in an AFDC-U case to register for participation in an employment and training program. (According to federal law, parents with children under the age of six were exempt, as well as the second

parent in an AFDC-U family.) Although the waiver allowed Wisconsin to require parents of infants over three months of age to participate in employment programs, through administration rules DHSS established the age requirement for the children at two years. A draft memorandum indicated that the department considered four options concerning the minimum age of children when parents were required to participate in employment programs: full implementation of the waiver for parents of infants over three months of age, or partial implementation for parents of children one, two or three years of age. Noting that "there is almost no research on employment and training programs for recipients with children under 6," DHSS decided to set the age limit for an exemption at two years "because of the scarcity of day care providers for very young children and because the employment-related programs do not have the resources to serve everyone who is a mandatory participant...."¹² This requirement began September 1, 1988, for new enrollees, and was phased in for existing AFDC cases at the time of their next six month review.

The third waiver allowed a change of the income disregard. Previously, the AFDC benefits for a recipient who was employed would disregard the first \$30 of earned wages per month plus and 1/3 of remaining wages for a period of four months. For an additional eight months, only \$30 could be disregarded. DHSS proposed that the income disregard be changed to \$30 and 1/6 of remaining income for twelve months.

The fourth waiver extended Medical Assistance for twelve months for clients who left AFDC due to earned income or hours worked. Previous provisions allowed most recipients to extend benefits for four months if the recipient left AFDC due to earned income or number hours worked. In some cases the extension was allowed for nine months if the person was no longer eligible for the \$30 or \$30 and 1/3 income disregard.

WEJT Expansion

The six percent AFDC benefit cut in Wisconsin Act 27 created a significant pool of money which Governor Thompson promised to spend on increased training programs for welfare recipients. (The Legislature had passed a one percent reduction and Governor Thompson's item veto reduced AFDC benefits another five percent.) On September 24, 1987, Governor Thompson announced that his five percent additional benefit reduction would save \$22.7 million in the biennium and specified the details of his plan to utilize the savings. First, he proposed using \$11.4 million to expand welfare employment and training programs to all seventy-two counties in Wisconsin. This included bringing WEJT programs to additional counties and providing each county with some type of program, e.g. an Employment Search Program (ESP), Grant Diversion, CWEP or a combination of these. Secondly, Thompson proposed using \$2.4 million to increase funding for day care for families who left AFDC, thus allowing more families to be served in the program. Thompson's third proposal would use \$1.6 million to finance participation in county-operated CWEP programs by non-custodial parents who were required to pay child support. Finally, to supplement the Medical Assistance funding that he had vetoed, the Governor proposed spending \$4.6 million for medical care for low income pregnant women

and children age two or younger. The Governor's plan was introduced into the Senate as Senate Bill 382 on October 13, 1987 through the Senate Committee on Agriculture, Health and Human Services, but this bill did not reach the floor during the legislative session.

On November 1, 1987, the Governor called a special legislative session to deal with welfare reform issues as well as other policies. The first actions on welfare issues taken in the November Special Session were in the form of Assembly Bill 4, introduced on November 18 and Senate Bill 1, introduced on November 19. While these bills made little progress, Assembly Bill 5 was introduced on February 10, 1988, by the Committee on Rules. The first version of the bill made yet another attempt to authorize a Medical Assistance program for low-income pregnant women and children. Medical benefits would be available to children under age one and pregnant women if their income did not exceed 120 percent of the federal poverty line and if they did not have other assets that were above specified guidelines. If applicants' income was greater than the 120 percent limit, they could spend some of their earnings on medical expenses to become eligible for the program.

AB 5 also provided increased funding for employment programs so that all counties could provide at least one service. Consequently, WEJT programs would be expanded to more counties and all counties would have the funding to provide either a CWEP or Employment Search Program (ESP). For 1987-88, \$1,000,000 was allocated for the expansion while \$11,532,700 was earmarked for 1988-89 expansion.

At the time, counties paid 5 percent of total CWEP costs with the state paying 45 percent, and the federal government 50 percent. AB 5 proposed that the state pay all of the non-federal share for CWEP programs when they were part of a WEJT program. For those counties that ran "stand-alone" CWEP programs, the state would develop criteria for selecting counties to receive full state reimbursement for non-federal costs. Those counties that did not qualify would be expected to pay all of the non-federal cost, that is, the remaining 50 percent of the administrative costs. This proposal would insure state Department of Health and Social Services administrators control over which type of program (ESP only, ESP and CWEP, or WEJT) was approved for each county.

An issue that seems to have emerged originally during deliberations of the Special Committee on Employment Disincentives concerned requiring noncustodial parents who were delinquent in child support payments to participate in a CWEP program. If a parent, who did not have custody of the child, was unable to make child support payments and the county in which the noncustodial parent lived operated a CWEP, a judge would be required to order that parent to participate. AB 5 setup two pilot programs to implement such a program. Other initiatives in the proposed legislation included the establishment of three State Health Insurance Program pilot programs, a Guaranteed Jobs Program and monetary incentives to counties for establishing paternity.

After the bill was approved by the Assembly with some modifications, it was sent to the Joint Committee on Finance on March 3, 1988. The Joint Finance Committee offered an

alternative to AB 5 on March 23, 1988, in Senate Substitute Amendment 1, which deleted the entire section establishing a pilot CWEP program for noncustodial parents and replaced the federal poverty level as the bench mark for the Medical Assistance extension with a table that specified the "level of need" by family size. After unsuccessful attempts to approve common legislation in the Assembly and the Senate, a conference committee was established to negotiate the differences in the two versions of the bill. The conference committee approved a Conference Substitute Amendment 1 on May 19 and presented it to the Senate for consideration. By a vote of 29 to 2, the conference compromise was approved. The Assembly also concurred in the measure by a vote of 91 to 7. The final version of the bill contained the pilot program for CWEP for noncustodial parents as well as the retention of federal poverty levels as the determinant of Medical Assistance participation. The bill also retained the WEJT expansion, state reimbursement to counties for all CWEP costs, the Guaranteed Jobs Program, Medical Assistance coverage, post-AFDC child care, paternity establishment and a State Health Insurance Program.

Other items of interest in the bill stipulated that DHSS could award the WEJT administrative contract for Milwaukee County without the competitive bidding process required for other counties. The bill also required that at least one WEJT county serve all AFDC recipients who were eligible to participate. Finally, the bill provided money to train AFDC recipients to compete for state employment positions, provided for increased training for income maintenance workers, and required non-departmental evaluations to determine the effectiveness of the recently enacted welfare reform programs.

On June 10, the bill was approved by the Governor with several vetoes, and became Wisconsin Act 413. The Governor vetoed a provision insuring the right of noncustodial parents in CWEP counties to a fair hearing and a provision that participation in CWEP was "not required if the court determines, based on written findings that there is good cause not to issue the order." The total state GPR required by Wisconsin Act 413 amounted to \$22,476,300 which was very close to the amount that the Thompson Administration projected (\$22.7 million) it would save in the biennium under the AFDC benefit reduction. However, some of the programs funded in this bill do not appear to fall under the category of employment and training programs that would benefit AFDC recipients.

The law, as signed by the Governor, required that interim reports on the evaluations be submitted to the Legislature on or before January 1, 1990 and that final reports be provided the Legislature on or before July 1, 1993.¹³ The evaluation requirement in Act 413 required the department to:

request proposals from persons in this state for studies of the effectiveness of various program changes, referred to as welfare reform, to the aid to families with dependent children program and the medical assistance program, including the work experience and job training program under s. 49.50 (7j), community work experience programs under s. 49.50(7m), the requirement under s. 49.50 (7)(f) that certain recipients of aid to families with dependent children with children

under age 6 participate in training programs, the requirement under s. 49.50 (7)(g) that certain teenage recipients of aid to families with dependent children remain in school, the modification of the earned income disregard under s. 49.19(5)(am) and the extension of medical assistance benefits under ss. 49.46(1)(co) and 49.47(4)(am), and the state health insurance program pilot programs under s. 146.90(4m). The studies shall evaluate the effectiveness of the various efforts, including their cost-effectiveness, in helping individuals gain independence through the securing of jobs, the availability of health insurance coverage and providing financial incentives and in identifying barriers to independence.¹⁴

Wisconsin Response to the Family Support Act

After three months of negotiation, particularly over workfare requirements, a conference committee of the U.S. Congress produced a federal Family Support Act that was acceptable to both the House of Representatives and the Senate and was passed by both on September 30, 1988. The bill was signed into law by President Reagan on October 13, 1988. The key provision of the Family Support Act was the creation of the Job Opportunities and Basic Skills (JOBS) program. States could begin this program by July 1, 1989, and all states had to initiate a JOBS program by October 1, 1989.

The JOBS program required each state to develop a plan containing two of the following four components: employment search, on-the-job training, Grant Diversion, and Community Work Experience. States were also required to target 55 percent of their service money towards those clients who were 1) custodial parents less than 24 years of age with no high school diploma or recent work experience, 2) parents whose youngest child was 16, families thus being within two years of "aging" out of AFDC, and 3) clients who had received assistance for more than 36 months in the last 60 month period. In addition to the programmatic requirements, the Family Support Act provided funds at a 50 percent federal match for support services such as child care, transportation and work expenses. Funding also provided for transitional child care and medical benefits to former AFDC clients for up to one year after leaving AFDC and participating in one of the employment and training programs. The earned income disregard was raised from \$75 to \$90 per month and all states were now required to pay benefits to two-parent AFDC families. Finally, the act included provisions for child support and paternity establishment.

The Thompson Administration used the provisions in the Family Support Act to claim a larger portion of federal matching funds for WEJT expenses. Thompson reduced state funds for welfare employment programs in his 1989-91 biennial budget proposal of February 1989. As with employment and training programs, state child care funding under Title XX was reduced based on the expectation of greater federal matching funds under the JOBS program. In 1987 when the Governor used his veto power to reduce AFDC benefits by an additional 5 percent, he made a commitment to use these welfare savings for employment and training programs. The

Governor's 1989-91 budget represented a change from this position, proposing a reduction in state expenditures using welfare reduction savings.

The Governor's budget proposed expansion of WEJT to another 11 to 13 counties, a separate appropriation to provide matching funds for community action agencies to operate demonstration programs, and expansion of client participation in CWEP from 16 weeks to 26 weeks. The major welfare initiative in this budget was provision for a two-tier AFDC benefit structure paying in-migrants to Wisconsin lower AFDC benefits than current residents.

On June 14, the Joint Committee on Finance finished its deliberations on the 1989-91 biennial budget and produced its own version of the budget, Senate Substitute Amendment 1. The Joint Finance version made a number of changes to the Governor's budget in the area of employment and training. Specifically, the two-tier AFDC benefit structure and the extension of CWEP participation were deleted along with the requirement that participant day care be licensed and certified by January 1, 1991. The Joint Finance Committee also added provisions that authorized Wisconsin's participation in the JOBS program. Budget language required the Department of Health and Social Services to develop rules for the JOBS program and required that they be submitted to the Legislative Council for approval by December 1, 1989. Senate action on the budget produced very little change in the welfare related portions. Thus, these portions remained largely what the Joint Committee on Finance had approved. On June 19, the Senate passed the budget unanimously with amendments to other non-welfare sections. During subsequent Assembly consideration of the budget, one crucial amendment was proposed that altered employment and training provisions. Amendment 1 to SB 31 was offered by Representatives Loftus, Thomas Hauke (D-West Allis) and David Prosser (R-Appleton) on June 28, the day on which almost all Assembly action occurred on the budget.

Amendment 1 affected non-welfare segments of the budget as well as proposing two significant changes to welfare employment portions of the budget. The amendment identified the target groups that were contained in the federal JOBS legislation for priority in employment and training programs. Another welfare provision specified requirements for WEJT record keeping and participant follow-up. The bill required DHSS to maintain records concerning the type of employment participants obtained as well as the wage rate at six months and twelve months after obtaining employment.

After other provisions of the Amendment were altered, it passed with a unanimous voice vote. Final Assembly action on SB 31 passed by a measure of 93 in favor and 6 opposed. Since the Assembly and Senate versions of the budget were different, a conference committee was necessary to work out the disagreements. The conference committee made no significant changes to the welfare portions of the budget. On June 30, the conference committee budget was passed by both houses of the Legislature, unanimously in the Senate and 83 to 15 in the Assembly.

On August 8, the Governor signed SB 31 into law as 1989 Wisconsin Act 31, but he vetoed the provision establishing priority groups for employment programs and the WEJT record keeping specifications. The Governor also vetoed a provision that would have changed the

post-AFDC day care and work program allocations to biennial appropriations and changed these allocations into "continuing" appropriation status. (These carryover amounts for the biennium included \$6 million for post-AFDC day care and \$5.6 million for employment and training programs.) Finally, Assembly Amendment 1 had also included provisions for post-AFDC day care that would have required day care providers to be licensed and regulated. The Governor's veto eliminated this provision.¹⁵ The Legislature attempted to override these vetoes, but without success.

Endnotes

1. "Thompson for Wisconsin," campaign release, September 16, 1986, cover page.
2. Ibid.
3. Wisconsin Bureau of Budget and Management, State of Wisconsin Executive Budget (January, 1987), p. 179.
4. Other members of the Special Committee on Employment Disincentives included Strohl (Vice Chair), Barca (Secretary); Representatives M. Coggs, Robinson, Schneiders, R. Young, and Weeden; Senators Davis and Moen; and public members Anne Arnesen, Noel Dale, Cassie Downer, Helen Forbeck, Irwin Garlinkel, Patricia Mapp, John L. Miller, David Riemer, Paul Sobel, Reverend M. Ted Steege. For minutes of the Special Committee's meetings, see Wisconsin Legislative Council, Summary of Proceedings, January, 1987.
5. Wisconsin Legislative Council Staff Memorandum, Richard Sweet to Speaker Tom Loftus. Recommendations approved by the Special Committee on Employment Disincentives, May 5, 1987.
6. Timothy Cullen to Tommy G. Thompson, "Report on Recommendations of the Governor's Welfare Reform Commission," DHSS, May 22, 1987.
7. Timothy Cullen to Tommy G. Thompson, cover letter to "Report on Recommendations of the Governor's Welfare Reform Commission," May 22, 1987.
8. In particular, this issue surfaced in conjunction with the Commission recommendation concerning Medical Assistance for pregnant women and children in low income families as available under the Sixth Omnibus Budget Reconciliation Act of 1986 (SOBRA). The provisions of this federal legislation allowed states to offer the extended medical care with the federal government providing matching funds at a rate of 60 percent. However, the federal match was available only if the state had not reduced AFDC benefits below the level that had existed on April 17, 1986. States that reduced their AFDC benefit levels by 2 percent or more could not participate in the program. Thompson's proposed 6 percent benefit cut would make Wisconsin ineligible for these federal funds. A memorandum from Bob Lang, Director of the Legislative Fiscal Bureau to members of the Joint Committee on Finance, dated May 12, 1987, outlined the effects of a benefit cut on SOBRA participation. The document indicates that if Medically Needy Income Limits were raised to 133 1/3 percent and AFDC benefits were reduced by 6 percent, the General Purpose Revenue (GPR) necessary for the program would be \$772,100 and \$1,542,800 for each respective year in the 1987-89 biennium. In a June 3, 1987 DHSS internal memorandum that reported the progress of Welfare Reform Commission recommendations under consideration by the Joint Committee on Finance, the author noted the difference in Commission and Joint Finance allotments for the Medical Assistance program. In a footnote, the memorandum comments, "Difference in costs due to difference between AFDC benefits levels - 6 percent reduction assumed in Commission's figures, 1 percent reduction assumed in JFC [Joint Finance Committee] figures..." "GPR Comparisons of Welfare Reform Recommendations," June 3, 1987 (attached to the June 2, 1987 summary of changes to Welfare Reform Commission Recommendations).
9. Alan Fish, the Administrator of the Office of Policy and Budget, maintained that the 84.04 percent was a result of the precision of Legislative Reference Bureau drafters so that 84.04 percent would be exactly a 1 percent benefit cut. However, Fish noted that the precision opened up some options for a veto and any Department of Administration analyst "worth his salt" would have noticed the ease with which the language could be vetoed. Alan Fish interview, February 21, 1990.
10. Cheryl McIlquham to Terry Roehrig, Legislative Fiscal Bureau, December 4, 1990.
11. Wayne A. Stanton to Timothy Cullen, "Department of Health and Human Services Section 115 Family Support Administration Waivers," October 20, 1987; Otis R. Bowen to Timothy Cullen, "Department of Health and Human Services Family Support Administration Section 1115 - Office of Family Assistance Waivers," October 29, 1987.
12. Susan Felker-Donsing to Patricia Goodrich, regarding Welfare Reforms Oversight Committee Decisions, June 8, 1988, p. 5.
13. 1987 Wisconsin Act 413, Section 12. 46.03(38)(b). The sole exception was the evaluation of the state health insurance pilot programs, whose final report was due to the Legislature on or before January 1, 1991.

14. 1987 Wisconsin Act 413, Section 12 46.03(38)(a).

15. Tommy G. Thompson, "Veto Message," August 8, 1989.

Chapter Three

STATE IMPLEMENTATION OF THE WEJT PILOTS

Early on it was clear that the Department of Health and Social Services might have serious problems implementing their own WEJT program, even at the pilot level. According to policy staff, DHSS was set up to "cut checks" rather than to implement training programs.¹ The DHSS had no administrative staff assigned to run the proposed program, no management information system, and unlike DILHR had few available staff with any experience in administering employment and training programs.

DHSS put WEJT on the fast track hoping to have legislation passed by September 1985 so that the program would be up and running during the 1986 gubernatorial campaign, in time for Governor Earl to claim credit for the program. Nevertheless, delays in the Assembly resulted in the late April, 1986 enactment of the legislation. Emergency rule-making provisions were included in the WEJT legislation to allow the department to avoid additional delays during the hearing process normally required as part of the administrative rule-making. Rapid implementation of the pilots was also seen by DHSS policy makers as blunting any possibility that state agencies and advocacy groups would stall the initiative through the rules process and to insure that the pilots were up and running so they could be evaluated by July 1988.² In fact, resistance to the program initiative would persist throughout the next year as Job Service continued to lobby heavily to regain its position and control of these programs. However, by January 1987, DILHR lost its key negotiator Helene Nelson, who left as deputy director when the Thompson Administration took over.

The scheduled January 1, 1987, start-up date allowed little time to adequately plan for the WEJT implementation. In addition to limited resources and staff allocated to administer the program, DHSS also faced a potential conflict with DILHR regarding the implementation of WEJT. DILHR staff continued to push for coordination of existing resources and joint planning for WEJT with Job Service and JTPA units to head off any efforts by DHSS which would jeopardize Job Service's sole source contract for WIN services. DILHR staff were also quite concerned by the large number of clients targeted for service, given the resources proposed. However, DHSS staff had little interest in allowing Job Service to coordinate the program statewide direction. There was also considerable disagreement over the type of planning required to implement the new program. According to DILHR notes of the meetings, John Torphy, Deputy Secretary of DHSS, "thought it was 'simple' to spend the money right."³ Torphy did not think much planning was needed and indicated that someone could be hired or designated from within the Division of Community Services in DHSS to lead the implementation.

Accordingly, in the summer of 1986 only one DHSS staff person was designated to implement the WEJT initiative within the Division of Community Services. No funding was provided for training, program planning, a management information system, or budget and contracting. Throughout the next year, only one to two DHSS staff would be assigned to planning, implementing and monitoring the implementation of the WEJT pilot programs.

The WEJT legislation included major differences from the WIN/WEOP model, which were intended to set the stage for a major revision of the welfare system. These requirements included:

- Competitive bids which would take Job Service out of the driver's seat and put local counties in charge of program operations under county departments of social services or income maintenance units.
- A required continuum of services to clients ending with the controversial CWEP placement. Even clients who volunteered for the pilot programs were subject to mandatory participation in CWEP after completing the other program components.
- Expansion and funds for training, supportive services, and day care.
- Required cooperation with Job Training Partnership Act programs.
- Required reporting of implementation outcomes to address evaluation concerns of the Legislature.

The decision to move control from Job Service to a decentralized county/DHSS operated program without adequate administrative resources resulted in serious administrative problems which plagued the program throughout implementation. The new administrative structure was never appropriately staffed at the state level, contributing to the absence of a uniform reporting and record keeping structure, lack of adequate training of county staff, poor monitoring of county activities, and lack of outcome data on program results. Furthermore, in the first year of WEJT implementation, four major components of the law were ignored by DHSS. Competitive bids were not let. CWEP was not made a mandatory component of county programs. JTPA participation was not required, and evaluations of employment were not conducted. From the beginning of the WEJT initiative, the income maintenance unit within DHSS resisted efforts to become involved in WEJT at the level anticipated by Division of Policy and Budget top DHSS officials. This was further complicated by changes in the administration of the unit and subsequent reorganizations within DHSS.

With the passage of WEJT legislation on April 30, 1986, DHSS was faced with the challenge of implementing within eight months a very visible, complex and controversial program initiative without having an administrative structure in place to carry the responsibilities of Act 185. Top level DHSS officials were warned by DILHR staff about the need for careful planning, a well-defined delivery system, and the need for state direction to insure coordination and an effective program. Helene Nelson, prior deputy at DHSS and then deputy at DILHR, provided an insight into the problems DHSS faced and would continue to face for the next four years. "DHSS is interested in many of the same policies we are. However, neither they nor we have sufficiently focused on the internal structure for planning, and our basic policy/program strategies."⁴

The lack of adequate administrative resources within DHSS combined with the rapid implementation of the WEJT pilots resulted in considerable confusion, communication problems, and policies which conflicted with federal and state regulations. For example, the emergency administrative rules enacted by DHSS did not require competitive bidding as stipulated in Act 285 and erroneously exempted recipients enrolled in education and training programs.⁵ In addition, confusion about the relationship between WIN/WEOP and WEJT continued throughout 1987, due to the requirement that Job Service would be the presumptive deliverer of job search activities through a separate contract under WIN/WEOP. Repeated requests for staff training, development of a management information system, and adequate staff for administration and monitoring of the WEJT implementation were ignored.⁶ While the state staff person assigned to carry out the implementation of WEJT had extensive experience in the employment and training field, adequate resources and administrative support were not forthcoming from the DHSS Division of Community Services.

Throughout 1986 and most of 1987 Joseph Davis was the designated Division of Community Services staff person responsible for the WEJT implementation. Davis had been hired by John Torphy to implement the work supplementation program in November 1985 and his duties were expanded to include WEJT. Throughout the summer of 1986 Davis met with five counties selected for the WEJT pilot project to assist them in putting together a program plan, provide necessary training and encourage the adoption of the DHSS model of active involvement of the county departments of social services.

Five Counties Selected for First Wave WEJT Implementation

Decision making and selection of counties to operate the pilot employment programs would ideally have been driven by a set of criteria developed to insure selection of program operators who would be the most capable and most likely to successfully implement the new model. Toward this end, the legislation detailed that the selection process be competitive and further required that if more than two pilots were created, the third pilot be a rural county in which there was no WIN/WEOP program currently operating, and that one county operate a voluntary program. The legislation also specified that the pilots include JTPA programming as a required component. Almost immediately, however, for political reasons the department disregarded use of the competitive process and solicitation of proposals for selection of counties. According to Tropman, "It was a given that Cullen, Andrea and Strohl would each get a pilot for their respective counties. Racine became the voluntary county because Strohl wanted a pilot and there was also strong resistance to any mandatory work program from organized labor in Racine County. Kenosha got a mandatory program because Andrea did want a tough program."⁷

As a result, DHSS informed counties that they were pilots. Discussions with selected counties stressed adoption of the new model providing a continuum of services with the county taking a lead role as the administrative entity and cooperating with JTPA and Job Service. Some counties attempted to follow the model; others did not. The original WEJT legislation stipulated that competitive bidding be required for the purchase of services for the pilots. Instead, Torphy

instructed staff to instead go back to the counties and involve the major players in a non-competitive program delivery system which would stress coordination of existing service deliverers.⁸ Staff feared that the competitive bidding process would create animosity rather than lead to a coordinated local delivery system. DHSS told counties, "The Department would like to avoid competition among agencies to be the prime contractor. Choosing a prime contractor is really better left to local realities to determine."⁹

Convincing counties to adopt the DHSS "Vision" even without the required competitive bidding process proved to be very difficult. In Douglas County the local department of social services took the position that it did not have time to become involved in WEJT and that it was satisfied with the operation of the WIN/WEOP program. As a result, the local Job Service office became the administrative entity in Douglas County, implementing an enhanced WEOP model rather than the legislated WEJT model.¹⁰ In Jackson County, the non-WEOP rural county among the pilots, the Job Service from LaCrosse brought the parties together and, much to the disappointment of DHSS, turned the Jackson County WEJT into an enhanced WEOP model. During 1987 the funding and responsibility for program operation rested solely in the hands of Job Service, with the county, JTPA and VTAE having "only minimal involvement."¹¹

In Kenosha the county department of social services did not believe it had the necessary experience to operate the WEJT program and contracted with the JTPA which became the administrative agency. Serious disagreements between the county and the JTPA agency over the number of clients to be served resulted in the program being shut down in May 1986, six months after beginning operation. In late August 1987, the Kenosha WEJT resumed operation and began development of a new service delivery model with increased involvement of county officials. Nevertheless, management and design problems continued and by the end of 1987, one-half way through the fiscal year, Kenosha County was still operating its WEJT project without a contract with the state. As a result, state officials considered closing down the Kenosha WEJT.¹² Disputes between Kenosha County and the state over allowable expenses and program operation continued well into 1988. Additionally, fallout from the termination of JTPA and the administrative agency in early 1987 resulted in little or no cooperative programming between the local JTPA agency and the WEJT throughout the project.

The Racine County WEJT was unique in that it was the one county which operated a voluntary program under Act 285. The county department of human services acted as the administrative entity and assumed responsibility for recruiting clients and assessing participant needs and then contracted with the local JTPA agency for operation of the program. JTPA subcontracted with the VTAE and Job Service, and WEJT funds were used to purchase services on a flat rate contract. Throughout 1987 and 1988 the Job Service WIN/WEOP program continued to operate in Racine County for the mandatory AFDC population. In 1989 the Racine WEJT shifted its focus from a voluntary to mandatory program due to legislative changes requiring mandatory participation of AFDC cases with younger children.

During 1987 the Rock County WEJT began operation with Job Service and the local JTPA agency as co-lead agencies. Throughout the operation of the WEJT, the county and Job

Service appeared to have developed a close working relationship. However, by 1988 frustrations with the JTPA agency resulted in the county selecting the local VTAE district to assume the agency's responsibilities. Rock County, unlike the other pilots, used a random assignment process to place clients in either the new WEJT program with enhanced services or the job search-only mode with no enhanced services.

Pressure for Legislative Expansion

The state mandate for rapid implementation of the original pilot WEJT projects was driven primarily by political pressure to reinvest savings from AFDC benefit reductions in 1985 and the interest of DHSS officials to have a program up and running before the fall 1986 election. By the time the pilots were eventually implemented in January 1987, an additional set of political initiatives were being advanced by the new administration to further reduce benefit levels for AFDC recipients. When Governor Thompson reduced AFDC benefit levels by six percent through his partial veto power, he promised to invest the savings from the AFDC benefit cut to expand welfare employment and training programs. The benefit savings promised for expansion of programs to all 72 counties totaled \$22.7 million in GPR which was double the annual expenditures for existing programs. Subsequent matching of GPR savings on at least a 50-50 basis with available federal appropriations meant that over \$45 million would need to be spent in addition to annual appropriations for AFDC welfare employment programs. By mid-1987, however, DHSS officials were barely getting the five pilot projects off the ground and were already experiencing significant problems in Kenosha County.

Although understaffed and inadequately prepared for the start-up of WEJT, DHSS program staff were asked to rapidly expand the WEJT program over the next biennium at a level of funding that far exceeded their capacity to supervise. No financial or client reporting systems were in place and little training or support for counties was available for the current pilots. Monitoring of implementation at both the program and financial level was minimal.

In October 1987, the DHSS Bureau of Evaluation published a review of the first six months of the WEJT pilot program. The report hinted at major shortcomings in the WEJT programs and recommended that counties use an automated information system to address record keeping problems, stressed the need for pilots to operate CWEP and Work Supplementation Program components as required by Act 185 and to adopt a case management model to decrease the probability that clients would be lost. Echoing staff concerns related to an under-funded administrative structure, the DHSS report also recommended that the department develop a policies and procedures manual to clarify technical assistance and training procedures, require use of a standard automated information system and improve operation of the Work Supplementation Program.¹³

By fall of 1987 it was also clear that there were problems with the pilots' ability to operate the original programs at funding levels proposed. County spending was well below the FY 87 and FY 88 appropriations for the pilots. Delayed start-up of the pilots in FY 87 resulted

in almost \$4 million of unexpended funds dedicated to the pilots. FY 88 expenditures for the pilots were also expected to be well below the increased funding appropriation included in the Act. A December 1987 DHSS position paper projected a \$7 million surplus in WEJT for 1987-89 fiscal years, stating that unless the money was spent it "would subject the department to potential criticism and may limit our ability to seek additional funds for employment programs in the future."¹⁴ In spite of these financial difficulties and significant program problems, particularly the crisis in the Kenosha County WEJT, in December 1987 Secretary Cullen announced plans to expand the WEJT program into ten more counties.

Second Wave Expansion

Beginning in February 1988, a second group of WEJT counties was selected, including: Brown and the Oneida Tribe; Eau Claire; Grant, Green, Iowa, LaFayette, Richland, Crawford, Juneau and Vernon; Winnebago and Green Lake. Competitive bidding for these new contracts was not rigorously carried out by the DHSS as prescribed by the legislation. Only in a few instances was there competition for contracts, as the department encouraged agencies to submit proposals which were joint efforts rather than competing proposals.

Growing concern about serious problems in the operation of the WEJT program prompted Senator Andrea and Representative Peter Barca (D-Kenosha) to require a Legislative Audit Bureau study of the WEJT pilots in May 1988. However, by June 10, 1988, Act 27 and Act 413 had increased funding for expansion of the program by \$45 million for the biennium, even before the pilot evaluation was published. The decision to dramatically increase appropriations in June 1988 and the subsequent implementation of three more phases of WEJT projects in the 1987-89 biennium placed increasing pressure on an understaffed and inadequate administrative structure within DHSS, prompting WEJT administrative staff at DHSS to plead for adequate funds for staff to monitor programs, design management information systems and manage the overall employment and training array of programs scheduled to exceed over \$40 million in next year. Program monitoring of the WEJT counties did not take place due to the limited administrative staff available and staff's preoccupation with program start-up and implementation problems. DHSS staff pointed out that the JTPA program had roughly two dozen administrative staff while DHSS assigned only five staff to administer programs covering 72 counties and 25,000 participants.¹⁵

July 1988 DHSS Evaluation Report

The first evaluation of WEJT, mandated by Act 285, was to be provided to the Legislature by July 1, 1988. This law required a report "evaluating the effectiveness of the pilot program established . . . and containing its findings and recommendations on which components of the pilot program . . . should be implemented statewide." The report did not evaluate the effectiveness of the WEJT program as required by Act 285, making no findings or recommendations as to which components should be implemented statewide. More seriously,

major sections of the draft report which would have shown the pilots were not effective were deleted by DHSS administration.

In particular, data on Rock County's controlled experiment showed that individuals in the WEJT program stayed on AFDC longer and had higher AFDC costs than the control group of AFDC recipients not in the program. The draft version of the study also compared Rock County controls against each of the four pilots studied and found that in all cases "the control group in Rock County had a greater reduction in AFDC costs." Also withheld from the study was data on the Racine County volunteer model which showed that there was no difference in AFDC between program participants and a comparison group.

DHSS staff complained to administrators concerning the withholding of this critically important data from the report to the Legislature. Staff complained that data deletions had resulted in publication of a report implying that WEJT reduced welfare costs when the department knew that exactly the opposite was true.¹⁶ Based on the edited DHSS evaluation report, subsequent press coverage touted the program as successful. Using selected numbers from the DHSS report on hourly wages and hours worked, it was reported that "those in the program received \$180 more per month in wages."¹⁷ In fact, the DHSS final report showed that, while hourly wages and hours worked were higher for participants, those in the WEJT program were less likely to be working, with 74 percent of controls working compared to only 65 percent of participants working at the six-month follow-up.¹⁸

The Issue of Unexpended WEJT Funds

In addition to evaluation data showing serious performance problems with the WEJT programs in reducing AFDC costs and finding employment for participants, DHSS administrators faced another serious political problem -- the issue of unexpended WEJT funds. By March 1988 an estimated \$8.3 million surplus had accumulated, with additional surplus likely due to anticipated spending below contract levels. Actual expenditures for both the original WEJT project and the WEJT II counties fell far short of projected budget amounts for both 1987-88 and 1988-89. The underspending of state GPR for these projects funded by Act 27 was made even greater due to the limited need for state matching funds in 1987-88. Rather than a 50 percent federal match, the program was funded primarily by federal 90/10 match in which the 10 percent state match was not GPR but rather in-kind. The slow start-up the WEJT IIs and the very limited use of post-AFDC day care, work supplementation and CWEP components resulted in underspending in heavily-funded GPR components.

Just as the second wave of WEJT programs was barely getting off the ground, yet a third wave of programs was initiated in September 1988. The third wave of WEJT projects included expansion of the program into eight counties -- Dane, Dodge, Jefferson, Fond du Lac, LaCrosse, Marathon, Waukesha and Wood -- with the expectation of further expansion of welfare employment programs to all counties in the state. Start-up problems delayed this third wave of WEJT projects and many did not begin operation until 1989. During the third, fourth and fifth

waves of WEJT expansions DHSS was finally forced to follow the competitive bidding procedures stipulated in the legislation and subsequently experienced additional start-up delays of up to six to eight months due to this requirement. As a result, expenditures of \$1.3 million for these expanded WEJTs fell far short of the \$9.6 million state GPR allocation for the 1987-89 biennium. DHSS officials anticipated these surpluses in April 1988 prior to passage of Act 413 and began considering a range of options to address the need to expend these funds.

At the same time DHSS was reviewing proposals and deciding which counties would be chosen to be in the third wave of WEJT, the Department approved a fourth wave of WEJT expansion in September 1988. Although this fourth wave of WEJT counties was considered as early as April 1988 as part of the solution to using the surplus resulting from the increased allocations in Act 413, decisions to move forward on contracting were delayed until fall. Further delays in awarding WEJT IV contracts resulted in six to eight month delays in the actual award of the contracts for CY 1989. As a result, only two of the WEJT IVs began their contracts in March and April while the three others did not begin until July 1989. The surplus problem was compounded by decisions of DHSS administrators to provide counties with only partial funding for clients mandated to participate in employment and training programs. (Funding formulas used to distribute monies among counties are discussed in Chapter Three.)

The political implications of accumulating large surpluses in welfare employment programs was clearly a motivating factor in the decision to expand WEJT programs into more counties. In March 1989, Silvia Jackson, administrator of the Division of Economic Support, warned DHSS Secretary Patricia Goodrich, "If we do not look to some sort of expansion we can expect to again generate a large uncommitted balance at the end of the coming biennium."¹⁹ A DHSS "WEJT Uncommitted Funds Reinvestment Proposal" stated,

Over the course of the biennium, the Department has accumulated an estimated \$5.6 million in uncommitted funds. A large portion of these funds (\$5.2 million) are the result of delayed start-up in SFY 1988 and the large mid-year increase that was approved in June 1988 in Act 413. When the AFDC benefit cuts were made in this current biennial budget, the Governor pledged to invest these funds in programs assisting AFDC recipients in becoming self-sufficient. Those that criticized the cut argued that not all who shared in the cut would benefit from the programs the cut would fund. The existence of such a large balance is counter to the Governor's pledge to reinvest these funds and raises questions in the minds of some as to the legitimacy of the Welfare Reform effort.

The recent Legislative Audit Bureau (LAB) audit identified the existence of a large uncommitted balance in the Employment program appropriation. In addition, the Legislative Fiscal Bureau (LFB) is aware of the existence of an uncommitted balance and will likely prepare alternative program options for the Legislature to invest these dollars. The Department has the authority to commit these funds, since they are in a continuing appropriation.

DISCUSSION: These funds should be reinvested in programs that respond to the needs of the AFDC population. The Department need not take any action on these funds, since they are located in a continuing appropriation and will not lapse. Because these funds were created by cutting the benefits of the AFDC population, the Legislature may be hesitant to delete the funds although it may instruct the Department to spend it differently than it may otherwise wish. At a minimum, the Department will likely be required to explain the existence of the large uncommitted funds and what plans there are for its use, if any. The Department should proceed to establish a plan that attempts to show how these funds would be spent in an orderly and targeted manner, even if it does not make an attempt to directly protect the funds." ²⁰

Secretary Goodrich, according to Welfare Oversight Committee minutes, "expressed concern regarding the expansion of WEJT to all counties. The question is, basically, whether the program can be effectively administered in all counties in the state."²¹

While the presence of large sums of uncommitted welfare funds from the six percent AFDC benefit cut generated a political problem for DHSS, state officials created considerable confusion as to the amount, with the reported total of the surplus changing almost monthly. By April 28, 1989 the surplus reported totaled \$20 million (\$12 million state GPR, \$8 million federal funds), more than double the \$5.6 million GPR estimated a month earlier.²² In correspondence to Department of Administration Secretary James Klauser, Goodrich outlined an alternative to raising formula allocations to the counties for the distribution of the uncommitted funds:

I am making every effort to commit these available funds in ways which will provide some meaningful training to AFDC recipients. The Governor pledged to reinvest funds from the AFDC benefit reduction in programs that would help recipients get off public assistance. We need to find ways to compensate for slow program start-up so that we can keep our pledge to reinvest funds and do so on time.

At this time, I do believe that some modest permanent funding commitments need to be made. Without such commitments, we cannot come close to spending the entire surplus. Therefore, I am recommending two proposals: permanent commitments beginning in CY 1990 to expand WEJT statewide and to increase our Milwaukee contract. The drawback to making permanent commitments, as you know, is that ongoing funding levels are insufficient to support additional contracts. Nevertheless, I believe it advisable that we make these commitments now. I believe that the cost-to-continue for these two programs estimated at \$2.2 million GPR per year can be deferred until 1993-95 with the use of surplus funds.²³

Proposals introduced for spending the surplus included a combination of one-time only projects which would not commit the state to future budget levels and some expansion options which would impact on the 1993-95 biennium budget. Short-term projects included summer youth employment program in Milwaukee, Racine and Kenosha for Learnfare youth; a grant to the Harnischfeger Corporation to train AFDC recipients as clerical workers; nurses aid training; grants for the hard-to-serve AFDC population; \$1.2 million to match against federal waiver savings funding; reduction of WEJT GPR funding in 1989-91; relocation assistance for AFDC recipients who find jobs that require relocation; and a one-time increase in WEJT funding for counties using their full allocation of funds. Long-term funding commitments included statewide expansion of WEJT. Goodrich also proposed increased funding for Milwaukee to serve 22 percent of the AFDC population. (Other counties were funded at a level to serve 45 percent of their population.)²⁴

In addition to the large surplus of funds accumulating due to late start-ups of WEJT and excessive funding in Act 413, DHSS was encouraging counties to spend more money on discretionary welfare-related projects using monies from the Family Support Administration. In June 1989 the Family Support Administration approved use of "accumulated federal savings" to match 50/50 for special projects submitted directly from DHSS to the federal government.²⁵ By September 1992, the U.S. Department of Health and Human Services had approved use of \$148.4 million in federal funding for discretionary special projects and new welfare experiments in Wisconsin.²⁶

Endnotes

1. Peter Tropman interview, April 11, 1990.
2. Peter Tropman interview.
3. Helene Nelson to file, DILHR, October 29, 1985.
4. Helene Nelson to John Adams and others, DILHR, October 29, 1985, p. 1.
5. Joseph L. Davis to WEJT Counties, DHSS, April 7, 1987.
6. Joseph Davis Interviews, October 25, 1990; October 29, 1990; December 17, 1992.
7. Peter Tropman interview.
8. Joseph Davis interview.
9. "Notes of Questions and Answers at Rock County Meeting," DHSS, August 12, 1986.
10. Joseph Davis interview.
11. Joseph Davis to Marshall Graff, Jackson County Department of Social Services, March 10, 1989.
12. Joseph Davis to John Erickson, DHSS, December 14, 1987.
13. Wisconsin Department of Health and Social Services, "Work Experience and Job Training Program: A Report on the Early Implementation Experience" (Division of Policy and Budget Bureau of Evaluation, August, 1987).
14. Wisconsin Department of Health and Social Services, "Reinvestment of WEJT Surplus Funds," December 7, 1987.
15. Joseph Davis to John E. Bauer, DHSS, May 4, 1988.
16. Eloise Anderson to Patricia Goodrich, draft, DHSS, August 23, 1988; Wisconsin Department of Health and Social Services, "Year 1 of WEJT: Evaluation of the First Year of the Wisconsin Work Experience & Job Training Program" (Division of Policy and Budget Bureau of Evaluation, July 1988) draft pages.
17. "Workfare Program Called Successful," Milwaukee Journal, August 18, 1988.
18. Wisconsin Department of Health and Social Services, "Year 1 of WEJT: Evaluation of the First Year of the Wisconsin Work Experience & Job Training Program" (Division of Policy and Budget Bureau of Evaluation, July 1988), p. 44.
19. Silvia R. Jackson to Patricia A. Goodrich, DHSS, March 30, 1989.
20. Wisconsin Department of Health and Social Services, "WEJT Uncommitted Funds Reinvestment Proposal," March 30, 1989, pp. 1-2.
21. Minutes of Welfare Reform Oversight Committee, DHSS, April 3, 1989.
22. DHSS, "WEJT Uncommitted Funds," March 30, 1989; Patricia Goodrich to James R. Klauser, DHSS, April 28, 1989.
23. Goodrich to Klauser, April 28, 1989.
24. Goodrich to Klauser, April 28, 1989.

25. Catherine Bertini to Patricia Goodrich, DHSS, June 27, 1989.

26. Jo Anne B. Barnhart to Gerald Whitburn, DHSS, September 1, 1992.

Chapter Four

EXPENDITURES FOR WEJT, CWEP AND JOBS PROGRAMS

In the 1985-87 biennial budget, Wisconsin Act 29, the Legislature set aside the first sum of money for the WEJT program. The statutory language directed the Department of Health and Social Services to develop a plan to use the new funding. For 1985-86, the Legislature appropriated \$1,782,600. In the second year of the biennium, \$4,535,800 was set aside for WEJT, bringing the total for the two year budget to \$6.3 million. There is no indication of any anticipated federal financial participation (FFP) to supplement the WEJT funding.

At this time, Wisconsin was also participating in a WIN-Demonstration project which was funded under a different budget heading. State general purpose revenue (GPR) of \$984,000 was appropriated for each year of the biennium. This amount included approximately equivalent amounts for programs and administration. The federal match for WIN-Demonstration was 90 percent, which allowed the state to draw down large shares of federal dollars. Consequently, the federal match for the WIN-Demonstration project was slightly over \$9 million.

Wisconsin Act 29 - 1985-87 Biennial Budget Act

<u>DHSS - Chapter 20.435 (4)</u>		<u>1985-86</u>	<u>1986-87</u>
WIN-Demo administration	[GPR]	484,800	484,900
WIN-Demo aids (programs)	[GPR]	499,200	499,200
Work Experience & Training project	[GPR]	1,782,600	4,535,800
Fed Match WIN-Demo administration	[FFP]	4,353,300	4,353,900
Fed Match WIN-Demo program	[FFP]	<u>4,697,500</u>	<u>4,697,500</u>
TOTAL		11,817,400	14,571,300

Source: Wisconsin Department of Health and Social Services.

While the specifics of the WEJT program legislation were debated, the amount of available funds was adjusted. Due to revenue shortfalls and a delay in passing WEJT legislation, funding for WEJT was reduced in February 1986 in Wisconsin Act 120, a budget adjustment act. All \$1,782,600 of the WEJT funding for state fiscal year 1985-86 was eliminated as well as \$2,585,800 for SFY 1986-87. Consequently, only \$2 million remained for WEJT in 1986-87. Additionally, \$50,000 was reduced from employment and training administration for 1986-87. The adjustments made in Wisconsin Act 120 affected only the WEJT program. The funds for WIN-Demo were not affected by this legislation. However, later cuts at the federal level did reduce the available funding for WIN-Demo.

Appropriations Available Following Wisconsin Act 120

		<u>1985-86</u>	<u>1986-87</u>
WIN-Demo administration	[GPR]	\$484,800	\$434,900
WIN-Demo aids (programs)	[GPR]	499,200	499,200
Work Experience & Training Project	[GPR]	0	2,000,000
Fed Match WIN-Demo administration	[FFP]	4,353,300	4,353,900
Fed Match WIN-Demo programs	[FFP]	<u>4,697,500</u>	<u>4,697,500</u>
TOTAL		\$10,034,800	\$11,985,500

Source: Wisconsin Department of Health and Social Services.

In September 1985, DHSS Secretary Linda Reivitz submitted the department's plan for the new work and training program. The package was introduced as Senate Bill 361 in October 1985. Numerous hearings were held by the various legislative committees in addition to a special Assembly Select Committee on Work Incentives. The WEJT legislation became finalized in April 1986 when Senate Bill 361 passed and became Wisconsin Act 285. Although Wisconsin Act 285 set up the program provisions for WEJT, it did not provide any new sources of state funding. This legislation used the existing \$2 million that remained from the original WEJT appropriations and \$346,500 in additional state GPR, and assumed a new ability to draw down additional federal funds.

Wisconsin Act 285 - 1986 WEJT Start-Up

<u>Program</u>	<u>State GPR</u>	<u>1986-87</u>	
		<u>Federal Funds</u>	<u>Total</u>
Employment Search	\$1,638,300	\$1,638,300	\$3,276,600
Grant Diversion	121,700	121,700	243,400
Community Work Experience Program	88,000	97,800	185,800
Post-AFDC Child Care	400,000	---	400,000
Other WEJT Components	<u>98,500</u>	<u>886,000</u>	<u>984,500</u>
TOTAL	\$2,346,500	\$2,743,800	\$5,090,300

Source: Wisconsin Department of Health and Social Services.

1987 - 1989 Budget Appropriations

Act 27 made significant increases in state funds for employment and training programs. The base state GPR allocation for WEJT in 1986-87 was set at \$2 million. Act 27 increased funding in this category by \$7,271,800 in FY 87-88 and \$13,787,600 in FY 88-89 to expand WEJT to 7 to 9 additional counties. Total GPR dedicated to AFDC employment and training programs rose from almost \$4 million in the 1985-87 biennium to over \$24 million in 1987-89 as a result of Act 27. Matching federal funding also increased and resulted in more than twice as much money allocated for programs in the 1987-89 biennium.

Wisconsin Act 27 - 1987-89 Biennial Budget Act

DHSS - 20.435 (4)	TYPE	<u>1987-88</u>	<u>1988-89</u>
Employment & Training Administration	[GPR]	818,900	457,700
Employment & Training Programs	[GPR]	9,271,800	13,787,600
Fed Match-Emp & Training Administration	[FFP]	7,742,900	7,935,300
Fed Match-Emp & Training Programs	[FFP]	<u>8,686,300</u>	<u>8,966,900</u>
TOTAL		\$26,519,900	\$31,147,500

Source: Wisconsin Department of Health and Social Services.

Wisconsin Act 413 - Spending the AFDC Benefit Reduction & Program Expansion

With the passage of the 1987-89 budget act, the Governor reduced the benefit level for AFDC recipients by an additional five percent over the one percent reduction proposed by the Legislature. The administration maintained that these savings would be used to fund further expansion of employment and training programs. In October 1987, Governor Thompson announced that approximately \$22.7 million would be saved through the additional five percent benefit reduction and he detailed his plan to spend the savings.

In addition to the Governor's plan, a number of other plans were introduced in the fall of 1987 to use the money that was saved through the benefit reduction. However, none of these bills were enacted. In February 1988, Assembly Bill 5 was introduced as part of the 1987 November Special Session. The bill was enacted in June 1988 and became Wisconsin Act 413. It proposed to further expand WEJT to a total of 26 counties and extend employment and training programs to all 72 counties through the Employment Search Program. The chart below shows the adjustments to the base funding established in Wisconsin Act 27. Thus, these amounts should be added to those in Act 27.

As shown below, Act 413 added the additional \$22.5 million state GPR funding saved from the five percent benefit reduction for AFDC-related programs to the biennium budget for 87-89 and proposed to draw down over \$7 million in additional matching federal funds for these programs. The combined result of Act 27 and Act 413 on the biennial budget for 1987-89 was to increase GPR appropriations for AFDC employment and training programs dramatically from the \$1 million levels of the mid-1980's to \$12.5 million in 1987-88 and to \$34.2 million in 1988-89.

Appropriation INCREASES in Act 413

<u>Purpose</u>	1987-88		1988-89	
	<u>State GPR</u>	<u>Federal</u>	<u>State GPR</u>	<u>Federal</u>
Work Experience and Job Training	\$ 465,300	\$95,300	\$9,143,800	\$1,473,000
Employment Search	500,000	500,000	2,000,000	2,000,000
Work Supplementation or CWEP	34,700	34,700	388,900	388,900
County Administrative Costs of AFDC Employment & Training Programs	400,000	400,000	800,000	800,000
State Employment Training for AFDC Recipients	0	0	72,400	0
Child Care for Former AFDC Recipients	540,000	0	2,111,200	0
State Administrative Costs and Technical Assistance	31,700	31,700	115,300	115,300
State Health Insurance Pilot Projects -- Benefits	0	0	517,000	0
- Administrative Costs	28,600	0	300,500	0
Medical Assistance Coverage for Certain Children & Pregnant Women	0	0	3,133,900	0
Incentives to Establish Paternity	28,400	66,300	113,600	265,000
Pilot CWEP for Noncustodial Parents	100,000	0	400,000	0
Welfare Reform Studies	0	0	180,000	0
Income Maintenance Fraud and Error Reduction	300,000	300,000	500,000	500,000
Income Maintenance Worker Training	<u>52,300</u>	<u>52,300</u>	<u>218,700</u>	<u>218,700</u>
TOTAL	\$2,481,000	\$1,480,300	\$19,995,300	\$5,760,900

Source: Legislative Fiscal Bureau.

Very little federal match was anticipated in 1987-89. \$3.9 million state GPR was allocated in the 85-87 biennial budget compared to \$46.8 million GPR in the 87-89 budget, well over 10 times the previous GPR allocation, while federal funds doubled from \$18 million in 85-87 to \$40 million in 87-89. Anticipating an obvious surplus of both state GPR and federal matching allocations for the biennium, Act 413 also changed the type of funding for employment and training programs from annual to continuing allocations. These dramatic appropriation increases were not spent by the department, resulting in very large surpluses.

Total Appropriations - Act 27 and Act 413

	1987-88		1988-89	
	<u>GPR</u>	<u>FED</u>	<u>GPR</u>	<u>FED</u>
Act 27	\$10,090,700	\$16,429,200	\$14,245,300	\$16,902,200
Act 413	<u>2,481,000</u>	<u>1,480,300</u>	<u>19,995,300</u>	<u>5,760,900</u>
TOTAL	\$12,571,700	\$17,909,500	\$34,240,600	\$22,663,100
	\$30,481,200		\$56,903,700	

Source: Wisconsin Department of Health and Social Services.

Appropriations versus Expenditures for Welfare Employment Programs

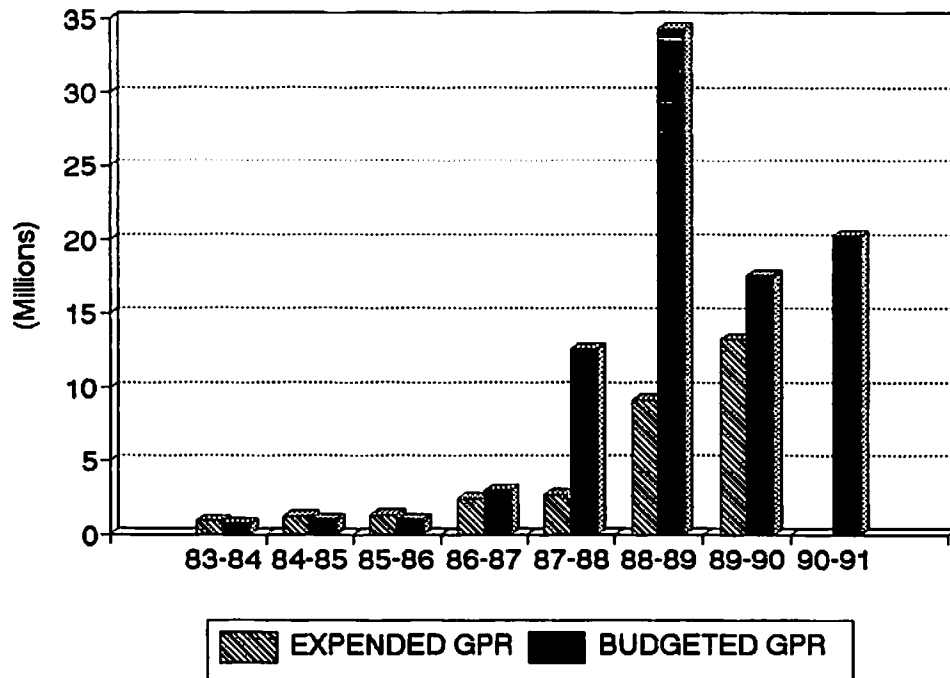
By the end of the 1985-87 biennium the WEJT program had expended only \$1.2 million of its original appropriation of \$5 million with \$815,025 going to the five pilot counties and approximately \$420,000 to Job Service for providing employment search programs for the pilots. Late start-up of the pilots and expenses far below budgeted amounts accounted for the \$3.8 million surplus of WEJT funds in 1986-87.

The impact of Act 413 increases on the surplus for the 1987-89 biennium showed that none of these funds were expended during the biennium, contributing to surpluses resulting from over-budgeting in Act 27. By the end of the 1987-89 biennium WEJT and CWEP program expenses grew considerably but fell far short of budget allocations. In 1987-88 there was a \$9.9 million surplus in state GPR and \$10.9 million surplus of federal funds. In 1988-89 the state GPR surplus was \$26.5 million and the federal surplus was \$10.4 million over budgeted amounts. The total surplus of funds for the biennium was \$36.4 million GPR and \$21.3 million federal. The failure of DHSS to expend funds appropriated for programs resulted in a total surplus of \$57.7 million out of an \$87.4 million appropriation for the biennium. Expenditures did not even come close to the funds appropriated in Act 27, much less the additional \$22.5 million of new GPR funds added in Act 413.

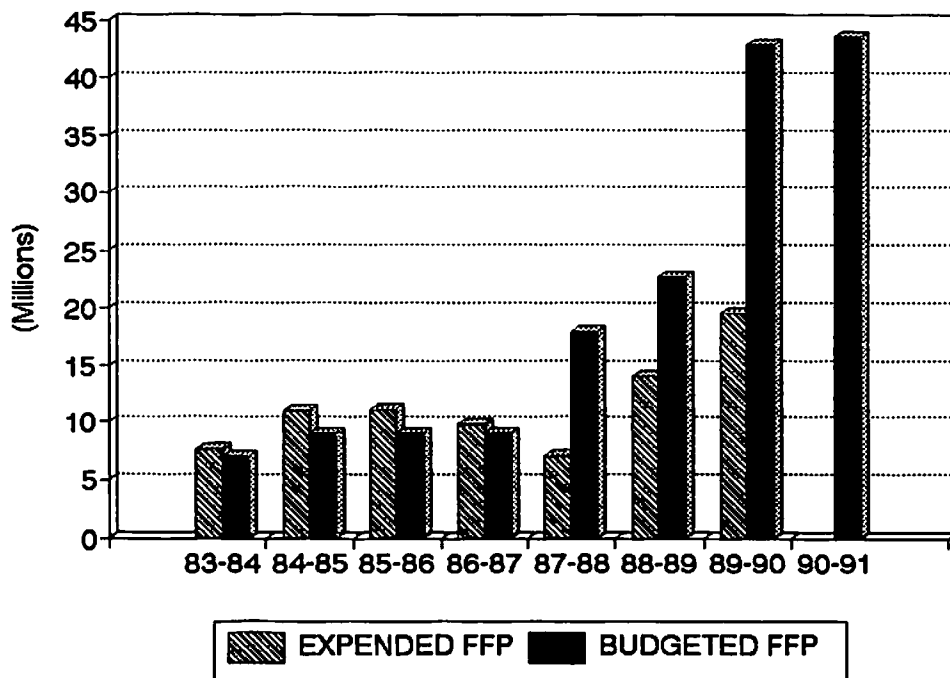
Delays in implementation and over-budgeting resulted in an estimated \$36.4 million GPR surplus in 1987-89 allocations over expenditures for welfare employment programs; yet it appears that only \$11.6 million was carried over into the 89-91 biennial budget, with some \$23.4 million either unspent or dedicated to purposes other than employment and training programs. As a result, the \$22.5 million in AFDC savings attributable to the AFDC benefit cut and appropriated in Act 413 does not appear to have been expended on expansion of employment and training services to the AFDC population. In fact, expenditures for the 1987-89 biennium fell far short of appropriations in Act 27.

In the 1989-91 biennial budget, appropriations were increased even further. Under Wisconsin Act 31 the federal-state funding arrangements changed direction with a greater share of expenses being funded by the federal government, due to changes which increased federal funding from the Family Support Administration.

AFDC WELFARE EMPLOYMENT PROGRAMS STATE GPR FUNDING



AFDC WELFARE EMPLOYMENT PROGRAMS FEDERAL MATCHING FUNDS



Wisconsin Act 31 - 1989-91 Biennial Budget Act

<u>Chapter 20.435 (4)</u>		<u>1989-90</u>	<u>1990-91</u>
Employment & Training Administration	[GPR]	\$ 642,600	\$ 642,600
Employment & Training Programs	[GPR]	10,829,200	11,343,400
Post-AFDC Child Care	[GPR]	1,236,600	1,385,500
Fed match-Emp & Train Admin	[FFP]	823,500	837,800
Fed match-Emp & Train Program	[FFP]	42,023,200	42,764,300
Post-AFDC Child Care Carryover	[GPR]	1,964,000	4,014,500
Emp & Training Prog Carryover	[GPR]	<u>2,800,000</u>	<u>2,800,000</u>
TOTAL		\$60,319,100	\$63,788,100

Source: Wisconsin Department of Health and Social Services

The amounts shown in the above chart represent the base amounts as established by Act 31. In addition to these base amounts for the biennium, the legislation also included carry-over funds that were unspent from previous employment and training programs. Specifically, \$6 million was divided among the two years of the biennium for post-AFDC child care so that \$3.2 million for 1989-90 and \$5.4 million for 1990-91 was actually available for the program. Likewise, the Legislature directed the DHSS to use \$2.8 million of carryover funds for each year of the biennium for employment and training programs. Including the carryover funds, a total of \$17,472,400 and \$20,186,000 were available for the respective years of the biennium. The carryover funds also drew down additional federal funds which are included in the amounts in category for "Federal Match - Employment and Training Programs."

Budgeted Amounts and Reported Expenses for AFDC Employment and Training Programs

<u>SFY</u>	<u>STATE GPR</u>			<u>FEDERAL SHARE</u>			<u>STATE GPR AND FEDERAL SHARE</u>		
	<u>Budgeted</u>	<u>Spent</u>	<u>Surplus</u>	<u>Budgeted</u>	<u>Spent</u>	<u>Surplus</u>	<u>Budgeted</u>	<u>Spent</u>	<u>Surplus</u>
83-84	\$ 757,200	\$ 850,220	(93,020)	\$6,968,600	\$7,851,988	(883,388)	\$7,725,800	\$8,502,208	(776,408)
84-85	981,900	1,220,206	(238,306)	9,042,500	10,981,855	(1,939,355)	10,024,400	12,202,061	(2,177,661)
85-86	984,000	1,240,643	(256,643)	9,050,800	11,165,790	(2,114,990)	10,034,800	12,406,433	(2,371,633)
86-87	2,934,100	2,409,255	524,845	9,051,400	9,829,648	(778,248)	11,985,500	12,238,903	(253,403)
Act 27	10,090,700	2,638,277		16,429,200	7,028,476				
Act 413	<u>2,481,000</u>	<u>0</u>		<u>1,480,300</u>	<u>0</u>				
87-88 Total	12,571,700	2,638,277	9,933,423	17,909,500	7,028,476	10,881,024	30,481,200	9,666,753	20,814,447
Act 27	14,245,300	7,742,218		16,902,200	12,257,142				
Act 413	<u>19,995,300</u>	<u>0</u>		<u>5,760,900</u>	<u>0</u>				
88-89 Total	34,240,600	7,742,218	26,498,382	22,663,100	12,257,142	10,405,958	56,903,700	19,999,360	36,904,340
89-90*	17,472,400	15,319,956	3,388,444	42,846,700	20,911,186	21,935,514	61,555,100	36,231,142	25,323,958
90-91	20,186,600	N/A		43,602,100	N/A		64,335,800	N/A	

* Does not include final accounting of expenses for 1989-90.

Source: Wisconsin State Budget, DHSS, Division of Management Services

State Formulas for Distributing WEJT, CWEP and JOBS Funds Among Counties

Wisconsin Act 285 budgeted \$5 million for the WEJT pilot programs in 1986-87 in addition to \$10 million (primarily in federal funds) supporting WIN/WEOP programs. By June of 1988 at Governor Thompson's urging, government funding for welfare employment programs had been increased to \$56.9 million for 1988-89. Despite an almost five-fold increase in funds appropriated for WEJT and CWEP, DHSS policy makers developed formulas that allocated only a portion of the funds appropriated.

While state officials in the Department of Health and Social Services understood that welfare employment and training programs were most effective when targeted to single-parent long-term AFDC recipients with little labor market experience,¹ officials were reluctant to invest substantial resources for this group arguing that "high costs and low success rates make the programs prohibitively expensive and politically unattractive."² Although DHSS policy makers recognized their responsibility to provide guidance in this area they did not choose to "mandate numerical goals or describe in detail how a targeting plan would be implemented in each county." This, wrote an internal DHSS review group, "is in line with the department's goal of allowing counties maximum flexibility to develop employment and training programs."³

Accordingly, funds were not targeted for priority populations to be served nor were counties selected based on any cost effectiveness model. Instead of targeting financial resources and programs to the population of AFDC recipients already or most likely to become long-term AFDC cases, state officials developed formulas which diverted a disproportionate share of funds away from Milwaukee, Wisconsin's largest urban county, to counties in the balance of the state where cases were mostly white, had high school educated caseheads, and included more two-parent families. Absent any clear DHSS policy on the targeting of resources, WEJT and later JOBS funds were allocated to selected counties based on the size of their total AFDC caseload.

In 1987 even with the addition of funds for WEJT and CWEP, the population of AFDC clients required to be mandatory participants in welfare employment programs far exceeded the capacity of programs implemented to serve them. By the end of 1988 this problem was compounded by the state requirement that single parents with children ages two through five and the second parent of two-parent AFDC-U cases be included in the mandatory population. While the department embarked on a rapid expansion of mandatory programs in counties throughout the state, state officials did not anticipate providing full funding support for these programs. In 1988 state officials instituted a funding formula which awarded 1989 and 1990 WEJT and JOBS contracts based on a percentage of their calendar year 1987 county AFDC caseloads. The DHSS rationale for the percentages was presented as follows.

... Full funding is defined as 70% of the 1987 caseload at \$1,200 per case. This formula is based on the fact that 15% to 20% of all recipients are exempted from work programs for good cause (distance, incapacitation, etc.). An additional 25% of the caseloads are mothers with children below the age of two and are not

mandatory participants. The total mandatory caseload consists of between 55% and 60% of the caseload. The 70% funding level would permit for services to volunteers as well as mandatories.⁴

Despite very large legislative appropriations, only two counties, Jackson and Kenosha, were funded at \$1,200 per case for 70 percent of their 1987 caseloads, that is, at a level where counties would receive "full funding" for serving their mandatory participants and some volunteers in welfare employment programs. Other counties received \$1,200 per case based on only 45 percent of their 1987 AFDC caseloads.

DHSS funding formulas and policies for distribution of funds for welfare employment and training programs likely contributed to the overall lack of impact of these programs. DHSS policies were particularly detrimental to Milwaukee County which had about 40 percent of the state's AFDC caseload and the highest concentration of single parents without a high school diploma (58 percent in 1989). During the four years from 1987 through 1990, Milwaukee County received only 17.9 percent of the \$91.6 million spent on employment and training under WEJT, CWEP, and JOBS programs. Milwaukee County was not authorized to operate a WEJT program until 1989. At that point the county should have received \$18 million using the 45 percent formula. Yet only \$4.95 million was spent in Milwaukee County on WEJT programs in 1989 and \$8.0 million in 1990.

The use of CY 1987 caseloads to drive funding formulas for 1989 and 1990 also resulted in a disproportionate share of funds going to counties in the balance of the state, many of which had experienced a rapid reduction in AFDC caseloads beginning in 1987 and prior to the initiation of the WEJT program. Current data on AFDC caseloads is readily available at DHSS and would have shown a 20 percent reduction in AFDC cases in the balance of the state from the First Quarter of 1987 to the First Quarter of 1989. By the First Quarter of 1990, a 25 percent reduction in cases had taken place in the balance of the state while Milwaukee had shown much more modest declines, shifting the proportion of the state's AFDC cases concentrated in Milwaukee from 39 percent in 1987 to 44 percent.

The composition of the AFDC population in the balance of the state was very different from that of welfare recipients living in Milwaukee County. In early 1988 when DHSS officials developed their funding distribution formulas, two-parent AFDC-U cases comprised over 20 percent of the caseload in the balance of the state as compared to less than 10 percent in Milwaukee. Additionally, the target population of single parents with less than a high school education was highly concentrated in Milwaukee County. The AFDC population in the balance of the state was mostly rural, predominantly white (81 percent) and had more short-term welfare recipients. In the balance of the state, 50 percent of cases were on AFDC for two years or less. In contrast, the Milwaukee County caseload was only 24 percent white, with 65 percent of cases on AFDC for over two years and 37 percent on AFDC for over five years.⁵

A serious consequence of DHSS funding formulas was that a disproportionate share of the available welfare employment and training resources went to white, two-parent AFDC cases

in mostly rural counties, even though many of these counties were experiencing dramatic reductions in caseloads during 1987 and 1988. In particular, improving employment rates were having a significant impact on caseload reduction in the state making it increasingly likely that families, particularly those with two parents, would be able to obtain employment on their own. From the beginning of 1987 to the end of 1988, AFDC-U caseloads in the balance of the state declined by 40 percent and AFDC-regular cases declined 11 percent. In Milwaukee for that period AFDC-U cases declined only 26 percent and AFDC-regular cases 5 percent.

Effect of WEJT Funding Formulas

An analysis of WEJT contracts awarded over a four year period together with actual case data on the population subject to the welfare employment program requirement demonstrates the impact of the DHSS allocation formula. For 1987 and 1988 counties were directed to enroll all two-parent cases and single parent cases with children over 5 years of age in mandatory programs, unless the client had a "good cause" exemption. The eligible population was accordingly calculated for each county in 1987 and 1988 and divided into the contract amounts for each year to derive a ratio of costs per eligible recipient. These calculations provide a benchmark to measure costs of each program compared to the overall AFDC population in the county and could be expected to have an impact on overall program impact. State rule changes dramatically expanded the mandatory population in 1989 and 1990 to include single parents with children over two years of age as well as the second person in AFDC-U cases. "Per-eligible client costs" were derived in order to provide a basis for analyzing the financial resources dedicated to the program throughout the state in relation to county AFDC caseloads over time.⁶ Costs per program participant are presented in another section of this report.

As state DHSS officials expanded welfare employment programs both fiscally and geographically to include all rural counties, the imbalance of funding among counties was compounded. State officials did not have a program fully operational in Milwaukee County until 1989, and as a result none of the 1987 and 1988 funds except for a planning grant were expended for this urban population. By 1989 the allocation per Milwaukee County eligible recipient was \$183. In 1990 Milwaukee County's allocation per eligible recipient was \$296, the fifth lowest among all Wisconsin counties. Total expenditures in the balance of the state were more than double the Milwaukee rate with \$491 per recipient expended in 1989 and \$662 in 1990.

Modifications to the state funding formula favored a number of WEJT counties. Jackson and Kenosha Counties were allowed the 70 percent version of the funding formula and spent well over \$1,200 per recipient subject to the mandatory requirements throughout 1988 to 1990. Waukesha County posted the highest cost per recipient in 1990 with \$1,439; however, this was due to a \$587,000 cost overrun as well as the funding formula impact.

**EXPENDITURE AND PROGRAM COST RATIO PER YEAR
FOR THE ELIGIBLE AFDC POPULATION
(CWEP COUNTIES)**

ALL WEJT/CWEP/JOBS EXPENSES

CWEP87

	Total CY87	Total CY88	Total CY89	Total CY90	Cost Per AFDC Recipient			
					1987	1988	1989	1990
ADAMS	\$3,613	\$38,941	\$94,577	\$169,324	\$12	\$153	\$352	\$629
COLUMBIA	\$18,569	\$23,252	\$22,671	\$125,127	\$54	\$89	\$73	\$401
FLORENCE	\$1,711	\$13,646	\$19,078	\$49,017	\$19	\$201	\$289	\$743
MARQUETTE	\$12,211	\$35,505	\$46,080	\$100,438	\$65	\$240	\$394	\$858
OCONTO	\$5,625	\$73,220	\$110,416	\$151,410	\$15	\$238	\$383	\$526
PRICE	\$14,088	\$52,743	\$129,048	\$150,581	\$71	\$332	\$827	\$965
WALWORTH	\$23,571	\$42,555	\$54,910	\$360,869	\$55	\$142	\$141	\$928

CWEP88

BAYFIELD	\$0	\$56,857	\$101,998	\$155,991	\$0	\$277	\$534	\$817
BURNETT	\$0	\$42,055	\$131,641	\$216,102	\$0	\$156	\$506	\$831
CLARK	\$0	\$18,483	\$76,361	\$184,203	\$0	\$62	\$291	\$703
IRON	\$0	\$3,263	\$4,690	\$17,070	\$0	\$39	\$63	\$231
LANGLADE	\$0	\$58,369	\$103,019	\$145,171	\$0	\$189	\$346	\$487
LINCOLN	\$0	\$72,628	\$74,433	\$194,321	\$0	\$251	\$237	\$619
MARINETTE	\$5,867	\$127,047	\$120,669	\$186,250	\$11	\$267	\$238	\$368
MENOMINEE	\$0	\$33,095	\$155,275	\$227,950	\$0	\$156	\$521	\$765
OZAUKEE	\$0	\$5,449	\$32,076	\$95,581	\$0	\$63	\$241	\$719
PEPIN CONSOR.	\$0	\$21,663	\$290,290	\$373,790	\$0	\$252	\$639	\$823
PIERCE	\$0	\$11,808	\$58,676	\$127,477	\$0	\$59	\$267	\$579
PORTAGE	\$0	\$54,727	\$239,365	\$443,360	\$0	\$113	\$378	\$699
RUSK	\$0	\$34,371	\$63,377	\$164,280	\$0	\$131	\$255	\$660
SAWYER	\$0	\$43,000	\$59,551	\$193,870	\$0	\$126	\$159	\$517
WASHBURN	\$0	\$43,243	\$102,063	\$174,713	\$0	\$214	\$477	\$816

ESP Counties

ASHLAND	\$0	\$0	\$0	\$91,466	\$0	\$0	\$0	\$363
DOOR	\$0	\$0	\$0	\$103,026	\$0	\$0	\$0	\$468
DUNN	\$0	\$0	\$39,987	\$298,109	\$0	\$0	\$90	\$673
KEWAUNEE	\$0	\$0	\$0	\$36,338	\$0	\$0	\$0	\$291
MONROE	\$0	\$0	\$61,642	\$330,194	\$0	\$0	\$140	\$749
POLK	\$0	\$0	\$273	\$349,647	\$0	\$0	\$1	\$760
ST. CROIX	\$0	\$0	\$0	\$59,629	\$0	\$0	\$0	\$211
SAUK	\$0	\$0	\$61,106	\$270,827	\$0	\$0	\$131	\$580
SHAWANO	\$0	\$0	\$0	\$233,840	\$0	\$0	\$0	\$622
TAYLOR	\$0	\$0	\$13,979	\$66,232	\$0	\$0	\$107	\$506
WAUPACA	\$0	\$0	\$90,335	\$208,181	\$0	\$0	\$208	\$480
WAUSHARA	\$0	\$0	\$5,810	\$139,167	\$0	\$0	\$24	\$582
FOREST CONSOR.	\$0	\$5,804	\$142,088	\$319,159	\$0	\$67	\$180	\$404

**EXPENDITURE AND PROGRAM COST RATIO PER YEAR
FOR THE ELIGIBLE AFDC POPULATION
(WEJT COUNTIES)**

ALL WEJT/CWEP/JOBS EXPENSES

WEJT87

	Total CY87	Total CY88	Total CY89	Total CY90	Cost Per AFDC Recipient			
					1987	1988	1989	1990
DOUGLAS	\$143,660	\$388,813	\$654,833	\$664,242	\$147	\$468	\$706	\$716
JACKSON	\$189,920	\$298,881	\$329,882	\$324,526	\$517	\$1,154	\$1,254	\$1,234
KENOSHA	\$819,598	\$1,771,473	\$2,625,802	\$2,689,591	\$481	\$1,220	\$1,332	\$1,364
RACINE	\$323,484	\$1,643,131	\$1,957,013	\$2,131,645	\$162	\$955	\$713	\$776
ROCK	\$348,559	\$1,390,928	\$1,984,695	\$1,766,401	\$194	\$897	\$886	\$789

WEJT88

GRANT CONSOR.	\$25,352	\$179,826	\$743,032	\$816,585	\$55	\$166	\$648	\$713
WINNEBAGO/GrLk	\$0	\$306,807	\$934,854	\$1,110,400	\$0	\$279	\$640	\$760
CRAWFORD CONSOR.	\$0	\$295,909	\$670,654	\$613,208	\$0	\$354	\$850	\$777
DODGE/JEFFERSON	\$0	\$0	\$492,769	\$603,289	\$0	\$0	\$570	\$698
BROWN	\$0	\$164,432	\$1,400,773	\$1,332,449	\$0	\$119	\$760	\$723
DANE	\$0	\$236,275	\$1,270,510	\$1,579,584	\$0	\$191	\$610	\$759
EAU CLAIRE	\$0	\$253,755	\$845,905	\$795,459	\$0	\$271	\$639	\$601
FOND DU LAC	\$0	\$121,637	\$595,254	\$586,719	\$0	\$203	\$784	\$773
LACROSSE	\$0	\$85,617	\$766,532	\$876,845	\$0	\$111	\$599	\$686
WOOD	\$0	\$15,236	\$537,625	\$522,626	\$0	\$28	\$699	\$680

WEJT89

BARRON	\$0	\$0	\$0	\$144,924	\$0	\$0	\$0	\$259
CHIPPEWA	\$0	\$0	\$148,074	\$390,367	\$0	\$0	\$213	\$562
MANITOWOC	\$0	\$0	\$234,219	\$533,051	\$0	\$0	\$332	\$755
MARATHON	\$0	\$0	\$481,831	\$743,565	\$0	\$0	\$499	\$770
N. LAKE WINNEBAGO	\$0	\$0	\$0	\$734,402	\$0	\$0	\$0	\$754
SHEBOYGAN	\$0	\$0	\$341,973	\$426,643	\$0	\$0	\$453	\$565
WASHINGTON	\$0	\$0	\$139,534	\$298,655	\$0	\$0	\$383	\$820
WAUKESHA	\$0	\$0	\$732,010	\$1,319,160	\$0	\$0	\$798	\$1,439

Total - Milwaukee
WEJT & CWEP
DILHR-Statewide

\$0	\$322,487	\$5,319,227	\$8,014,251	\$0	\$21	\$183	\$296
\$1,935,828	\$8,064,444	\$20,670,050	\$27,517,046	\$56	\$272	\$491	\$662
		\$9,736,697	\$2,287,267				

Grand Total

\$1,935,828	\$8,386,931	\$35,725,974	\$37,818,564
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Funding Formula Differs for CWEP Counties

The Community Work Experience Program was originally designed as a low-cost workfare program, with little or no funding provided for education and training. Initially, CWEP counties showed much lower costs, particularly in 1987 when the state required counties to provide a 50 percent match against federal funds as a condition for participation. However, in 1988 and 1989 after the state began financing all but 5 percent of non-federal CWEP costs, expenditures rose dramatically. Unlike the 45 percent allocation formula for WEJT, the state did not place limits on the levels of funding requested from these mostly small rural counties and some counties spent well above the 45 percent WEJT standard. In mid-1989 when the JOBS program began, CWEP counties were allowed to continue receiving larger funding allocations based on what they had received under CWEP policies prior to JOBS. As a result of this practice along with the continuing use of the 1987 caseload formula, these small 1987 and 1988 rural CWEP counties were spending as much or more than most WEJT counties. In effect CWEP counties were allowed to transform their CWEP workfare programs into WEJT programs, offering education and training instead of the rigidly-prescribed CWEP model dictated by state and federal regulations.

1989 and 1990 Expenses for WEJT, CWEP and JOBS Programs

After 1986, Wisconsin's AFDC employment system evolved into a four-tier system of employment and training programs. One group of counties operated the Work Experience and Job Training program (WEJT), providing participants with a more comprehensive array of support, educational and training services. A second group administered a more limited Community Work Experience Program (CWEP), providing similar services but with less money to spend on education and training. Despite the decreased level of funding, these counties were able to provide considerable amounts of education and training by accessing other funding sources such as JTPA and Pell Grants. The third group operated an employment search program (ESP) that focused on job search and job seeking activities. This program was implemented through a state-wide contract with Job Service. The fourth group consisted of counties still operating under the old Job Service WIN/WEOP model.

Beginning in Fall of 1989, Wisconsin programs were operated under the federal Job Opportunity and Basic Skills program (JOBS) which converted all state WEJT, CWEP, ESP and WIN/WEOP activities over to this federally mandated program. Under JOBS the states were required to implement three of four employment and training programs: employment search, on-the-job training (OJT), grant diversion and community work experience. The implementation of JOBS in Wisconsin was delayed until October, 1989 due to a delay in the federal approval of the state JOBS plan.

The JOBS program required the state and counties to alter their expense reporting system. Wisconsin counties were instructed to report all employment and training expenses which were incurred before July 1, 1989, under the system used for WEJT/CWEP expenses. This reporting

system included six categories: ESP, CWEP, Work Supplementation (WSP), Enhanced Services (education and training), WSP payments to employers, and post-AFDC day care. Administrative costs and expenses for other supportive services (e.g. participant day care, work-related expenses) were included under one of the six categories. County expenses incurred after July 1, 1989, were reported under a more detailed JOBS reporting system which used thirteen categories: mandatory services, ESP, CWEP, WSP, OJT, remediation, education, transportation and work related expenses, participant day care payments, administration costs for participant day care, WSP payments to employers, post-AFDC day care costs, and JOBS administration.

The greater detail in the JOBS reporting system could have aided in the analysis of JOBS expenditures and outcomes. However, while counties reported expenses in greater detail, the DHSS expense reporting system, the Community Aids Reporting System (CARS), combined all of the expense data for eleven of the categories (except WSP payments to employers and post-AFDC day care) into one grouping. This procedure made it impossible for DHSS program monitors and evaluators to analyze the costs of specific employment and training activities of JOBS or to compare the program costs for individual counties. While state officials maintained computer records of the more detailed program activities outside of the CARS system, these records were erased through a computer programming error. To remedy the lack of detailed program data, evaluation staff reconstructed the 1989 expense report files for each county to separate reported expenses into program components. JOBS expenditures for the following program activities were defined as follows.

Mandatory Activities - Initial components including assessment activities required by the JOBS legislation. Includes client enrollment, orientation, assessment and motivation activities. This category should not include any administrative expenses.

Employment Search Programs (ESP) - This component includes a variety of job search strategies: individual search, group search, and job club. The strategies are similar to the employment search activities used during WIN/WEOP.

Work Experience - This component is primarily Community Work Experience Program (CWEP) where participants are placed at job sites for 16 week periods to learn basic job skills. Work experience also includes other activities such as a client having a series of short work placements to "try out" a particular occupation before entering a training component.

On-The-Job Training - This component is used for participants who need a portion of their wages subsidized in order to obtain employment. The participant continues to receive full AFDC benefits while the subsidy paid to employers comes from JOBS program funds.

Work Supplementation - As another version of OJT, Work Supplementation also subsidizes participant wages. The difference between work supplementation and OJT is that work supplementation diverts a portion of the AFDC grant to the employer to pay the subsidy, rather than paying this cost from program funds. Participants receive a reduced AFDC grant, but the difference is made up with wages received from the employer.

Remediation - Adult Basic Education, preparation for the G.E.D., English as a Second Language.

Other Education - vocational and technical training at any accredited post-secondary educational institution.

1989 Expense Data

In 1989 county expenses were reported under two different financial systems. Expenditures for the year totalled \$35.7 million of which 60 percent were reported as JOBS funds. Total funding levels for 1989 showed that over half of the total expenditures went to existing WEJT programs, \$9.7 million to small rural counties in the Job Service employment search program, \$5.3 million to Milwaukee County, and \$2.3 million to CWEP counties.

The CWEP counties patterns of expenditures did not appear to change under the JOBS program in 1989, with almost no expenses shown for education, enhanced services, OJT or work supplementation. Almost all expenditures were for operation of the CWEP component and related supportive services. WEJT counties continued to report considerable expenditures for education and training as well as job search programs, while limited use was made of the OJT or work supplementation components. Funding in WEJT counties for CWEP activities rose to \$1.3 million but continued to make up less than 10 percent of program costs during 1989.

The Job Service employment search program began in late 1988 and was expanded in 1989 to include funding for enhanced services and education. However, its focus remained primarily one of employment search. Milwaukee County programs first began in 1989 and emphasized education, training and job search rather than the CWEP, work supplementation or OJT program options under JOBS.

1989 Expenses for WEJT, CWEP and JOBS

<u>Category</u>	<u>CWEP Counties</u>	<u>WEJT Counties</u>	<u>Statewide ESP Job Service</u>	<u>Milwaukee</u>	<u>Total</u>
Employment Search	\$ 180,411	\$ 4,041,013	\$6,483,285	\$1,259,750	\$11,964,459
CWEP	1,238,869	1,308,374	0	0	2,547,243
Work Supplementation	9,600	294,564	0	0	304,164
On-the-Job Training	2,009	106,014	0	0	108,023
Enhanced Services/ Education	2,545	4,649,929	1,096,524	1,669,131	7,418,129
Mandatory JOBS Activities	215,566	3,519,429	0	760,748	4,495,743
Transportation and Work Related Expenses	131,225	908,426	369,394	146,922	1,555,967
Day Care	183,451	1,664,703	1,005,270	1,004,487	3,857,911
JOBS Administration	<u>235,417</u>	<u>1,398,020</u>	<u>782,224</u>	<u>478,189</u>	<u>2,893,850</u>
1989 TOTAL	\$2,298,461	\$18,371,589	\$9,736,697	\$5,319,227	\$35,725,974

Source: Compilation of State Contractual Expenses by Employment and Training Institute, University of Wisconsin-Milwaukee.

CWEP -- 1989 EXPENSES

	Total CWEP	Total ESP	Total WSP	Enhanced Services	Mandatory Services	OJT	Remedial Education	Other Education	Trans. / Work Rel.	Jobs Daycare	Jobs Admin.	TOTAL*
ADAMS	\$75,810	\$89	\$240	\$0	\$4,689	\$0	\$0	\$0	\$9,693	\$3,090	\$712	\$94,831
BAYFIELD	\$72,460	\$0	\$0	\$0	\$22,723	\$0	\$0	\$0	\$5,773	\$3,326	\$7,350	\$92,364
BURNETT	\$65,583	\$0	\$0	\$0	\$1,627	\$0	\$0	\$0	\$15,210	\$6,087	\$32,326	\$142,449
CLARK	\$34,809	\$0	\$0	\$0	\$32,312	\$2,009	\$0	\$0	\$4,648	\$2,369	\$215	\$76,360
COLUMBIA	\$16,333	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$409	\$1,993	\$1,645	\$24,962
DUNN	\$17,345	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$10,622	\$5,816	\$6,204	\$39,987
FLORENCE	\$8,646	\$0	\$0	\$0	\$7,671	\$0	\$0	\$0	\$25	\$220	\$2,516	\$19,078
FOREST	\$14,103	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$156	\$105	\$13,121	\$43,189
IRON	\$888	\$0	\$0	\$0	\$1,984	\$0	\$0	\$0	\$0	\$0	\$1,818	\$4,690
LANGLADE	\$49,963	\$5,224	\$0	\$0	\$30,567	\$0	\$2,100	\$0	\$4,105	\$2,364	\$1,176	\$110,539
LINCOLN	\$59,381	\$0	\$0	\$0	\$10,536	\$0	\$0	\$0	\$0	\$2,458	\$582	\$75,909
MARINETTE	\$38,203	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$82,466	\$120,669
MARQUETTE	\$36,074	\$0	\$0	\$0	\$375	\$0	\$0	\$0	\$1,787	\$3,777	\$512	\$49,635
MENOMINEE	\$71,909	\$60,634	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$178,007
MONROE	\$32,845	\$0	\$0	\$0	\$13,893	\$0	\$0	\$0	\$4,801	\$4,536	\$1,030	\$66,179
OCONTO	\$67,941	\$30,964	\$0	\$0	\$0	\$0	\$0	\$0	\$3,925	\$7,586	\$0	\$110,416
ONEIDA	\$41,315	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,529	\$53,985	\$0	\$97,829
OZAUKEE	\$460	\$5,358	\$0	\$0	\$12,502	\$0	\$0	\$0	\$548	\$10,105	\$2,551	\$32,628
PEPIN	\$33,583	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$33,583
PIERCE	\$20,363	\$5,581	\$0	\$0	\$18,334	\$0	\$0	\$0	\$3,073	\$825	\$10,500	\$58,676
POLK	\$273	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$273
PORTAGE	\$138,559	\$19,794	\$8,303	\$0	\$33,818	\$0	\$0	\$0	\$18,996	\$3,532	\$39,676	\$216,052
PRICE	\$48,952	\$34,981	\$1,057	\$0	\$0	\$0	\$0	\$72	\$6,630	\$31,935	\$5,421	\$129,048
RUSK	\$40,095	\$0	\$0	\$0	\$7,188	\$0	\$373	\$0	\$5,023	\$6,855	\$3,843	\$63,377
SAUK	\$40,082	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,462	\$9,780	\$7,782	\$61,106
SAWYER	\$58,580	\$67	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$646	\$59,809
TAYLOR	\$13,979	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$13,979
VILAS	\$4,286	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$131	\$49	\$4,456	\$8,922
WALWORTH	\$45,180	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,034	\$5,339	\$1,357	\$54,910
WASHBURN	\$51,484	\$0	\$0	\$0	\$13,343	\$0	\$0	\$0	\$8,963	\$6,525	\$7,468	\$116,343
WAUPACA	\$33,829	\$17,719	\$0	\$0	\$4,004	\$0	\$0	\$0	\$17,682	\$10,794	\$0	\$96,642
WAUSHARA	\$5,556	\$0	\$0	\$1	\$0	\$0	\$0	\$0	\$0	\$0	\$44	\$6,020
Total CWEP	\$1,238,869	\$180,411	\$9,600	\$0	\$215,566	\$2,009	\$2,473	\$72	\$131,225	\$183,451	\$235,417	\$2,298,461

* This total does not include WSP employer payments and Post Program Daycare,
but does include budget adjustments which cause totals to vary from summed categories.

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE COMPILATION OF CONTRACTUAL EXPENSES

WEJT -- 1989 EXPENSES

	Total CWEP	Total ESP	Total WSP	Enhanced Services	Mandatory Services	OJT	Remedial Education	Other Education	Trans. / Work Rel.	Jobs Daycare	Jobs Admin.	TOTAL*
BROWN	\$170,168	\$124,244	\$932	\$344,616	\$291,142	\$0	\$0	\$201,466	\$18,281	\$128,392	\$121,532	\$1,400,773
BUFFALO CONS.	\$20,393	\$68,663	\$1,670	\$6,391	\$81,361	\$0	\$6,919	\$12,494	\$30,328	\$10,426	\$17,107	\$256,707
CHIPPEWA	\$0	\$0	\$0	(\$20,000)	\$0	\$0	\$0	\$20,000	\$0	\$0	\$122,228	\$173,920
CRAWFORD CONS.	\$86,536	\$188,262	\$22,073	\$109,657	\$48,494	\$0	\$10,430	\$45,795	\$50,448	\$52,648	\$45,637	\$670,654
DANE	\$80,905	\$179,444	\$55,831	\$155,023	\$277,244	\$3,422	\$140,312	\$131,928	\$38,382	\$175,579	\$32,440	\$1,270,510
DODGE/JEFFERSON	\$12,056	\$146,127	\$4,872	\$61,257	\$164,536	\$2,546	\$746	\$2,320	\$45,916	\$51,523	\$45,781	\$492,769
DOUGLAS	\$29,903	\$102,664	\$6,074	\$178,099	\$101,761	\$17,476	\$7,197	\$24,426	\$60,355	\$67,209	\$59,669	\$654,833
EAU CLAIRE	\$65,733	\$77,194	\$3,267	\$206,062	\$115,738	\$0	\$0	\$65,467	\$10,690	\$78,902	\$201,490	\$867,267
FOND DU LAC	\$25,824	\$70,478	\$36,963	\$78,299	\$67,509	\$0	\$115	\$15,150	\$11,583	\$64,084	\$148,952	\$671,551
GRANT CONS.	\$294,986	\$185,030	\$4,393	\$65,333	\$41,172	\$0	\$0	\$121,840	\$0	\$0	\$21,634	\$751,676
JACKSON	\$42,018	\$59,118	\$13,228	\$68,959	\$36,926	\$12,824	\$25,658	\$8,509	\$21,795	\$29,777	\$10,933	\$330,019
KENOSHA	\$112,217	\$660,839	\$33,098	\$636,772	\$474,983	\$12,674	\$138,433	\$43,945	\$136,115	\$158,331	\$204,952	\$2,639,245
LA CROSSE	\$59,679	\$172,450	\$23,499	\$118,176	\$191,697	\$10,159	\$75	\$13,609	\$50,931	\$60,160	\$66,097	\$766,532
MANITOWOC	\$0	\$117,694	\$0	\$0	\$61,411	\$0	\$0	\$0	\$4,137	\$17,495	\$13,030	\$254,671
MARATHON	\$15,522	\$130,415	\$13,938	\$44,097	\$81,234	\$0	\$38,609	\$6,912	\$37,206	\$47,074	\$53,074	\$495,581
RACINE	\$37,468	\$525,838	\$4,509	\$343,856	\$504,849	\$24,000	\$11,404	\$9,650	\$170,353	\$280,128	\$37,890	\$1,964,081
ROCK	\$26,071	\$724,628	\$11,503	\$385,911	\$370,113	\$4,878	\$40,588	\$33,444	\$131,436	\$167,849	\$75,133	\$1,997,836
SHEBOYGAN	\$108,203	\$125,116	\$16,411	\$76,067	\$0	\$0	\$0	\$15,213	\$0	\$0	\$0	\$342,936
WASHINGTON	\$3,496	\$24,752	\$619	\$5,891	\$31,122	\$12,276	\$12,235	\$6,327	\$3,279	\$28,342	\$11,195	\$139,534
WAUKESHA	\$6,626	\$120,290	\$1,114	\$0	\$174,946	\$4,479	\$0	\$257,805	\$33,893	\$105,294	\$1,558	\$758,015
WINNEBAGO/GrLk	\$82,136	\$165,469	\$38,707	\$192,367	\$194,996	\$1,280	\$0	\$19,514	\$34,365	\$97,043	\$71,843	\$934,854
WOOD	\$28,434	\$72,298	\$1,863	\$57,961	\$208,195	\$0	\$5,514	\$41,086	\$18,933	\$44,447	\$35,845	\$537,625
Total WEJT	\$1,308,374	\$4,041,013	\$294,564	\$3,114,794	\$3,519,429	\$106,014	\$438,235	\$1,096,900	\$908,426	\$1,664,703	\$1,398,020	\$18,371,589
Total CWEP	\$1,238,869	\$180,411	\$9,600	\$0	\$215,566	\$2,009	\$2,473	\$72	\$131,225	\$183,451	\$235,417	\$2,298,461
DILHR ESP	\$0	\$6,483,285	\$0	\$1,096,524	\$0	\$0	\$0	\$0	\$369,394	\$1,005,270	\$782,224	\$9,736,697
Total Milwaukee	\$0	\$1,259,750	\$0	\$1,151,889	\$760,748	\$0	\$231,367	\$285,875	\$146,922	\$1,004,487	\$478,189	\$5,319,227
Total State	\$2,547,243	\$11,964,459	\$304,164	\$5,363,207	\$4,495,743	\$108,023	\$672,075	\$1,382,847	\$1,555,967	\$3,857,911	\$2,893,850	\$35,725,974

* This total does not include WSP employer payments and Post Program Daycare,
but does include budget adjustments which cause totals to vary from summed categories.

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE COMPILATION OF CONTRACTUAL EXPENSES

State officials could not provide participant data on clients in welfare employment programs until the reporting of participant data on the WIDS system was made a statewide requirement in 1990. For this study the evaluators secured 1987 and 1988 participant data by providing participation verification sheets to each county that operated a WEJT/CWEP program in 1987 and 1988 and asking county officials to verify the involvement of participants in individual WEJT/CWEP components. This data was later entered manually by evaluators on a central data base for analysis. The manual collection of data for 1987 and 1988 was a lengthy undertaking for the evaluation, but manageable because the data base for those years was relatively small. However, for 1989 the greatly expanded WEJT program made the manual collection of participation data from counties unfeasible.

1990 JOBS Expense Data

The JOBS computer reporting system was partially modified for 1990 and 1991. In 1990 counties continued to report expenses in thirteen categories and state expense reports began to show separate expense lines for several additional categories, but continued to lump mandatory activities, ESP, work experience, WSP, OJT, remediation and education into a single category, identified as "program activities." Available state reports listing the individual monthly expenses for program activities did not tally expenses into year-to-date totals. Evaluation staff reviewed monthly CARS reports and three reconciliations for each county and the numerous non-county agencies to obtain expenses by program activities for 1990.

In 1990 the first full calendar year of JOBS, county expenses for the program totaled \$46.1 million, including costs for consolidated day care and in-kind expenses for JOBS. A comparison of the contract amounts and expenses showed most counties underspending slightly or spending exactly the amount of their JOBS contracts. There were very few counties that had significant amounts of funds that went unspent for 1990. Some counties did overspend in one or two categories, but this was usually matched by underspending in other expense categories. However, three counties accumulated large cost overruns. Fond du Lac County overspent by \$16,664, Portage County by \$25,793 and Waukesha County by \$587,895.

Thirty-five counties and tribes reported between ten and twenty percent of their total JOBS expenses as JOBS administration, not including day care administration. Ten counties and tribes reported twenty percent or more of their expenses as JOBS administration with Lac Du Flambeau Tribe (47 percent), Price County (27 percent), Oneida Tribe (26 percent), Stockbridge-Munsee Tribe (26 percent), Sheboygan County (24 percent), and Walworth (23 percent) being the highest. The use of JOBS day care funds varied considerably among the counties. Some counties indicated very few expenses for day care services while the seven largest counties spent over half of the entire state amount for day care payments to participants. For most counties, expenditures for transportation and other work related expenses for clients accounted for between one and ten percent of total JOBS expenses. Only four counties spent over 15 percent of their budget on transportation and work related expenses: Polk (26 percent), Burnett (21 percent), Dunn (19 percent), and Washburn (17 percent).

1990 JOBS EXPENSES BY CATEGORY
(CWEP 1990)

	WORK EXPERIENCE					EDUCATION			JOBS Admin.	Trana.	JOBS Daycare	JOBS Total	Consolidated Daycare	In Kind	GRAND TOTAL
	Mandatory Activities	ESP	CWEP	OJT	Work Supplement.	Remedial	Other								
ADAMS.....	36%	18%	13%	3%	0%	3%	8%	9%	7%	7%	\$169,324	\$18,468	\$16,875	\$223,135	
ASHLAND.....	62	18	1	0	0	0	0	14	2	3	\$91,466	\$40,255		\$171,976	
BARRON.....	45	6	12	1	1	4	3	17	6	5	\$144,924	\$49,943	\$22,639	\$267,449	
BAYFIELD.....	49	6	14	0	0	1	1	14	9	6	\$155,991	\$13,540		\$183,071	
BURNETT.....	23	13	9	0	0	0	0	11	21	19	\$216,102	\$7,049		\$230,200	
CLARK.....	36	15	18	0	0	1	3	5	14	8	\$184,203	\$21,988	\$14,699	\$242,878	
COLUMBIA.....	33	23	14	0	4	0	2	12	5	2	\$125,127	\$45,948	\$25,147	\$196,222	
DOOR.....	48	24	7	0	0	0	0	10	2	4	\$103,026	\$22,242		\$147,510	
DUNN.....	27	12	9	0	1	0	0	11	19	21	\$298,109	\$41,084	\$383	\$380,660	
FOREST CONSOR.....	53	6	14	1	0	3	3	7	4	8	\$319,159	\$37,878	\$66,969	\$424,006	
FLORENCE.....	48	14	4	3	3	0	0	16	6	5	\$49,017	\$3,554		\$56,125	
IRON.....	93	-8	-6	0	0	1	0	11	0	8	\$17,070	\$3,801		\$24,672	
KEWAUNEE.....	65	6	4	0	0	4	8	6	3	4	\$36,338	\$2,556	\$2,356	\$43,806	
LANGLADE.....	27	24	11	3	0	6	8	10	5	6	\$145,171	\$19,533		\$184,237	
LINCOLN.....	34	19	12	1	0	4	10	5	7	8	\$194,321	\$28,832	\$9,973	\$261,958	
MARINETTE.....	22	28	9	0	0	3	3	20	8	6	\$186,250	\$40,852		\$267,954	
MARQUETTE.....	44	13	21	0	0	0	0	11	7	5	\$100,438	\$10,227	\$7,771	\$128,663	
MENOMINEE.....	46	4	2	5	2	3	1	13	8	12	\$227,950	\$5,703		\$239,356	
MONROE.....	15	32	23	0	0	0	0	7	11	12	\$330,194	\$31,948		\$394,090	
N. LAKE WINNEBAGO.....	48	6	3	0	0	1	3	10	6	21	\$734,402	\$0	\$28,549	\$762,951	
OCONTO.....	34	10	38	2	0	1	2	4	4	5	\$151,410	\$27,378	\$72,190	\$250,978	
OZAUKEE.....	16	36	6	12	0	0	9	10	1	7	\$95,581	\$37,034	\$11,839	\$181,488	
PIERCE.....	55	18	3	3	1	0	0	6	8	5	\$127,477	\$34,759		\$196,995	
POLK.....	12	20	20	0	0	2	7	2	26	11	\$349,647	\$9,676		\$368,999	
PORTAGE.....	39	4	2	0	10	0	10	9	10	16	\$443,360	\$72,418		\$588,196	
PRICE.....	22	20	8	0	1	0	0	27	8	13	\$150,581	\$25,499	\$432	\$202,011	
RUSK.....	34	11	15	2	4	10	1	3	9	11	\$164,280	\$22,699	\$83,468	\$293,146	
SAUK.....	18	28	9	0	2	4	6	11	7	12	\$270,827	\$21,339	\$32,379	\$345,884	
SAWYER.....	38	5	11	0	0	22	0	4	11	9	\$193,870	\$34,589		\$263,048	
SHAWANO.....	65	6	2	0	0	5	4	8	7	2	\$233,840	\$4,247	\$52,669	\$295,003	
ST. CROIX.....	52	17	0	0	0	2	5	10	7	7	\$59,629	\$42,768		\$145,165	
TAYLOR.....	71	17	1	0	1	0	0	5	2	2	\$66,232	\$968		\$68,168	
WALWORTH.....	31	21	2	3	0	2	1	23	11	7	\$360,869	\$41,522	\$6,000	\$449,913	
WASHBURN.....	31	6	12	2	0	0	0	17	17	13	\$174,713	\$25,802		\$226,317	
WAUPACA.....	9	8	33	0	0	1	2	20	12	15	\$208,181	\$21,322	\$1,270	\$252,095	
WAUSHARA.....	36	16	24	0	0	3	0	7	4	10	\$139,167	\$10,915	\$4,021	\$165,018	
TOTAL - CWEP	36	14	11	1	1	2	3	11	10	11	\$7,018,246	\$888,563	\$459,629	\$8,366,438	
SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE COMPILATION OF CONTRACTUAL EXPENSES															

1990 JOBS EXPENSES BY CATEGORY
(WEJT 1990)

	WORK EXPERIENCE					EDUCATION		JOBS		JOBS Daycare	JOBS Total	Consolidated Daycare	In Kind	GRAND TOTAL
	Mandatory Activities	ESP	CWEP	OJT	Work Supplement.	Remedial	Other	Admin.	Trans.					
BROWN.....	24%	12%	10%	1%	0%	14%	10%	9%	3%	12%	\$1,332,449	\$0	\$210,764	\$1,543,213
CHIPPEWA.....	41	17	0	2	0	3	7	5	9	15	\$390,367	\$80,747		\$551,861
CRAWFORD.....	21	17	6	0	4	4	9	15	12	13	\$613,208	\$0	\$103,060	\$716,268
DANE.....	17	4	2	0	0	37	13	2	7	18	\$1,579,584	\$225,911	\$183,189	\$2,214,595
DODGE.....	35	13	4	0	1	2	2	17	12	14	\$603,289	\$0		\$603,289
DOUGLAS.....	20	11	4	1	1	4	8	14	16	21	\$664,242	\$39,334		\$742,910
EAU CLAIRE.....	25	6	10	0	1	5	11	18	2	22	\$795,459	\$152,790	\$29,796	\$1,130,835
FOND DU LAC.....	23	11	0	0	13	0	5	21	8	20	\$586,719	\$106,766	\$4,881	\$805,132
GRANT CONSOR.....	25	24	12	0	1	2	3	15	10	9	\$816,585	\$35,445		\$887,475
JACKSON.....	27	14	13	0	1	10	5	2	15	13	\$324,526	\$16,478	\$17,076	\$374,558
KENOSHA.....	19	14	3	2	2	7	10	17	13	14	\$2,689,591	\$283,017	\$51,257	\$3,306,882
LACROSSE.....	22	12	7	1	3	6	8	13	11	16	\$876,845	\$169,460		\$1,215,765
MANITOWOC.....	41	24	5	0	3	2	3	10	5	8	\$533,051	\$103,711		\$740,473
MARATHON.....	30	15	2	2	1	6	1	16	11	17	\$743,565	\$119,428		\$982,421
PEPIN CONSOR.....	28	24	11	0	0	5	5	8	13	6	\$373,790	\$0	\$43,889	\$417,679
RACINE.....	40	16	8	3	0	3	2	3	9	16	\$2,131,645	\$260,000		\$2,651,645
ROCK.....	45	9	1	0	0	3	5	5	14	17	\$1,766,401	\$241,043	\$263,172	\$2,511,659
SHEBOYGAN.....	0	0	0	0	0	42	0	24	8	26	\$426,643	\$39,192		\$505,027
WASHINGTON.....	23	22	3	10	0	8	11	7	3	14	\$298,655	\$45,411	\$39,014	\$428,491
WAUKESHA.....	20	7	1	1	0	0	42	5	6	18	\$1,319,160	\$262,598		\$1,844,356
WINNEBAGO/GrL.....	37	9	7	3	0	0	8	10	8	18	\$1,110,400	\$0	\$378,292	\$1,488,692
WOOD.....	26	22	10	1	0	2	14	10	5	9	\$522,626	\$57,845	\$50,268	\$688,584
TOTAL - WEJT	28	13	5	1	1	8	9	10	9	16	\$20,498,800	\$2,239,176	\$1,374,658	\$24,112,634
MILWAUKEE/YWCA.....	17	10	0	0	0	1	19	10	8	29	\$417,690			\$417,690
MILWAUKEE-OIC.....	16	10	0	0	0	7	5	10	5	30	\$3,481,003			\$3,481,003
MILWAUKEE-DIHLR.....	25	28	0	0	0	10	0	20	11	4	\$1,504,156			\$1,504,156
CITY OF MILWAUKEE...	0	47	27	0	0	0	0	22	5	0	\$127,953			\$127,953
MILWAUKEE.....	20	3	0	1	0	21	12	7	7	29	\$2,483,449	\$3,177,533		\$8,838,515
TOTAL - MILWAUKEE	19	12	0	0	0	12	7	11	7	24	\$8,014,251	\$3,177,533	\$0	\$11,191,784
RED CLIFF.....	57	11	0	0	0	1	0	18	4	9	\$11,268	\$3,674		\$18,616
STOCKBRIDGE.....	55	19	0	0	0	0	0	26	0	0	\$10,354	\$0		\$10,354
LAC DU FLAMBEAU.....	32	15	1	3	0	0	0	47	3	0	\$19,458	\$784		\$21,026
BAD RIVER.....	60	16	0	0	0	0	1	13	10	0	\$12,087	\$0		\$12,087
ONEIDA TRIBE.....	67	0	0	0	0	0	3	26	4	0	\$86,703	\$759	\$2,250	\$90,471
TOTAL - TRIBES	60	6	0	0	0	0	2	27	4	1	\$139,870	\$5,217	\$2,250	\$147,337
TOTAL - STATE	27	14	5	1	1	8	7	11	9	16	\$37,958,434	\$6,310,489	\$1,836,537	\$46,105,460

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE COMPILATION OF CONTRACTUAL EXPENSES

In individual counties, mandatory JOBS activities, including client enrollment, orientation and assessment, and the use of employment search accounted for 50 percent or more of the program activity funds for 38 of 68 individual county, tribe and non-county vendors. The state average for these two activities together was 41 percent

Counties also displayed wide variety in the use of funds for work experience. Several counties including Ashland, Chippewa, Fond du Lac, Iron, Rock, Sheboygan, Taylor, and Waukesha showed one percent or less of their expenses as work experience costs. Those counties that did report a significant share of their expenses in work experience included Oconto (40 percent), Waupaca (33 percent), Waushara (24 percent), Monroe (23 percent), Marquette (21 percent), Polk (20 percent), and Columbia (18 percent). However, data for the entire state showed that only 7 percent of all state JOBS money was spent on work experience. Within the work experience category, the use of JOBS funds for on-the-job training and Work Supplementation were generally low in most counties. This was consistent with the low utilization of these components in 1987, 1988 and 1989. Exceptions to this occurred in Fond du Lac and Portage counties which used 13 percent and 10 percent respectively of their total funding on Work Supplementation and the WOW Private Industry Council in Washington and Ozaukee counties which expended 10 percent and 12 percent respectively for on-the-job training. The state average for OJT and WSP was one percent each of total JOBS funds.

The use of remediation and education funds varied among the different JOBS entities. Dane (50 percent), Waukesha (42 percent) and Sheboygan (42 percent) counties reported spending the largest share of their total funds on education. However, 43 of 68 entities spent less than 10 percent of their funds on remediation and education. The state average for education indicated that 15 percent of total JOBS funding for 1990 was spent on education activities.

Costs Per Participant by County

A useful measure of comparison among the counties is the cost per participant. Using participant data reported on the WIDS system, evaluators totaled the number of actual participants in each category and used this sum for the total number of participants in a county JOBS program. This participant total was used calculate an average cost per participant, based on total costs reported on the CARS system.

The data used to analyze the number of participants in each program activity was gathered from the state WIDS-WPRS systems. Beginning in 1990, the state required each county to report the numbers of participants for each of the JOBS program activities into this system. The five program activities examined were Education, Employment Search, On-The-Job Training, Work Supplementation and Work Experience. Education included remediation and vocational training as well as other education options. Employment Search included all types of job search activity, including Job Club, group job search and individual job search. While the totals for education and for job search included some overlap for individuals engaged in more than one component, these cost data provide a useful benchmark for comparison and analysis of program emphasis and relative cost per component. The table below shows the percent of participants in

the five major program activities and per participant costs for each component for CWEP counties, WEJT counties, and Milwaukee County.

1990 JOBS Participation and Per Component Costs

<u>Component</u>	<u>CWEP COUNTIES</u>		<u>WEJT COUNTIES</u>		<u>MILWAUKEE COUNTY</u>	
	<u>% of Parti- cipants</u>	<u>Cost/ Parti- cipants</u>	<u>% of Parti- cipants</u>	<u>Cost/ Parti- cipants</u>	<u>% of Parti- cipants</u>	<u>Cost/ Parti- cipants</u>
Education	35%	\$ 95	36%	\$ 335	23%	\$241
Employment Search	29	292	19	463	30	117
CWEP/Work Experience	10	590	5	642	0	0
Work Supplementation	0.3	2,321	0.6	1,342	0	0
On-the-Job Training	1.3	446	0.7	1,306	0	0

	<u>CWEP COUNTIES</u>	<u>WEJT COUNTIES</u>	<u>MILWAUKEE COUNTY</u>
Total Participants	11,734	28,543	27,092
Total JOBS Expenditures	\$7,018,246	\$20,498,800	\$8,014,251
Cost Per Participant	\$598	\$718	\$296

Source: Analysis of Participant Data and State Contractual Expenses by Employment and Training Institute, University of Wisconsin-Milwaukee.

An analysis of expenditures and participant data for the 1990 JOBS programs by component shows the change in emphasis for DHSS employment and training programs and the wide variation in the way counties were allowed to invest JOBS allocations. Counties and administrative entities were analyzed by WEJT and CWEP program emphasis in prior years. CWEP counties represent those entities, mostly small rural counties, operating the CWEP or ESP model in 1987 to 1989 when few if any funds were allowed for education and training activities. Counties operating the WEJT model through 1989 included larger counties and consortia of small rural counties and were provided with funding for education, training and supportive services under WEJT funding policies in 1987 through 1989.

While the percent of participants active in education activities was about the same for WEJT and CWEP counties, 35 and 36 percent respectively, the per-participant cost of providing these services in CWEP counties was almost one-fourth of the WEJT cost of \$335. This finding is consistent with previous evaluation reports which have shown that these smaller counties worked to leverage existing JTPA and community college programs for their participants in the absence of funding for these program activities. These smaller counties were also more effective in enrolling participants in job search activities and in CWEP work programs and posted much higher average program activity participation rates at a lower overall cost per participant -- \$598 for CWEP counties compared to \$718 for WEJT counties. Prior to creation of WEJT programs, the 22 largest counties operated the WEOP model which placed heavy emphasis on employment search. However, by 1990 only 19 percent of participants were engaged in job search.

Overall funding levels were the highest for WEJT counties and more than double that for Milwaukee County which had as many participants. The limited funding allocation for Milwaukee County in 1990 resulted in reduced participation levels for education (23 percent) and substantially lower per-participant costs than for WEJT counties. Additionally, job search had a much more predominant emphasis in Milwaukee with 30 percent of participants enrolled at \$117 per participant. Despite very limited funding in Milwaukee County, overall program participation was slightly less than for WEJT counties.

Variations in County Costs for Program Components

For each of six main program activities (employment search, CWEP, on-the-job training, work supplementation, remedial education, and other education) a measure of the cost per participant was calculated. The total cost for each program was divided by the number of participants in that activity, using participant data from the WIDS system for 1990 and the financial data that was manually collected from CARS. Counties with similar cost per participant numbers were then grouped into WEJT and CWEP entities and these groupings are shown in the tables below. The numbers in the table indicate the number of counties, consortia or tribes that fit each category. For example, 17 of the CWEP counties and consortia had costs per participant between \$1 and \$100 for education for an average cost for these smaller counties of \$94 per education participant, while 16 counties provided remedial education at less than \$100 per participant for an average rate of \$97 per remedial education participant.

1990 Participant Costs in 36 CWEP/ESP/JOBS Entities

<u>Expense Level for the Component</u>	<u>NUMBER OF COUNTIES REPORTING EXPENSE LEVEL FOR:</u>					
	<u>ESP</u>	<u>CWEP</u>	<u>OJT</u>	<u>WSP</u>	<u>Remedial Education</u>	<u>Education</u>
\$1-100 per participant	4	1	4	--	16	17
\$101-250 per participant	9	6	2	1	9	6
\$251-500 per participant	13	5	7	1	3	4
\$501-1000 per participant	5	12	3	4	--	1
\$1001-2000 per participant	3	8	2	4	--	--
Over \$2000 per participant	1	1	1	3	--	--
Expenses reported, but no participants listed as served in this component	--	1	3	4	--	--
No expenses reported, but participants listed as served in this component	1	2	12	1	8	8
No expenses reported and no participants listed for this component	--	--	2	18	--	--
Average Cost Per Participant	\$292	\$653	\$249	\$2,321	\$97	\$94
Number of Participants	3,407	1,161	278	34	1,808	2,302

Source: Analysis of Participant Data and State Contractual Expenses by Employment and Training Institute, University of Wisconsin-Milwaukee.

1990 Participant Costs in 22 WEJT Entities

<u>Expense Level for the Component</u>	NUMBER OF COUNTIES REPORTING EXPENSE LEVEL FOR:					
	<u>ESP</u>	<u>CWEP</u>	<u>OJT</u>	<u>WSP</u>	<u>Remedial Education</u>	<u>Education</u>
\$1-100 per participant	--	1	3	--	4	3
\$101-250 per participant	2	--	2	--	8	9
\$251-500 per participant	8	4	1	4	3	7
\$501-1000 per participant	10	10	4	3	3	1
\$1001-2000 per participant	1	4	2	5	2	1
Over \$2000 per participant	--	--	2	3	--	--
Expenses reported, but no participants listed as served in this component	--	1	2	2	--	--
No expenses reported, but participants listed as served in this component	1	2	6	3	2	1
No expenses reported and no participants listed for this component	--	--	--	2	--	--
Average Cost Per Participant	\$463	\$741	\$636	\$1,342	\$372	\$310
Number of Participants	10,324	1,397	419	171	4,232	6,092

Source: Analysis of Participant Data and State Contractual Expenses by Employment and Training Institute, University of Wisconsin-Milwaukee.

1990 Participant Costs in Milwaukee County

	<u>ESP</u>	<u>CWEP</u>	<u>OJT</u>	<u>WSP</u>	<u>Remedial Education</u>	<u>Education</u>
Average Cost Per Participant	\$107	--	\$323	--	\$125	\$ 91
Number of Participants	8,086	--	13	1	3,326	2,844

Source:

Eight CWEP entities provided remediation and education while registering no costs. These counties were the smaller counties that formerly operated a CWEP "stand alone" program in 1987, 1988 and/or 1989 that were able to provide education and training opportunities by utilizing other funding sources such as Pell Grants or JTPA funding. While many counties furnished education at low expense levels, two WEJT counties offered these activities at considerably higher levels. Waukesha County averaged \$1,209 per participant for these costs and Dane County averaged \$1,027.

Costs per participant for employment search continued to reflect the diversity of programs among the counties. Some counties operated employment search for a very low costs per participant while other counties averaged over \$1,000 per participant. WEJT counties had higher overall costs per participant in almost all categories.

The use of on-the-job training was small in both the number of participants (697, or approximately one percent of total participants) and the amount of money (\$378,975 statewide) expended for OJT. The cost per participant averages varied greatly with seven counties providing OJT for less than \$100 and seven counties spending over \$2,000 per client. Eighteen counties registered participants but reported no expenses for the OJT program. It is likely that these counties were able to access funds from other sources, primarily JTPA that has traditionally used OJT, so that they had participants for their county but accrued no expenses under the JOBS program.

Work Supplementation was an even smaller program with 205 participants in the balance of the state and total expenses of only \$308,477. Those counties that operated a Work Supplementation program tended to show relatively high cost per participant figures due to very low participation rates. Counties with costs per participant over \$2,000 included Kenosha (\$9,580), Grant Consortium (\$4,699), Portage (\$4,207), Marathon (\$3,215), Rusk (\$3,126), and Dunn (\$2,127). The three counties which made substantial use of WSP had per participant costs of \$922 for LaCrosse, \$954 for the Crawford Consortium and \$1,404 in Fond du Lac County.

1990 JOBS PARTICIPATION BY COMPONENT
(CWEP 1990)

	EDUCATION				WORK EXPERIENCE				JOB SEARCH					GRAND TOTAL
	Remedial	Vocational	Other	Total Education	OJT	Other	WSP	CWEP	Individual JSA I	Group JSA II	Group JSA	Job Club	Total	
Adams.....	13%	9%	1%	22%	4%	1%	0%	14%	20%	0%	0%	0%	20%	292
Ashland.....	10	16	12	37	1	0	0	0	19	1	0	0	20	243
Barron.....	9	10	4	23	1	0	0	3	19	2	29	0	50	529
Bayfield.....	14	10	9	33	1	1	1	15	20	2	15	0	38	168
Burnett.....	9	16	2	28	1	0	0	33	20	1	0	0	21	263
Clark.....	17	12	12	41	1	0	0	21	17	0	28	0	45	229
Columbia.....	5	17	0	22	0	0	0	8	31	1	20	0	53	254
Door.....	13	11	7	32	1	0	0	13	15	26	1	12	54	183
Dunn.....	22	30	7	59	1	1	0	15	39	0	0	0	40	432
Forest Consor.	12	12	3	26	1	1	0	9	10	0	5	0	15	778
Florence.....	6	1	7	14	2	0	2	46	2	4	0	0	6	85
Iron.....	14	9	0	23	0	0	0	7	28	0	0	0	28	43
Kewaunee.....	14	17	12	43	1	0	0	9	7	0	41	0	48	92
Langlade.....	21	22	1	45	5	1	0	11	33	0	12	0	45	228
Lincoln.....	7	13	6	26	1	0	0	7	6	0	40	0	47	275
Marinette.....	12	9	7	28	0	0	0	8	4	0	43	0	46	369
Marquette.....	17	11	12	40	3	0	1	18	17	0	0	0	17	161
Menominee.....	30	2	5	37	1	0	1	4	30	1	13	0	45	330
Monroe.....	12	15	28	55	0	0	0	15	10	2	9	0	22	421
N. Lake Winnebago.....	29	19	11	59	0	0	0	2	13	1	2	5	20	877
Oconto.....	15	6	7	28	2	0	0	23	4	10	0	0	14	369
Ozaukee.....	2	16	4	22	9	0	0	4	15	0	1	1	17	82
Pierce.....	16	10	9	35	0	0	1	9	28	0	0	0	28	200
Polk.....	9	14	2	25	2	0	0	6	17	1	11	5	34	733
Portage.....	9	7	3	19	0	0	1	4	5	2	1	0	9	881
Price.....	17	6	4	26	6	0	3	17	17	0	0	0	17	155
Rusk.....	32	12	22	66	0	1	1	49	31	6	10	0	47	216
Sauk.....	18	11	6	34	1	0	1	3	19	2	9	0	30	386
Sawyer.....	23	11	16	50	6	0	0	8	24	0	0	0	24	377
Shawano.....	13	10	1	25	0	0	0	3	8	0	3	0	12	345
St. Croix.....	14	17	8	39	1	0	0	3	35	0	0	0	35	249
Taylor.....	5	6	2	13	1	2	1	7	13	0	0	0	13	123
Walworth.....	18	18	5	41	2	1	0	1	7	0	11	0	19	446
Washburn.....	23	16	9	48	1	2	0	17	28	0	0	0	28	213
Waupaca.....	12	11	5	28	0	18	0	14	30	14	12	0	57	476
Waushara.....	26	13	3	41	3	1	0	10	25	0	0	0	25	231
Total CWEP	15	13	7	35	1	1	0	10	17	2	9	1	29	11,734

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE COMPILATION OF PARTICIPANT DATA

1990 JOBS PARTICIPATION BY COMPONENT
(WEJT 1990)

	EDUCATION				WORK EXPERIENCE				JOB SEARCH					GRAND TOTAL
	Remedial	Vocational	Other	Total Education	OJT	Other	WSP	CWEP	Individual JSA I	Individual JSA II	Group JSA	Job Club	Total	
Brown.....	14%	18%	5%	37%	0%	0%	0%	6%	6%	0%	5%	1%	11%	2,402
Chippewa.....	15	13	8	36	0	0	0	2	13	0	14	1	28	562
Crawford Cons.....	11	18	12	41	0	1	2	6	19	0	7	0	26	1,121
Dane.....	17	6	1	25	0	0	0	1	3	0	0	0	3	3,105
Dodge/Jefferson.....	11	12	7	30	1	5	1	2	31	8	6	0	45	769
Douglas.....	14	20	4	39	1	4	1	13	7	1	27	0	35	568
Eau Claire.....	14	17	4	35	0	0	0	5	4	5	5	0	13	1,860
Fond du Lac.....	16	26	7	48	1	0	7	7	8	14	0	1	23	771
Grant Consortium.....	16	19	17	52	3	2	0	17	16	0	1	0	17	1,100
Jackson.....	22	16	1	40	1	3	3	18	12	0	16	0	28	234
Kenosha.....	6	8	16	30	0	0	0	8	20	0	0	4	24	2,996
La Crosse.....	34	31	2	68	1	1	3	10	2	0	0	11	14	862
Manitowoc.....	35	17	8	60	0	0	3	8	4	0	29	0	34	462
Marathon.....	26	20	5	51	1	0	0	4	3	0	22	6	31	825
Pepin Consortium.....	10	18	22	49	1	1	1	12	9	1	18	6	33	451
Racine.....	11	13	3	27	0	1	0	0	1	1	11	0	13	3,524
Rock.....	16	15	0	31	0	1	0	1	2	4	22	0	28	1,884
Sheboygan.....	20	8	2	30	0	0	0	2	0	0	25	13	39	1,091
Washington.....	13	22	3	38	7	0	0	3	5	1	7	9	21	425
Waukesha.....	13	27	1	41	2	0	0	3	3	7	7	0	17	1,109
Winn./Green Lake.....	13	15	10	39	0	0	0	5	3	3	5	0	11	1,817
Wood.....	20	21	6	47	2	2	0	8	10	0	21	4	36	605
Total WEJT	15	15	6	36	1	1	1	5	7	2	8	2	19	28,543
Job Service-Milw.....	6%	6%	2%	14%	0%	0%	0%	0%	4%	1%	19%	7%	31%	21,889
Milw. Co. DSS.....	31	12	14	57	0	0	0	0	3	4	2	0	8	2,863
OIC-Milw.....	50	23	1	74	0	0	0	0	3	3	8	48	61	1,643
YWCA-Milw.....	33	14	2	48	0	0	0	0	0	0	8	0	8	697
All Tribes.....	12%	7%	5%	24%	2%	0%	0%	3%	17%	2%	8%	0%	28%	606
Total State.....	14	12	5	31	1	1	0	4	8	2	11	4	25	67,975
Balance of State.....	15	14	6	36	1	1	1	6	10	2	9	2	22	40,883
Total Milwaukee.....	12	8	3	23	0	0	0	0	4	1	16	9	30	27,092

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE COMPILATION OF PARTICIPANT DATA

Endnotes

1. Bob Wagner to Al Fish, "Long-Term Welfare Dependency Paper," DHSS Division of Policy and Budget, September 1, 1988.
2. AFDC Employment Targeting Group to Jennifer Donnelly, Welfare Reform Oversight Committee, DHSS, November 20, 1987, p. 1.
3. Ibid.
4. Orlando Conto to Welfare Reform Oversight Committee, DHSS, October 3, 1988, p. 1.
5. "Cases with an Active Episode, March, 1988," Office of Management Information, DHSS, May 9, 1988.
6. Since county welfare workers phased in the mandatory enrollment requirements over time and then only at the scheduled six-month AFDC review, the rule changes did not immediately take effect when the youngest child reached the age which would require the mother to register under the mandatory work requirement. To adjust for these delays, calculations of the eligible mandatory population for single parents were limited to parents with children essentially over 6 years of age for 1987 and 1988 and over 3 years of age for 1989 and 1990. "Per eligible participant" costs may be slightly higher than the exact number of clients whose children were the appropriate age, who had completed their six-month review, and who did not qualify for an exemption. 1990 per capita costs were calculated using the 1989 population.

Chapter Five

DESCRIPTION OF WORK EXPERIENCE AND JOB TRAINING PROGRAMS

In April 1986, the Wisconsin Legislature passed Act 285 which formally set-up the Work Experience and Job Training program (WEJT). The legislation called for WEJT to be implemented as a pilot project in two or more counties. One of the pilots was to give priority to mandatory clients while the other was to give priority to AFDC recipients who volunteered for the program. If a third county was chosen, it was to be a non-WEOP, rural county. Racine County was chosen by the state to serve voluntary participants and Kenosha County to serve mandatory participants. Jackson County was selected as the non-WEOP, rural county and Douglas and Rock Counties were added to bring the total to five pilot counties.

In 1988 WEJT was expanded to include two new groups of counties in addition to the pilots. Some of these counties utilized consortium arrangements whereby two or more counties linked up to share costs and services. Phase two counties were scheduled for implementation in early to mid 1988, although the Brown County/Oneida Tribe WEJT was not fully operational until 1989. Phase three implementation was scheduled for late 1988 and most of the program activities for these counties did not begin until 1989. Consequently, the 1988 expenses for phase three counties are primarily start-up costs. The history of the WEJT implementation is included in another section of this report.

Lead Agency Administering County WEJT Program

	<u>Lead Agency</u>
1987 WEJT Counties	
Douglas	Job Service
Jackson	Job Service
Kenosha	Private Industry Council
Racine	Private Industry Council
Rock	county
1988 WEJT Counties - Phase II	
Brown/Oneida Tribe	Forward Services Corporation
Eau Claire	county
Grant/Green/Iowa/Lafayette/Richard/ Crawford/Juneau/Vernon	Coulee CAP
Winnebago/Green Lake	Winne-Fond-Lake Ltd.
1988 WEJT Counties - Phase III	
Dane	county
Dodge/Jefferson	Job Service
Fond du Lac	county
La Crosse	Job Service
Marathon	county
Waukesha	county
Wood	Central Wisconsin Private Industry Council

Source: Analysis of Wisconsin Department of Health and Social Services Contracts and Interviews with Program Operators, Employment and Training Institute, University of Wisconsin-Milwaukee.

The WEJT legislation specified that each pilot program provide the following services:

1. Enrollment, assessment and job search, including:
 - a. Registration and case review
 - b. Remedial education
 - c. Independent job search
 - d. Group job search
 - e. Employability assessment
2. Subsidized employment, including:
 - a. On-the-job training
 - b. Grant diversion
 - c. Work skills experience
3. Job training, including:
 - a. Vocational skills training
 - b. Private Industry Council JTPA programs
 - c. Youth employment programs
 - d. Other classroom programs
4. Community work experience program

In addition, WEJT counties were to provide child care and transportation reimbursement for program participants and up to a year of child care expenses for former WEJT participants who were no longer eligible for AFDC due to earned income.

WEJT Participants in Work Experience and On-the-Job Training

State legislation required that all WEJT programs include a CWEP component consisting of unsubsidized work experience, which would be mandatory for clients not finding employment after completing the other WEJT components. In 1987 only one percent of WEJT participants were in CWEP and in 1988 this percent grew to only 5 percent. Statewide only a handful of clients were served by WEJT counties in work supplementation programs and a number of counties showed no participants in this component. The number of WEJT participants in on-the-job training went from 2 percent in 1987 to less than 1 percent in 1988, and the number of WEJT participants served by Job Training Partnership Act agencies dropped from a total of 89 to 5 reported statewide.

1987 Participation in Training and Work Experience Activities: WEJT Counties

<u>County</u>	DUPLICATED COUNT:				<u>Total WEJT Participants</u>
	<u>CWEP</u>	<u>WSP</u>	<u>JTPA</u>	<u>OJT</u>	
Douglas	8	0	32	9	1,135
Jackson	29	3	49	3	315
Kenosha	9	0	1	21	973
Racine	0	0	7	32	157
Rock	<u>0</u>	<u>1</u>	<u>0</u>	<u>10</u>	<u>572</u>
TOTALS	46	4	89	75	3,152

Source: Analysis of Participant Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

1988 Participation in Training and Work Experience Activities: WEJT Counties

<u>County</u>	DUPLICATED COUNT:				<u>Total WEJT Participants</u>
	<u>CWEP</u>	<u>WSP</u>	<u>JTPA</u>	<u>OJT</u>	
Douglas	54	4	0	7	1,189
Jackson	42	8	0	10	306
Kenosha	96	3	0	13	1,322
Racine	0	7	1	11	608
Rock	19	6	0	5	1,758
Crawford/Juneau/Vernon	10	0	0	0	339
Eau Claire	16	2	0	0	514
Grant Consortium	89	0	0	0	500
Winnebago/Green Lake	<u>4</u>	<u>0</u>	<u>4</u>	<u>6</u>	<u>538</u>
TOTALS	330	30	5	52	7,074

Source: Analysis of Participant Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

WEJT Participants in Education

One of the key goals of WEJT was to provide more education and training activities than had occurred under the previous WIN/WEOP system. Overall, 27 percent of all WEJT clients took part in some education activity in 1987, including remedial, vocational and technical education programs. In 1988 the proportion of WEJT participants in education increased to 31 percent.

Racine County showed the heaviest use of education. In 1987, 63 percent of Racine County WEJT participants were enrolled in education programs, and in 1988 that percentage increased to 73 percent. Over half of 1988 WEJT participants were in remedial education and over a third in vocational and technical education.

1987 Participation in Education: WEJT Programs

<u>County</u>	DUPLICATED COUNT:						UNDUPLICATED COUNT:		
	<u>Reme- dial Educ.</u>	<u>% of Total</u>	<u>Voc Tech</u>	<u>% of Total</u>	<u>Other*</u>	<u>% of Total</u>	<u>WEJT Parti- cipants</u>	<u>Total in Educ.</u>	<u>% of Total</u>
Douglas	5	1%	31	3%	94	8%	1,135	127	11%
Jackson	52	17	51	16	15	5	315	112	36
Kenosha	109	11	85	9	102	10	973	256	26
Racine	59	38	67	43	38	24	157	105	67
Rock	<u>75</u>	<u>13</u>	<u>121</u>	<u>21</u>	<u>80</u>	<u>14</u>	<u>572</u>	<u>244</u>	<u>43</u>
TOTALS	300	10%	355	11%	329	10%	3,152	844	27%

* The "other" category was used to include some activities not usually considered to be education, e.g. referrals to the Division of Vocational Rehabilitation, pre-employment training programs, and Alcohol and other Drug Abuse programs. Source: Analysis of Participant Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

1988 Participation in Education: WEJT Programs

<u>County</u>	DUPLICATED COUNT:						UNDUPLICATED COUNT:		
	<u>Reme- dial Educ.</u>	<u>% of Total</u>	<u>Voc Tech</u>	<u>% of Total</u>	<u>Other</u>	<u>% of Total</u>	<u>WEJT Parti- cipants</u>	<u>Total in Educ.</u>	<u>% of Total</u>
Douglas	40	3%	150	13%	91	8%	1,189	271	23%
Jackson	53	17	43	14	23	8	306	111	36
Kenosha	208	16	206	16	144	11	1,322	497	38
Racine	314	52	205	34	70	12	608	445	73
Rock	141	8	183	10	32	2	1,758	336	19
Crawford/Juneau/ Vernon	48	14	41	12	69	20	339	139	41
Eau Claire	68	13	101	20	34	7	514	177	34
Grant Consortium	22	4	28	6	11	2	500	61	12
Winnebago/Green Lake Consortium	<u>26</u>	<u>5</u>	<u>109</u>	<u>20</u>	<u>34</u>	<u>6</u>	<u>538</u>	<u>159</u>	<u>30</u>
TOTALS	920	13%	1,066	15%	508	7%	7,074	2,196	31%

Source: Analysis of Participant Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

Post-AFDC Daycare

In addition to WEJT activities, funds were also appropriated for daycare expenses for WEJT participants who left AFDC due to earned income. For up to one year after leaving AFDC former WEJT participants could receive a child care subsidy to help smooth the transition into employment. Subsequent legislation expanded the program so that participants in CWEP and ESP in non-WEJT counties were also eligible for post-AFDC daycare.

Very few clients used post-AFDC daycare in 1987 or 1988. In 1987 three counties had contracts for post-AFDC daycare, and only Douglas County reported any expenses. In 1987 less than one percent of the contracted amounts for post-AFDC daycare were actually spent. In 1988 one percent of the contract amount was spent. Although the dollar amount spent in the program increased for 1988, post-AFDC daycare remained an under-utilized program.¹

1987 and 1988 Expenditures for Post-AFDC Daycare

<u>County</u>	<u>1987 Contract</u>	<u>1987 Expenses</u>	<u>1988 Contract</u>	<u>1988 Expenses</u>
Douglas	\$ 20,431	\$ 431	\$ 52,000	\$ 6,023
Jackson	15,000	0	30,000	1,970
Kenosha	---	---	100,000	0
Racine	---	---	225,000	0
Rock	25,000	0	50,000	0
Crawford/Juneau/Vernon	---	---	25,000	0
Dane	---	---	3,915	444
Eau Claire	---	---	125,000	0
Fond du Lac	---	---	1,000	0
Brown/Oneida Tribe	---	---	25,000	0
Grant Consortium	---	---	29,000	0
La Crosse	---	---	2,000	0
Winnebago/Green Lake	---	---	150,000	228
TOTAL	\$ 60,431	\$ 431	\$817,915	\$ 8,725

Source: Analysis of Wisconsin Department of Health and Social Services Contracts and Expenditures, Employment and Training Institute, University of Wisconsin-Milwaukee.

1987 AND 1988 WEJT Expenses

In 1987 WEJT operated in five counties at a cost of over \$1.8 million. By 1988 the program had expanded to 18 WEJT programs in 26 counties and 1 tribe, with expenses totaling over \$7 million. The methods used by counties to report expenditures and the distribution of costs across program categories varied widely for WEJT counties in both 1987 and 1988. In 1987 the majority of expenditures in each county were reported in the enhanced services category reflecting costs for the purchase of education and training.

Expenditures for CWEP and WSP fell far short of budgeted amounts and the enrollment of participants in these categories was minimal. Expenditures for job search were not included for Douglas, Kenosha, Racine and Rock counties, which continued to operate the WIN/WEOP program during 1987. In these counties, WEJT participants received job search assistance through the existing WIN/WEOP program. DHSS and Job Service were not able to separate the costs of services provided to WEJT participants from those provided to ongoing WIN/WEOP clients in these counties. Only in Jackson County where there was no WIN/WEOP program in operation, were costs detailed, and in this county job search costs were 20 percent of total expenditures.

The "General Service Operation" category below includes administrative expenses for both the WEJT program and the food stamp employment program. In the Community Aids Reporting System (CARS) reports which were used as the source for the following expense information these two amounts were combined and listed as one total. Since this category includes the food stamp employment program, reported expenses will be slightly higher than WEJT only costs in some counties. Also, CARS expense reports indicated that only when the county was the lead agency for WEJT were their expenses reported in this category. It was not clear where these expenses were reported for those counties that chose to subcontract the lead agency role. Starting in 1989 the administrative costs for the food stamp employment program were separated from WEJT expenses and WEJT administrative costs were portioned among the various program component expenses.

For Kenosha and Rock counties were over one-third of total expenditures were reported for administrative costs. Jackson County reported less than 3 percent of total expenses for administrative costs, while the other counties included such costs within program categories. Kenosha County expenditures were by far the largest of any of the WEJT counties, despite the program's collapse after six months and failure to operate again until 1988. With the exception of Kenosha and Eau Claire counties, administrative expenses were low or were reported as part of component activities.

1987 WEJT Expenses by County

County	ESP	CWEP	WSP	Enhanced Services	General Service Operation	TOTAL	Contract Amount	Total Participants
Douglas	##	34,749	9,218	99,693	--	143,660	200,262	1,135
Jackson	35,603	36,549	15,849	97,239	4,679	189,919	208,720	315
Kenosha	##	46,925	--	497,673	275,000	819,598	820,094	973
Racine	##	0	--	323,484	--	323,484	473,890	157
Rock	##	2,254	3,927	197,410	144,967	348,558	485,682	572
TOTALS	\$35,603	120,477	28,994	1,215,499	424,646	1,825,219	2,188,648	3,152

ESP figures for these counties were not available from the Department of Health and Social Services.

Source: Analysis of Wisconsin Department of Health and Social Services Contracts and Expenditures, Employment and Training Institute, University of Wisconsin-Milwaukee.

Expenditures for 1988 included costs for job search and provide a much better picture of the program emphasis of the WEJT administrative entities. For this analysis, any WEJT county that showed expenses or had a contract for 1988 was included. However, according to state officials, some 1988 WEJT counties were not fully operational until 1989 which affected their ability to register participants in 1988. A few counties were given WEJT status in late 1988, but had no contract or WEJT expense figures. These counties (Dodge/Jefferson, Marathon and Waukesha) have been excluded from the tables that follow. Fond du Lac operated as a CWEP program for the first half of the 1988 and as a WEJT county later in the year. Fond du Lac County expenditures are shown in the next chapter on CWEP counties.

The Grant Consortium, and the Crawford/Juneau/Vernon Consortium reported spending the majority of their funds on employment search and CWEP activities, while Douglas, Jackson, and Racine counties used over half of their funds for enhanced services. For 1988 Racine County alone accounted for approximately one-third of all the expenditures for enhanced services. Overall, enhanced services components continued to comprise the largest share (47 percent) of total expenses for 1988, while job search made up the next largest share with 30 percent of total expenses.

1988 WEJT Expenses by County and Consortium

County	ESP	CWEP	WSP	Enhanced Services	General Service Operation	TOTAL	Contract Amount	Total Participants
Brown/Oneida	43,630	33,101	1,598	86,103	0	164,432	350,000	**
Crawford/Juneau								
Vernon	176,431	39,918	22,055	57,505	0	295,909	392,000	339
Dane	29,265	64,801	0	114,970	27,239	236,275	359,371	**
Douglas	57,569	47,554	18,264	265,427	0	388,814	474,993	1,189
Eau Claire	40,878	20,338	309	85,090	107,140	253,755	396,641	514
Grant Consort.	48,530	96,967	0	3,426	30,903	179,826	301,627	500
Jackson	44,379	59,969	22,749	154,985	16,799	298,881	323,024	306
Kenosha	320,003	80,000	-1	686,200	685,271	1,771,473	1,876,199	1,322
La Crosse	31,749	10,861	5,675	37,332	0	85,617	159,856	**
Milwaukee-OIC	127,922	0	0	194,566	0	322,487	830,000	**
Racine	453,501	28,000	0	1,089,279	72,351	1,643,131	1,943,216	608
Rock	690,124	38,318	31,757	542,990	87,739	1,643,928	1,833,592	1,758
Wood	6,756	833	500	7,147	0	15,236	23,841	**
Winnebago/ Green Lake	<u>108,744</u>	<u>22,662</u>	<u>28,911</u>	<u>146,489</u>	<u>0</u>	<u>306,807</u>	<u>504,000</u>	<u>538</u>
TOTALS	2,179,481	543,322	131,817	3,471,509	1,027,442	7,353,571	9,768,360	7,074

** According to state officials, the administrative program was not fully operational until 1989.

Source: Analysis of Participant Data and Wisconsin Department of Health and Social Services Contracts and Expenditures, Employment and Training Institute, University of Wisconsin-Milwaukee.

1987 and 1988 WEJT Costs Per Participant

While the costs shown for 1987 are incomplete due to missing financial data for the employment search program operated by Job Service, the costs per participant listed below for 1987 provide an indication of the amount of money each county chose to invest in participants. These figures do not represent average program costs for participants who obtained employment. Rather, they are measures of cost per participant for all WEJT clients and are calculated by dividing total expenses in 1988 by the total number of program participants reported for that year. Racine County's higher expenditures per participant were directed toward relatively large

investments in education, while Douglas County's job search program and high enrollment levels showed the lowest cost per participant in 1987.

1987 WEJT Costs Per Participant

<u>County</u>	<u>Costs Per Participant</u>	<u>Total Costs</u>	<u>Number of Participants</u>
Douglas	\$ 127	\$143,660	1,135
Jackson	603	189,919	315
Kenosha	842	819,598	973
Racine	2,060	323,484	157
Rock	609	348,558	572

Source: Analysis of Participant Data and Wisconsin Department of Health and Social Services Expenditures, Employment and Training Institute, University of Wisconsin-Milwaukee.

Funding levels and program emphasis in 1988 continued to show wide ranges of participant costs and enrollment levels. Douglas County again posted the lowest cost per participant with high levels of enrollment while Racine County's strong emphasis on investments in education resulted in the highest per participant costs in 1988.

1988 WEJT Costs Per Participant

<u>County</u>	<u>Costs Per Participant</u>	<u>Total Costs</u>	<u>Number of Participants</u>
Crawford/Juneau/Vernon	\$ 873	\$ 295,909	339
Douglas	327	388,814	1,189
Eau Claire	494	253,755	514
Grant Consortium	360	179,826	500
Jackson	977	298,881	306
Kenosha	1,340	1,771,473	1,322
Racine	2,703	1,643,131	608
Rock	791	1,390,928	1,758
Winnebago/Green Lake	570	306,807	538

Source: Analysis of Participant Data and Wisconsin Department of Health and Social Services Expenditures, Employment and Training Institute, University of Wisconsin-Milwaukee.

Endnotes

1. County officials were interviewed to identify reasons for the limited use of post-AFDC daycare. Some officials explained that participants were not aware of the daycare option. Other officials suggested that once recipients left aid, they had no desire to remain in the welfare "system" by receiving a different grant. The requirement that the daycare must be certified was also cited as a reason. During participation in WEJT, clients often had arrangements with daycare providers who were not certified which was allowable under WEJT regulations. Clients who were comfortable with these providers were unlikely to switch to a certified daycare provider in order to receive the post-AFDC daycare reimbursement. In addition, county officials believed that most clients who left assistance due to employment were in jobs that worked second, third or late-hour split shifts and suggested that it was almost impossible to find certified daycare providers that were open during these hours. Finally, some county officials noted that most families leaving aid were AFDC-U cases and as a result child care was provided by the spouse.

Chapter Six

DESCRIPTION OF COMMUNITY WORK EXPERIENCE PROGRAMS

The most controversial welfare employment program enacted in 1986 was the Community Work Experience Program (CWEP), commonly referred to as "workfare." The WEJT legislation represented a major political compromise which for the first time required Wisconsin AFDC recipients to participate in a CWEP program, if they had not found unsubsidized employment after completing all other WEJT components. WEJT participants would first be provided with necessary assistance in the form of job search, OJT, education, and vocational training. Then as a last resort if all other interventions failed, CWEP would be required. The resulting program design meant that all AFDC participants would either leave AFDC, leave AFDC with an unsubsidized job, or remain on AFDC working at an unpaid community work site. The legislation anticipated that all AFDC cases, except for exempt populations with young children, would be working or off AFDC.

The second workfare option provided by the Wisconsin Legislature allowed counties to operate CWEP programs in 1987 at a 50 percent county match rate, with the federal government paying the other 50 percent. CWEP funding for 1988 increased the state share to 45 percent so that counties were required to pay 5 percent of costs for operation of the CWEP. Any county not operating a WEJT program and electing to operate a CWEP was required to enroll **all** non-exempt AFDC recipients in the CWEP component where **all** recipients would be required to work in unpaid community service jobs. Counties could allow AFDC recipients to participate in training while working in a community service job, but all recipients would be required to work. Participants who failed to comply with the work requirement would lose their grant for three months, a second offense would result in loss of a grant for six months. The message to the recipient in CWEP counties was to be unequivocal: either work or lose your AFDC payment.

Legislative Intent for the Program and DHSS Response

Workfare first gained national significance in 1980 when President Reagan proposed that workfare be required nationally as a replacement for WIN. Federal OBRA legislation of 1980 stopped short of imposing a federal workfare program but allowed states to operate workfare programs at a 50/50 matching rate, resulting in a very limited use of Community Work Experience Programs. The notion that AFDC recipients should work off AFDC grants as a condition of receiving aid is a simple and politically popular position. It is in fact what most people think is occurring in Wisconsin AFDC employment programs as these initiatives are frequently referred to as workfare. However, very few Wisconsin AFDC recipients have been required to enroll in workfare programs, even when state legislation required mandatory participation.

Proponents of CWEP have argued two essential purposes for the program. First, they argue that adults on public assistance have an obligation to provide service at public or non-profit work sites for their benefits. Second, proponents believe that CWEP provides a positive experience whereby participants learn basic work skills as well as specific job skills that can be used to obtain unsubsidized employment. The federal requirements for counties electing to operate a CWEP were specified in amendments to the Social Security Act.

The purpose of the community work experience program is to provide experience and training for individuals not otherwise able to obtain employment in order to assist them to move into regular employment. Community work experience programs shall be designed to improve the employability of participants through actual work experience and training and to enable individuals employed under community work experience programs to move promptly into regular public or private employment. The facilities of the State public employment offices may be utilized to find employment opportunities for recipients under this program. Community work experience programs shall be limited to projects which serve a useful public purpose in fields such as health, social service, environmental protection, education, urban and rural development and redevelopment, welfare, recreation, public facilities, public safety, and day care. To the extent possible, the prior training, experience, and skills of a recipient shall be utilized in making appropriate work experience assignments. (42 USC 609. From Sec. 2307(1) Section 409(a)(1) of the Social Security Act.)

The Introduction of Chapter HSS 209, Community Work Experience for AFDC Recipients, provides the state's intent for the program:

"Community work experience program" or "CWEP" means a program established by a county agency under s.46.22(4)(n), Stats., for the purpose of making AFDC recipients more employable through either work experience, which involves placement of AFDC recipients in uncompensated community jobs that serve a useful public purpose, or a combination of this type of work experience and training, including vocational training.

In spite of clear federal and state legislation requiring mandatory participation in work programs for all participants in CWEP stand-alone counties, DHSS officials instead allowed CWEP stand-alone counties to offer clients training, job search or unpaid work experience and encouraged the counties to use existing resources of the Job Training Partnership Act (JTPA) agencies and VTAE community college system to substitute for the lack of training funds under CWEP. As a result, the design of many CWEP programs was similar to the WEJT program where an array of services was offered to clients including job search, remedial education, training or work participation at a community work site. Participation in unpaid community work experience was not required of all participants and in most counties the majority of AFDC recipients were never required to perform unpaid work as mandated by state and federal laws.

Further complicating the administration and implementation of the CWEP program was the role of local county income maintenance staff who were responsible for monitoring and assessing AFDC cases to determine which clients should be exempted and which required to participate in work programs. Wide variations in the percent of AFDC recipients exempted by income maintenance workers from mandatory participation in work programs likely had much to do with the lack of impact of work programs on county AFDC levels.

WEJT Use of CWEP - 1987 and 1988

All of the WEJT programs were required to include a CWEP component in their mix of services. In 1987 the state began WEJT as a pilot project with five counties selected to implement the new program. In mid to late 1988 twenty additional counties and one tribe began WEJT programs. Although the use of CWEP as a component in WEJT varied somewhat across counties, it was not well-used. For 1987 the five pilot counties assigned only 46 clients to CWEP placements out of a total of 3,152 participants, or slightly more than 1 percent. The total number of CWEP placements increased to 330 in 1988, an increase to only 5 percent of the 7,074 total participants in WEJT. Looking at individual counties in 1988, only five counties used CWEP work placements for more than 10 percent of their clients: Grant, Iowa, Lafayette and Richland counties, part of the Grant County Consortium, and Jackson County.

WEJT County Use of CWEP

	1987 CWEP Placements	Total Served	% in CWEP	1988 CWEP Placements	Total Served	% in CWEP
Douglas	8	1,135	1%	54	1,189	5
Jackson	29	315	9	42	306	14
Kenosha	9	973	1	96	1,322	7
Racine	0	157	0	0	608	0
Rock	0	572	0	19	1,758	1
Crawford	-	-	-	5	87	6%
Juneau	-	-	-	1	131	1
Vernon	-	-	-	4	121	3
Eau Claire	-	-	-	16	514	3
Grant	-	-	-	45	244	18
Green	-	-	-	0	42	0
Iowa	-	-	-	14	70	20
Lafayette	-	-	-	14	49	29
Richland	-	-	-	16	95	17
Green Lake	-	-	-	0	90	0
Winnebago	-	-	-	4	448	1
TOTALS	46	3,152	1%	330	7,074	5%

Source: Analysis of Participant Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

Stand-Alone CWEPS - 1987 and 1988

Although funding for the WEJT program limited the number of pilot counties to five, the state offered a second route for counties to implement workfare. This option allowed counties to implement a CWEP, but with much less state funding for other enhanced services including education and vocational training. In this report to avoid confusion, those non-WEJT counties operating a CWEP will be identified simply as "CWEP counties." Starting at various times in 1987, eight counties chose and were granted permission by the state to operate a non-WEJT

CWEP. These first CWEP counties were Adams, Columbia, Florence, Grant, Marquette, Price, Oconto and Walworth. While these counties were the first non-WEJT counties to operate a CWEP with federal matching funds, Walworth County had already been running this program exclusively with county funds since August 1986.

In 1988 the list of CWEP programs expanded to twenty-four. The new counties included: Bayfield, Burnett, Clark, Fond du Lac, Iron, Langlade, Lincoln, Marinette, Menominee, Oneida, Ozaukee, Pepin, Pierce, Portage, Rusk, Sawyer, and Washburn counties. Grant County was no longer a "stand-alone" CWEP in 1988 as it converted over to a WEJT program. This conversion occurred in mid-1988, but all the expenses on the CARS reporting system for 1988 were listed under the Grant County Consortium, the WEJT entity. Consequently, for 1988 Grant County will be considered a WEJT county. Fond du Lac County, included below, also made a transition to WEJT. The other remaining 1987 CWEP counties continued in 1988.

Counties that chose to operate a CWEP had the option of administering the program themselves or subcontracting these duties to another organization. In 1987 three counties elected to serve as the lead agency, while a fourth, Columbia County, subcontracted with a different branch of county government, the county zoning department. This department operated the county recycling center which was the primary CWEP site in Columbia County. The remaining four counties contracted with the local Private Industry Council or a community based organization.

In 1988 nine of the counties chose to administer the program "in-house," while fifteen opted for a subcontractor. Six of these subcontracts were made with Job Service, four with the local Private Industry Council and four with community based organizations. One remaining county chose to have its CWEP jointly administered by Job Service and Forward Services Corporation.

Lead Agency Administering County CWEP Program

<u>Agency</u>	<u>1987</u>	<u>1988</u>
County Department	4	9
Job Service	0	6
Private Industry Council	2	4
Community-Based Organizations	2	4
Job Service/Forward Services	<u>0</u>	<u>1</u>
TOTAL	8	24

Source: Analysis of Wisconsin Department of Health and Social Services Contracts and Interviews with Program Participants, Employment and Training Institute, University of Wisconsin-Milwaukee.

Based on interviews and a review of the program plans submitted to DHSS, most counties operated CWEPs that consisted of much more than work experience. The majority of programs used a combination of employment search activity, remediation, job seeking skills classes, on-

the-job training, and various post-secondary education options along with work experience for their clients. Nine counties also attempted to implement a Work Supplementation Program in conjunction with CWEP in 1988. However, the lack of reported expenses for Work Supplementation Programs indicate that there was little use of this component. By late fall in 1988, Job Service began operating a statewide employment search program (ESP) for many of the smaller rural counties including some of the CWEP counties. By the end of 1988 CWEP programs were operated either separately or in conjunction with ESP, WSP or both.

During enrollment and orientation activities in most CWEP counties, clients received some sort of assessment to determine their needs, skill levels and interests. From this information, staff assigned clients to activities or a combination of activities which they believed were most appropriate for the client. Although there were some variations, program activities were generally of three types: employment search activities, education (remediation, vocational and technical), and CWEP. Several counties indicated that their goal was to place clients at meaningful work sites that fit client needs and interests. While most counties had a number of different components available, other counties cited cost factors as the reason for a "work experience only" program. Employment search activities were most often supervised by Job Service, especially after the statewide ESP contract began in July 1988. Prior to the statewide ESP, the job search component in some counties was operated by a non-Job Service entity.

1987 and 1988 Participants in CWEP Work Site Placements

The central feature of the CWEP program was the work experience component. A CWEP placement could last no more than 16 weeks annually at a maximum of 32 hours per week. The exact number of hours per week was to be calculated as follows: the monthly AFDC grant minus child support payments divided by the greater of the applicable state or federal minimum wage. Participants who did not cooperate with this portion of the program were to be sanctioned.

While the work experience component was expected to be the core of CWEP, it was actually not used as such by all the counties. The data indicated that there was a wide variety in the frequency with which work experience placements were used. In a number of counties, a majority of participants were never involved in a work experience placement. In 1987 three of the CWEP counties had fewer than 20 percent of their clients participating at a work site; one of these counties had no clients participating. Three other counties showed 50 percent or more of participants in a work placement in 1987. Combining all 1987 CWEP counties, approximately 51 percent of the clients participated in the work experience component.

In 1988 the CWEP usage continued to display wide variation by county. Overall, the use of the work component dropped to 28 percent. Eleven CWEP counties had 20 percent or fewer of their clients in work experience in 1988, while five counties placed 60 percent or more at work sites.

CWEP County Use of CWEP Work Site Placements

	<u>1987 CWEP Placements</u>	<u>Total Served</u>	<u>% in CWEP</u>	<u>1988 CWEP Placements</u>	<u>Total Served</u>	<u>% in CWEP</u>
Adams	2	18	11%	27	167	16%
Columbia	169	226	75	93	116	80
Florence	12	17	71	28	83	34
Grant	0	17	0	WEJT Consortium		
Marinette	*			24	63	38
Marquette	26	66	39	14	110	13
Oconto	64	129	50	165	351	47
Price	18	103	17	53	177	30
Walworth	124	187	66	86	290	30
Bayfield				6	127	5
Burnett				30	191	16
Clark				21	201	10
Fond du Lac				86	454	19
Iron				20	55	36
Langlade				54	133	41
Lincoln				40	56	71
Menominee				72	90	80
Oneida				*	*	*
Ozaukee				1	18	6
Pepin				6	64	9
Pierce				7	56	12
Portage				15	23	65
Rusk				100	163	61
Sawyer				19	328	6
<u>Washburn</u>	<u>—</u>	<u>—</u>		<u>21</u>	<u>175</u>	12
TOTAL	415	763	54%	988	3491	28%

*Program was not fully operational until the next calendar year.

Source: Analysis of Participant Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

A review of the hours worked by AFDC clients placed in the CWEP work component as either a WEJT or CWEP program showed that a number of counties did not record the number of hours worked and that over a third of clients with reported hours worked less than 100 hours.

Total Reported Hours Worked for CWEP Participants in Either WEJT or CWEP

<u>Year</u>	<u>Reported Participants</u>	<u>Participants With Reported Hours</u>	<u>TOTAL HOURS REPORTED WORKING:</u>				
			<u>None</u>	<u>1-100</u>	<u>101-200</u>	<u>201-300</u>	<u>>300</u>
CY1987	461	257	7%	31%	27%	12%	23%
CY1988	1,318	928	8	33	20	12	27

Source: Analysis of Participant Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

Use of Education Programs in CWEP Counties in 1987 and 1988

Funding for education programs in CWEP county programs came from a variety of sources, but rarely from CWEP funds. Regulations for CWEP did not allow reimbursement for vocational or post-secondary education. Only remedial education could be claimed as an expense for reimbursement. Many participants were already eligible for financial assistance such as federal Pell Grants. Other funding came directly from the Vocational, Technical and Adult Education (VTAE) community college where CWEP participants were placed in classes which were not filled. On rare occasions, a CWEP program might actually purchase an additional remedial education class for its participants.

Some county officials stressed that Job Training Partnership Act programs offered an important source for education and training. In some counties, coordination with JTPA occurred easily because the lead agency was also the JTPA administrator. In other counties, the JTPA agency had a good relationship with the lead agency so that the necessary coordination occurred. JTPA funds helped pay for education programs as well as on-the-job training positions. Thus, an important aspect of CWEP was its potential to leverage funds from other sources. In most cases, CWEP paid only for support services for its participants while program costs were covered by other sources. Support services included child-care and transportation costs which sometimes included an occasional car repair to allow travel to an activity.

In CWEP counties remedial education and vocational training activities were most often furnished by VTAE campuses. Use of remedial education was not consistent across counties or between the 1987 and 1988 populations. Data for 1987 indicated that remedial education was used for 17 out of 576 total participants, or 3 percent. In 1988 the overall use of remedial education increased to 8 percent, with only Adams, Menominee, Pepin and Walworth counties showing 15 percent or more of participants in remedial education. Other educational services included short-term skills training (i.e. nurse's aide classes) and two-year vocational-technical training. Counties also made use of University of Wisconsin system schools and other colleges, although to a much lesser degree than VTAE schools.

Number of Participants in Education Programs in 1987 in CWEP Counties

	DUPLICATED COUNT:						UNDUPLICATED COUNT:		
	Remedial Educa- tion	% of Total	Voc Tech	% of Total	Other	% of Total	Total Parti- cipants	Total in Educa- tion	% in Educa- tion
Adams	4	22%	1	6%	1	6%	18	5	28%
Columbia	0	0	3	1	28	12	226	30	13
Florence	0	0	0	0	0	0	17	0	0
Grant	0	0	0	0	1	6	17	1	6
Marquette	1	2	2	3	1	2	66	4	6
Oconto	9	7	0	0	0	0	129	9	7
Price	3	3	1	1	39	38	103	39	38
Walworth	<u>17</u>	9	<u>18</u>	10	<u>0</u>	0	<u>187</u>	<u>33</u>	18
TOTAL	34	4%	25	3%	70	9%	763	121	16%

Source: Analysis of Participant Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

The percent of 1987 participants enrolled in education varied from 0 to 38 percent by county. According to staff interviews, Florence County did not use education due to a lack of funds and the distant location of the district VTAE campus. Overall, 16 percent of the clients in 1987 CWEP "stand-alone" programs were involved in educational programs. The use of education in 1988 again showed a wide range across counties. Marinette and Price showed the highest percentages of their total clients in education programs at 62 percent and 61 percent, respectively. The overall percentage of 1988 CWEP county program participants in education programs was 19 percent.

**Number of Participants in Education Programs in 1988
in CWEP Counties**

<u>County</u>	DUPLICATED COUNT:						UNDUPLICATED COUNT:		
	<u>Remedial Educa- tion</u>	<u>% of Total</u>	<u>Voc Tech</u>	<u>% of Total</u>	<u>Other</u>	<u>% of Total</u>	<u>Total Parti- cipants</u>	<u>Total in Educa- tion</u>	<u>% in Educa- tion</u>
Adams	29	17%	8	5%	0	0%	167	35	21%
Bayfield	6	5	15	12	8	6	127	28	22
Burnett	8	4	9	5	7	4	191	23	12
Clark	14	7	5	2	0	0	201	18	9
Columbia	0	0	0	0	15	13	116	15	13
Florence	0	0	0	0	0	0	83	0	0
Fond du Lac	29	6	6	1	24	5	454	56	12
Iron	0	0	1	2	0	0	55	1	2
Langlade	18	14	2	2	0	0	133	19	14
Lincoln	1	2	4	7	2	4	56	5	9
Marinette	0	0	1	2	38	60	63	39	62
Marquette	10	9	7	6	2	2	110	18	16
Menominee	19	21	0	0	0	0	90	19	21
Oconto	10	3	0	0	1	0.3	351	11	3
Ozaukee	2	11	0	0	2	11	18	4	22
Pepin	11	17	3	5	4	6	64	17	27
Pierce	2	4	3	5	9	16	56	14	25
Portage	2	9	5	22	4	17	23	9	39
Price	21	12	14	8	104	59	177	108	61
Rusk	12	7	3	2	26	16	163	35	21
Sawyer	14	4	27	8	27	8	328	64	20
Walworth	44	15	34	12	22	8	290	97	33
Washburn	<u>15</u>	9	<u>18</u>	10	<u>10</u>	6	<u>175</u>	<u>41</u>	23
TOTAL	267	8%	165	5%	305	9%	3,491	676	19%

Source: Analysis of Participant Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

CWEP Expenses for 1987 and 1988

Expenditures for the CWEP program varied widely by county in program years 1987 and 1988. An analysis of contracts, expenses and enrollments together with a calculation of costs per participant reveals that many counties were able to implement their programs at a modest cost per participant during their first and second years of operation. Columbia, Marquette, Oconto, Price and Walworth counties enrolled substantial numbers of participants at a cost of well under \$200 per participant, while Adams, Florence, Grant and Marinette counties do not appear to have been able to put their programs into full operation during 1987 as evidenced by their low enrollment levels. By the end of 1988 most of these original CWEP counties were fully operational and with the exception of Marinette County were posting costs which ranged from \$147 to \$323 per participant. Expenditures fell below contracted amounts in almost all counties.

The experience of counties beginning CWEP programs in 1988 was similar to those first starting programs in 1987. Bayfield, Burnett, Clark, Fond du Lac, Langlade, Rusk, Sawyer, and Washburn counties all had well over 100 participants at modest per participant cost. However, all of these counties fell far short of their contracted amounts. Iron, Lincoln, Oneida, Ozaukee, Pierce, and Portage counties appear to have been unsuccessful in putting their programs into full operation as evidenced by either low enrollment levels, very high per participant costs, or expenditures well below contracted amounts.

Despite the requirement that all CWEP participants perform sixteen weeks of unpaid community work experience, only a few counties came even close to meeting the workfare mandate. During 1987 Columbia, Florence, Oconto and Walworth counties had at least 50 percent of participants working at CWEP sites, but by the end of 1988 Columbia was the only county of the 1987 CWEP counties with over 50 clients in CWEP work sites.

Counties beginning CWEP programs in 1988 showed even lower participation rates in mandatory CWEP work site placements. Only Lincoln, Menominee, Portage and Rusk counties posted work site participation rates above the 50 percent level. Most counties placed fewer than 20 percent of their CWEP participants in the required work site placements.

CWEP Contracts and Expenses in CWEP Counties: 1987 and 1988

<u>County</u>	<u>1987 Contracts</u>	<u>1987 Expenses</u>	<u>Cost Per Participant</u>	<u>1988 Contracts</u>	<u>Actual Expenses</u>	<u>1988 Cost Per Participant</u>
Adams	\$ 11,551	\$ 3,613	\$ 201	\$ 53,182	\$ 38,941	\$ 233
Columbia	31,600	18,569	82	42,800	23,252	200
Florence	10,000	1,711	100	24,646	13,646	164
Grant	31,689	25,352	1,491	WEJT Consortium		
Marinette	10,991	5,867	*	128,496	127,047	2,017
Marquette	13,200	12,211	185	49,879	35,505	323
Oconto	18,000	5,625	44	70,279	73,220	208
Price	13,878	14,088	137	83,864	52,743	298
Walworth	35,926	23,571	126	49,851	42,555	147
Bayfield	-	-	-	129,530	56,857	448
Burnett	-	-	-	111,374	42,055	220
Clark	-	-	-	53,975	18,483	92
Fond du Lac#	-	-	-	237,812	121,637	268
Iron	-	-	-	10,800	3,263	59
Langlade	-	-	-	77,480	58,369	439
Lincoln	-	-	-	119,925	72,628	1,296
Menominee	-	-	-	55,592	33,095	368
Oneida	-	-	-	118,615	5,804	*
Ozaukee	-	-	-	35,470	5,449	302
Pepin	-	-	-	33,583	21,663	338
Pierce	-	-	-	47,850	11,808	211
Portage	-	-	-	61,200	54,727	2,579
Rusk	-	-	-	54,800	34,371	211
Sawyer	-	-	-	113,999	43,000	131
Washburn	-	-	-	115,104	43,243	247
TOTAL	\$176,835	\$110,607	\$ 145	\$1,880,106	\$1,033,361	\$ 296

* Program was not fully operational until the next calendar year.

Fond du Lac County began WEJT programs in late 1988.

Source: Analysis of Participant Data and Wisconsin Department of Health and Social Services Contracts and Expenditures, Employment and Training Institute, University of Wisconsin-Milwaukee.

Use of Workfare in 1990

In spite of the popular perception of workfare as the cornerstone of Wisconsin welfare employment programs, this component continues to receive very little use in the state. The placement rate of participants in CWEP work sites dropped to 10 percent by 1990 for CWEP counties as program emphasis shifted from workfare to training, while in WEJT counties the number of participants in workfare increased to nearly 1,400, but still comprised less than 5 percent of 1990 WEJT participants.

Use of the CWEP or Workfare Component: 1987 - 1990

<u>CWEP Placements at Work Sites in</u>	<u>CWEP COUNTIES</u>		<u>WEJT COUNTIES</u>		<u>MILWAUKEE COUNTY</u>	
	<u>Number</u>	<u>% of Parti- cipants</u>	<u>Number</u>	<u>% of Parti- cipants</u>	<u>Number</u>	<u>% of Parti- cipants</u>
1987	415	54%	46	1.5%	0	0%
1988	988	28	330	4.7	0	0
1990	1,161	10	1,397	4.9	0	0

Note: Participant data was not available for 1989.

Source: Analysis of Participant Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

Nineteen counties had less than 5 percent of their participants in CWEP work sites in 1990, including Milwaukee, Racine and Ashland counties which did not have any CWEP placements. There was a significant increase in the use of CWEP in several of the larger, former WEJT counties which had made little use of CWEP in previous years. The chart below shows some of these counties and the increase in CWEP placements from 1988 to 1990.

Counties and Consortia With Increases in CWEP Placements: 1988 - 1990

<u>County or Consortium</u>	<u>CWEP Placements in 1988</u>	<u>CWEP Placements in 1990</u>
Crawford Consortium	10	68
Douglas	54	72
Eau Claire	16	102
Grant Consortium	89	185
Kenosha	96	241
Winnebago/Green Lake	4	96

Source: Analysis of Participant Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

Chapter Seven

COMPARISON OF THE JOB SERVICE WIN/WEOP MODEL WITH COUNTY WEJT/CWEP PROGRAMS

Throughout most of the 1980s DHSS contracted with DILHR's state Job Service for the operation of its welfare employment and training programs under the Wisconsin Employment Opportunities Program (WIN/WEOP) model. Job Service was responsible for all aspects of the program including operation of job search components in each of the counties, computerized tracking of all AFDC recipients' participation in the various components of the program, financial management and reporting of outcomes. As the WEJT model was phased in, Job Service continued to operate state-wide contracts for the WIN/WEOP program and the ESP program for those counties not yet in WEJT/CWEP/JOBS, and had individual contracts with most counties to provide a range of employment and training services.

The decision to create a county-based service delivery system for the WEJT and CWEP programs was based in large part on the frustration of DHSS policy makers with Job Service's administration of the WIN/WEOP program. DHSS officials maintained that increasing AFDC caseloads, limited training and support services, and lack of effective tracking of WIN/WEOP participants by Job Service had resulted in many cases languishing in "hold" status, lost in the system and not required to complete the required sequence of job search phases stipulated under the WIN/WEOP model. A further criticism was that WIN/WEOP only served those recipients likely to find employment on their own, with or without government programs.

The WEJT/CWEP model was expected to correct for these weaknesses through a combination of increased financial resources for training, day care and supportive services and a radical redesign of the service delivery system. From first contact with their income maintenance worker, AFDC recipients would be given the clear message that they were expected to work, participate in training or actively seek work. "Cradle to grave" tracking and case management by the county department of social services were expected to result in more cases completing the required components, education and training and subsequently more recipients obtaining unsubsidized employment and leaving AFDC.

While policy makers in DHSS were successful in transferring state administration of the WEJT/CWEP programs to the income maintenance unit, staff within the unit were not enthusiastic about integrating the new welfare employment initiatives or restructuring the service delivery system.¹ Resistance to the CWEP and Work Supplementation Program from within the Bureau of Economic Assistance resulted in substantial delays in implementation of the programs. Initial refusal to use Job Service's existing computerized client tracking and financial management systems reduced the ability of administrators to adequately monitor the implementation of the programs.

Furthermore, from the beginning of the WEJT experiment, it was clear that not all counties were interested in assuming responsibility for creating and operating the new model of service delivery. Jackson and Douglas Counties chose the local WEOP provider to operate their WEJT program, while Rock, Racine and Kenosha Counties selected the local JTPA agency to administer their programs. CWEP programs operated in smaller rural counties where there was no existing WIN/WEOP program were frequently run by the counties or subcontracted to community-based organizations.

Throughout the operation of the WIN/WEOP program, funds for training, education and supportive services were limited or non-existent. However, WIN/WEOP participants frequently sought out programs on their own or were referred to existing education and training and education programs available at the local JTPA, community college, or University of Wisconsin campus, taking advantage of categorical aid programs or Pell Grants to subsidize training and education activities. It was anticipated that the WEJT and CWEP programs would take further advantage of these same types of leveraged services, use increased state and federal funding to expand the pool of participants who would receive education and training, and provide critical supportive services and day care during program participation and after employed clients left AFDC.

The evaluators constructed a history for all WIN/WEOP clients which detailed their program activities by component throughout the years studied by using computerized participant records from the WIN/WEOP program. All WEJT and CWEP program operators were required to report the activities of all their participants using the same activity components. Activities were combined into job search activities (including individual job search, job club, Job Search I and Job Search II) and education and training (education, vocational education, JTPA training, on-the-job training, subsidized employment and grant diversion programs). It was anticipated that WEJT counties would outperform those counties operating the existing WIN/WEOP model by providing participants with expanded education and training combined with the requirement for mandatory community work experience for recipients who had not found employment after completing education and training. It was also anticipated that the "workfare" requirement in CWEP counties would result in decreased caseloads as compared to counties in the WIN/WEOP program and compared to counties in which there was no program in operation.

The total AFDC caseload potentially subject to the mandatory requirement for each county was calculated by selecting all two-parent AFDC cases and those single-parent AFDC cases with children above the age of 6 as previously described. The percent of participants participating in the program was calculated from the total population subject to the requirements to participate, broken down in spouse and non-spouse cases.

Counties Using the WIN/WEOP Model

An analysis of those counties operating only the WIN/WEOP model in 1987 and 1988 showed a wide range of participation rates by county, by one- and two-parent status, and for

each year. Although funds for education and training were extremely limited in these WIN/WEOP counties, 14 percent of single parents were enrolled in education and training activities and 8 percent of two-parent cases received education and training in 1988. The heavy emphasis on job search was evident in all WIN/WEOP counties as the vast majority of clients were enrolled only in job search. In 1987 five times as many two-parent cases were enrolled only in job search than in education and training. Two times as many single-parents were enrolled in job search than in education and training. The overall effectiveness of the WIN/WEOP programs to engage the target population in either job search or training was evidenced by the high percent of single parents and two-parent cases in any activity in 1987 and 1988. While the percent of WIN/WEOP county AFDC recipients in education and training rose slightly in 1988, overall participation rates decreased in WIN/WEOP counties in 1988 due to declines in the use of the job search component.

Counties Using CWEP

The counties which began the CWEP program in 1987 or 1988 did not have a WIN/WEOP program operating in their counties and could be expected to show lower program participation rates due to start-up problems and the relatively low funding level provided most counties operating the program in 1987 or 1988. Clearly some counties were much more successful than others in putting the program into operation in both years, but overall performance showed 1987 CWEP counties enrolling a much higher percentage of recipients in education and training by 1988. 1987 CWEP counties posted much higher rates of participation in their second year of operation when the higher state funding levels took effect. These counties enrolled a much higher percent of the population in direct training rather than job search. However, by 1988 overall participation rates remained well below those of the WIN/WEOP counties. Counties beginning the CWEP program in 1988 showed education and training rates comparable to WIN/WEOP counties, but the limited use of job search resulted in overall participation rates well below WIN/WEOP counties.

WEJT Programs Beginning in 1987

Four of the five counties beginning the WEJT program in 1987 had previously operated WIN/WEOP programs and continued to use WEOP staff to provide job search activities throughout 1987 and 1988. For these counties education and training participation rates in 1987 did not appear much different from their WIN/WEOP counterparts despite the additional funds allocated for education and training, while overall rates were lower due to much lower use of job search. This could be explained by the emphasis of the program and implementation of the design. Racine County focused primarily on those recipients who were single parents with children under age six. Douglas County appears to have kept the traditional WIN/WEOP focus on job search in 1987. Jackson County had never operated an employment and training program and in 1987 it contracted with the neighboring LaCrosse WEOP office to administer its program. The very high initial and continuing education and training participation rates in Jackson County

demonstrate the strong emphasis on education and training rather than job search anticipated with the introduction of the WEJT model. In Kenosha County the WEJT program fell apart within six months and ceased operation until 1988 under a reorganized administrative structure.

By 1988 education and training activities in all of the initial WEJT counties rose dramatically given funding increases and changes in program emphasis. Douglas County shifted its emphasis and placed the vast majority of participants in education and training. In Racine County changes in program design which allowed the mandatory population to receive WEJT education and training services resulted in higher participation rates for education and training. Jackson County showed much higher rates of education and training for two-parent cases than in the previous year. Kenosha County had much higher rates for single-parent cases the second year. Despite much higher participation rates in education and training, overall participation rates in 1988 for the original WEJT counties remained below those of WIN/WEOP counties as a result of decreased use of job search.

WEJT Counties Beginning in 1988

Counties selected to begin WEJT programs in 1988 included nine smaller rural counties (WEJT88A counties) which had no program in operation in 1987 and three WIN/WEOP counties (WEJT88B counties) which were given WEJT status and funding. The smaller rural WEJT88A counties showed an emphasis on education and training rather than job search with very few participants in the job search activity. With the change in emphasis to education and training, the WEJT88B counties showed slightly higher rates of education and training activity in 1988 than under their 1987 WEOP programs but generally lower rates of overall participation due to dramatic reductions in the use of job search. As a result, by 1988 overall client participation rates in WEJT88B counties fell well below those of counties continuing WIN/WEOP programs.

Endnotes

1. Joseph Davis interviews.

**PERCENT OF ELIGIBLE AFDC RECIPIENTS ACTIVE IN EDUCATION,
TRAINING OR JOB SEARCH COMPONENTS IN 1987 OR 1988**

Total Cases on AFDC with Spouse Present								
	Number of Cases		% in Education and Training		% in Job Search Only		% in Job Search , Education or Training	
	1987	1988	1987	1988	1987	1988	1987	1988
WEJT87	3541	2840	10%	18%	24%	19%	35%	37%
CWEP87	1176	903	15	26	1	6	15	32
CWEP88	3053	2524	0	16	1	6	1	22
WEJT88A	1360	1103	0	9	0	4	1	13
WEJT88B	1567	1325	10	14	37	18	48	31
WEOPA	3585	2814	7	8	38	31	45	40

Total Cases On AFDC With No Spouse Present And Youngest Child is Over 5 Years of Age								
	Number of Cases		% in Education and Training		% in Job Search Only		% in Job Search , Education or Training	
	1987	1988	1987	1988	1987	1988	1987	1988
WEJT87	3309	2973	13%	22%	20%	15%	33%	37%
CWEP87	734	595	11	27	0	2	11	29
CWEP88	1815	1624	0	14	1	5	1	19
WEJT88A	738	634	0	9	0	3	0	13
WEJT88B	1218	1155	13	16	25	17	38	33
WEOPA	2477	2180	13	14	31	27	43	41

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

Chapter Eight

DESCRIPTION OF COUNTY WORK SUPPLEMENTATION PROGRAMS

The Work Supplementation Program in Wisconsin was designed to create employment opportunities for difficult-to-place AFDC recipients by providing subsidies to employers as an incentive to hire and train recipients and to eventually retain participants as permanent employees. Under the Work Supplementation Program the subsidy to the employer is financed by diverting funds from the participant's monthly AFDC grant to a wage pool, from which employers are paid. WSP provides an inexpensive method of funding on-the-job (OJT) training placements because the subsidized portion of the wage is taken from the recipient's AFDC grant, rather than requiring separate program dollars. Under WEOP and JTPA programs, OJT wage subsidies were financed from federal program funds. However, with the substantial cutbacks in WIN funding, OJT funding was eliminated for welfare programs and state officials saw WSP as a useful mechanism for funding OJT for welfare recipients.

Supported work programs for AFDC recipients were first introduced in Wisconsin as part of the National Supported Work Demonstration Program which operated in 17 counties during the years 1978 to 1982. The program was designed to evaluate the effectiveness of providing subsidized work experience to the most difficult to serve population combined with close supervision and peer support. It was operated by six community action agencies throughout the state and provided a supported work program for 493 long-term welfare recipients.¹ The program was partially funded using the grant diversion mechanism.

The results of the national work support demonstration indicated that supported work programs had a measurable impact on the earnings of single parent AFDC recipients.² Subsequent research on AFDC supported work experiments during 1984-1985 suggested that work supplementation programs demand considerable planning time, administrative support, cooperation of state and local agencies, and adequate staffing for program implementation. Evaluation results also suggested that WSP should be used in combination with other service options such as job search and not as a program on its own. Furthermore, wage subsidies should be used only for those individuals unable to get a job without a subsidy.

In 1984 the federal Deficit Reduction Act allowed states to implement grant diversion programs. The notion of using the welfare check to pay AFDC recipients for working in real jobs where they would not ordinarily be hired gained considerable support from politicians as well as community agencies familiar with the program. Representative Antaramian's Committee on Work Incentives and Representative Loftus' Employment Disincentives Committee showed strong support for the WSP.³ As a result, WEJT programs were required to operate a WSP component as part of the legislative mandate, so that the effectiveness of the intervention could be determined. Wisconsin initiated legislation to create the program in the 1985-87 biennial budget act by authorizing a grant diversion program to be operated in no more than ten counties. Subsequently, Wisconsin Act 285, passed in April 1986, required that grant diversion be included as a component in all the newly created WEJT pilot programs. The limit of ten counties was

lifted in the 1987-89 budget act, Wisconsin Act 27. Currently, a grant diversion program is one of the four component choices for participation in the federal Job Opportunities and Basic Skills (JOBS) program.

Under the grant diversion program, an employer hires an AFDC recipient for a regular job at the usual wage. While the recipient receives a paycheck, the AFDC grant is reduced according to a formula; this money is placed in a grant diversion pool. From this pool, the employer is paid a subsidy of up to \$400 per month for nine months to offset the cost of training an individual who may not have a good work history or may need some experience. Thus, the program is similar to on-the-job training (OJT) projects with the exception that the subsidy comes directly from the diversion of the AFDC grant, rather than another source of funding. In Wisconsin, this type of grant diversion is commonly referred to as the Work Supplementation Program (WSP) and the terms "grant diversion" and "work supplementation" are often used interchangeably. There is actually a difference between the two. "Work Supplementation" refers to the program which places recipients in jobs where worker's wages are subsidized, similar to an OJT placement. "Grant diversion" is the specific mechanism for rechanneling the AFDC grant to a wage subsidy.

To effectively target the WSP to participants unable to find employment without subsidy, the state required that participation be limited only to those individuals who were unsuccessful at job search and who remained unemployed after completing their employability development plan. A grant diversion placement could vary from four to six weeks to a federally imposed maximum of nine months. Wisconsin converted the federal maximum allowance for a WSP contract to 1,238 hours. Hourly wages paid to employees are set at the federal minimum wage or at the entry level wage of the company for similar jobs. Following the training/subsidy period employers are strongly encouraged to keep the participants as employees, but this is not a requirement for employer participation. Client participation in the program is voluntary, and participants retain their eligibility for medical assistance, and child care costs are reimbursed up to \$160 per child.

An attractive feature of WSP is its funding arrangement. Since participants' wages come from existing AFDC funds, the only new costs are for administration to operate the program. The costs of the AFDC grant are already shared by the state and federal governments in approximately a 60 percent federal, 40 percent state split. The administrative costs are shared 50/50 by the federal and state governments.

Implementation Problems

In December 1985 DHSS officials assured the Antaramian Committee that the Work Supplementation Program would begin in the summer of 1986 and serve 400 recipients in ten counties.⁴ Yet four years later, despite enthusiasm for the concept and prior successful experiences with the Supported Work Demonstration Project during 1978-1982, less than 100 recipients in total had been placed in WSP.

DHSS staff began working on the WSP as early as 1985, but had not developed administrative rules for the program until January 1988 as part of the WEJT emergency rule-making activities. Delays within DHSS resulted from disagreement over policies and procedures to be used in adjusting and monitoring the diversion of AFDC payments. The check writing Computer Reporting Network (CRN) system was also a major impediment confronting planners. The decision by DHSS to delay computer programming needed to implement an automatic WSP payment and tracking system made it necessary for county income maintenance workers to manually calculate and process cases. This required an additional three to four hours to process a WSP case at the local office.⁵

The first five WEJT pilot projects received instructions for the operation of WSP by May 1987. As of January 1988 DHSS staff reported that there was considerable confusion about the program at the project level due to a lack of training, lack of interest, and confusion over the changing policies which emanated from DHSS. Concerns about excessive paperwork and the complexity of the program plus the availability of OJT funding under WEJT made WSP a less attractive option.⁶

1987 and 1988 Expenses

Counties that chose to use WSP had ambitious plans as indicated by the relatively large amounts of money that were budgeted. While counties expended funds for the initial set-up and administration of the program, there were very few participants or reimbursements paid to employers. Analysis of WSP expenditures is further complicated by what appears to be conflicting data. In 1987, four of the five WEJT pilot counties planned to operate the mandatory component WSP. Together, these counties contracted to use \$107,500 for wage subsidies to employers. None of this money was actually reported as spent. However, Jackson County reported three WSP placements and Rock County reported one placement despite the fact that no wages were paid to employers. Douglas, Jackson, and Rock Counties reported combined expenses of \$28,994 for work supplementation administration.

1987 Work Supplementation Expenses and Contracts

<u>County</u>	<u>ADMINISTRATION:</u>		<u>PAYMENTS TO EMPLOYERS:</u>		<u>Reported Placements</u>
	<u>Contract Amount</u>	<u>Actual Expenditures</u>	<u>Contract Amount</u>	<u>Actual Expenditures</u>	
Douglas	\$20,535	\$ 9,218	\$ 63,000	\$ 0	0
Jackson	20,636	15,849	17,500	0	3
Rock	9,218	3,927	9,500	0	1
Kenosha	0	0	17,500	0	0
TOTAL	\$50,389	\$28,994	\$107,500	\$ 0	4

Source: Analysis of Wisconsin Department of Health and Social Services Contracts and Expenditures, Employment and Training Institute, University of Wisconsin-Milwaukee.

In 1988 Work Supplementation expanded to additional WEJT and CWEP counties. Thirty counties and one tribe contracted for \$380,332 for WSP administration and \$858,217 for payments to employers. Only fifteen counties and one tribe reported administrative costs totaling \$135,540 and even fewer, seven counties, reported paying subsidies to employers. Total payments to employers amounted to \$76,683 for 37 WSP placements. As with 1987, there were inconsistencies in the data with four counties reporting WSP placements with no reported payments to employers.

1988 Work Supplementation Expenses and Contracts

<u>County</u>	<u>ADMINISTRATION:</u>		<u>PAYMENTS TO EMPLOYERS:</u>		<u>Reported Place- ments</u>
	<u>Contract Amount</u>	<u>Annual Expenditures</u>	<u>Contract Amount</u>	<u>Actual Expenditures</u>	
Adams	\$ 3,961	\$ 129	\$ 21,600	\$ 0	2
Brown County and Oneida Tribe	9,530	1,598	4,225	0	*
Clark	8,405	0	68,000	0	*
Crawford, Vernon, Juneau Consortium	51,000	22,055	14,000	0	0
Dodge/Jefferson Consortium	200	0	0	0	*
Douglas	27,440	18,264	70,440	11,622	4
Eau Claire	6,730	309	18,000	0	2
Florence	4,630	0	36,000	0	0
Fond du Lac	30	0	0	0	0
Grant/Green/Lafayette/ Iowa/Richland Consortium	2,457	0	6,000	0	0
Jackson	22,749	22,749	33,600	17,539	8
Kenosha	64,200	0	17,500	900	3
LaCrosse	13,898	5,675	0	0	*
Marinette	0	0	0	0	1
Marquette	3,962	0	4,200	0	3
Pepin	5,928	0	14,400	0	*
Pierce	4,090	0	7,200	0	*
Portage	3,900	3,296	36,000	1,456	0
Price	14,100	297	105,000	2,376	1
Racine	0	0	159,332	4,929	7
Rock	68,694	31,757	152,000	37,861	6
Winnebago/Green Lake Consortium	62,325	28,911	90,720	0	0
Wood	<u>2,103</u>	<u>500</u>	<u>0</u>	<u>0</u>	<u>*</u>
TOTAL	\$380,332	\$135,540	\$858,217	\$76,683	37

* These counties began late in 1988 so that there was little opportunity to enter clients in WSP. Administrative costs represent primarily start-up costs.

Source: Analysis of Wisconsin Department of Health and Social Services Contracts and Expenditures, Employment and Training Institute, University of Wisconsin-Milwaukee

The contract amounts for 1988 indicate that for every \$1 of administrative costs, over \$2 in wage subsidies were anticipated. However, an examination of the actual expenditures showed that every \$1 of administrative money generated less than \$0.60 of wage subsidies. This outcome may be misleading for several reasons. First, some counties may have put in place the administrative mechanisms necessary to operate WSP, but had yet to identify clients for a WSP placement. Secondly, the wage subsidy was limited to \$400 per month and since most WSP contracts were targeted for full time positions, employers may have likely paid employees more than the subsidy. Additionally, some contracts may have been written for less than \$400 per month for lower paying jobs. Consequently, for those counties which made payments reported administrative costs may actually have generated a larger amount of wages than simply the amount of the subsidy.

The limited use of WSP in 1988 may in part result from delayed start-ups for many of the new WEJT/CWEP programs. The 1987 WEJT pilots created 28 of the 37 1988 WSP placements. Administrative expenses for these five counties were only 40 percent of the contracted amounts in 1988. For payments to employers, which may be a better indication of the number of WSP placements that were anticipated, the pilot counties spent only 17 percent of their contracted amounts.

Discussions with county staff indicated that there were difficulties in using WSP which may have discouraged its use. A number of counties noted that the amount of paperwork involved for the county and the employer often made both groups reluctant to arrange a placement. Others pointed to restrictive rules that limited eligibility as a deterrent to obtaining WSP volunteers. An example of this was the 100-hour rule for AFDC-U cases. From the beginning it was clear that the paperwork necessary to operate a grant diversion program was considerable.⁷ Establishment of a "wage pool" and processing of AFDC subsidy payments to employers would take considerably more effort, but that the effort was thought to be well worth it when balanced against cost savings of using WSP to fund OJT activities. However, lack of adequate training, monitoring and support from DHSS for the grant diversion program resulted in much of the confusion and resistance to the program. Furthermore, the refusal of the department to automate processing of WSP cases made the process even more cumbersome.

By contrast with other counties, Fond du Lac County began operation of WSP in 1989 with 30 participants in the program, far surpassing any county's previous use of WSP. In Fond du Lac County the Community Action agency Advo-Cap had successfully operated a WSP program during the 1978-82 Supported Work Demonstration program and was an enthusiastic supporter of the program. Conversely, a lack of enthusiasm and support for the program by DHSS administration resulted in only minimal use of the required WSP component statewide. By 1990 only \$341,402 of wages were being paid out to employers for subsidized on-the-job training, and use of the component continued to fall short of even the modest budgeted amounts set aside for this mandated program. As a result, administrative costs for the program exceeded subsidized wages generated in almost all years of the program, as shown in the table above.

Work Supplementation Expenses and Wage Payments: 1987-1990

<u>Year</u>	<u>ADMINISTRATION:</u>		<u>PAYMENTS TO EMPLOYERS:</u>	
	<u>Contract Amount</u>	<u>Actual Expenditures</u>	<u>Contract Amount</u>	<u>Actual Wage Subsidies Paid</u>
CY 1987	\$ 50,389	\$ 28,994	\$ 107,500	\$ 0
CY 1988	380,332	135,540	858,217	76,683
CY 1989	319,775	203,199	719,435	132,697
CY 1990	N/A	<u>308,477</u>	<u>1,262,349</u>	<u>341,402</u>
TOTAL		\$676,210	\$2,947,501	\$550,782

Source: Analysis of Wisconsin Department of Health and Social Services Contracts and Expenditures, Employment and Training Institute, University of Wisconsin-Milwaukee.

In an attempt to gain a more accurate picture of actual WSP participation, case history data were used to identify those cases which had been processed by income maintenance staff for grant diversion. Cases which had the required closure codes for WSP were examined for each county for the years 1987 through 1989. While case history data does not provide a record of whether any wages were paid by employers, they do identify those cases processed for participation and placement in the program. These records differ substantially from those reported by counties. In 1987 eight cases were processed, including four in Douglas County, three in Jackson County, and one in Rock County. In 1988 sixteen cases were shown as entering WSP, with each of the five pilots having at least one participant. In 1989 the WSP component totaled 74 participants in seventeen counties, including 30 participants in Fond du Lac County and 11 in LaCrosse. Additionally, two-thirds of the WSP participants in each program year had a 12th grade education or better, suggesting that attention ought to be focused on targeting WSP services to those clients most difficult to serve and unable to obtain a job without subsidized employment. Previous evaluations of WSP have noted the importance of targeting these subsidy programs to those clients most difficult to place. The high percentage of participants in WSP with a high school diploma raises questions as to whether employers were receiving subsidies to hire recipients they would have employed regardless of the program.

The limited use of the WSP program component by counties resulted in such small numbers that no conclusions could be drawn as to the effectiveness of WSP as an intervention for the difficult-to-place population. Use of the component in subsequent years did not improve. By the end of 1990 only 206 participants were placed in WSP, with only Fond du Lac County (54 WSP participants), LaCrosse County (28 participants), and the Crawford Consortium (23 participants) making substantial use of the component. This is similar to the 1990 experience with on-the-job training, where only four counties or consortia had twenty or more participants: Grant Consortium (37 participants), Washington County (31), Waukesha County (24) and Sawyer County (21).

Endnotes

1. Richard Schlimm, Fond du Lac Advo-Cap, testimony before Employment Disincentives Committee, February 20, 1987.
2. Robinson G. Hollister, Peter Kemper, and Rebecca A. Maynard (eds.), The National Supported Work Demonstration (Madison, WI: University of Wisconsin Press, 1984).
3. Wisconsin Legislative Council, Summary of Proceedings Special Committee on Employment Disincentives, March 17, 1987; Meeting of Assembly Select Committee on Work Incentives, December 12, 1985.
4. Meeting notes, Assembly Select Committee on Work Incentives, December 5, 1985.
5. Wisconsin Department of Health and Social Services, Welfare Reform Oversight Committee Presentation, January 25, 1988.
6. Ibid.
7. Ibid.

Chapter Nine

THE COUNTY WELFARE WORKER'S ROLE IN IMPLEMENTING PROGRAMS

Under the old WIN model as operated in Wisconsin during the 1970s, social workers played a key role in operation of the welfare employment program and together with Job Service professionals were jointly responsible for the operation of the uniformly prescribed WIN model in each county in the state. Decreases in federal funding for WIN during the early 1980s resulted in the state's elimination of the social worker role, designation of Job Service as the sole operator of welfare employment programs, and elimination of the WIN program in all but 27 of the largest 72 counties in the state.

The only remaining social services staff responsible for ongoing contact with the WIN, WEOP, WEJT or CWEP programs during the 1980s and 1990s were county income maintenance (IM) workers. The IM worker holds a high pressure clerk-type position responsible for determining the eligibility for AFDC, medical assistance (MA) and food stamps and for ongoing monitoring of cases for payment purposes. In the 27 largest counties the IM worker was also responsible for determining which AFDC cases were required to participate in the WIN/WEOP program and which were exempt from mandatory participation. However, the primary role of the IM worker is to insure the proper determination of welfare eligibility which includes a detailed 24-page combined application form which all applicants for AFDC, medical assistance and food stamps are required to complete and update every 6 months to remain eligible for aid. This 24-page form requires detailed information on the casehead and each individual in the household. IM workers are provided over 1,000 pages of constantly changing rules and regulations for completing the application form and determining eligibility for programs. To answer complicated questions or for clarification of rule changes, IM workers may be allowed to call a team of state welfare "wizards" who are expert at discerning the current policies from the many and regularly changing rules and regulations.

With the introduction of the welfare reform waivers in October 1988 income maintenance workers were faced with an array of rule changes which needed to be considered in the eligibility application and review process. Complicating the problem of the multitude of modifications to rules and regulations was the state requirement to dramatically expand the AFDC client population required to participate in job search or employment training programs. State officials estimated that the welfare reform waivers would almost double the number of AFDC recipients required to register for welfare employment programs. IM workers were expected to monitor and review an estimated 44,800 new mandatory registrants beginning in October 1988, in addition to the current mandatory population of 52,000.¹ IM workers were also expected to track each recipient required to register and to participate in these programs to determine whether or not the recipient was actually participating as required and to sanction those clients not in compliance. Yet another complicating factor was the limited program slots available for participants. State policy makers estimated that 70 percent of mandatory participants could not participate in the program due to the shortage of slots available in these programs.²

IM workers in the 45 counties which had not had a welfare employment program in place since the early 1980s faced an even more difficult task in 1988. They were required to review their entire AFDC caseload, establish procedures for referral of mandatory participants to welfare employment programs, instruct clients who had not recently been familiar with the requirement to participate in programs, and monitor the dramatic increase of cases subject to the expanded regulations requirements. In addition, IM workers were expected to implement the complicated Learnfare, medical extension and earned income policy changes that made up the balance of the welfare reform experiments in Wisconsin.

The effectiveness of these welfare reform initiatives was dependent upon the ability of IM workers to implement complicated and time-consuming reviews and to monitor AFDC participant behavior in ways they had never before been required to do. By October 1988 IM workers in the 45 smaller counties were required for the first time to perform simultaneously the following tasks on all AFDC cases in their county:

- Review the entire adult AFDC population individually to determine which clients would be required to participate in the mandatory welfare employment programs.
- Refer and monitor the behavior of all mandatory recipients to determine if they registered and participated in welfare employment programs and sanction those who fail to participate.
- Review the entire AFDC teenage population to determine which youth would be required to participate in Learnfare under threat of financial sanction. IM workers were required to review the semester and/or monthly attendance of these teens, decide whether contested school absences were legitimate, and determine which teens had valid reasons for not attending school. Workers were also expected to determine which teen parents should be exempt from school permanently due to school credit deficiencies.

These tasks were expected to be completed for all new AFDC recipients during the application process. For the existing AFDC population, cases would be examined at the regularly scheduled six-month review. Within a six-month period almost the entire adult and teenage AFDC caseload was subject to intensive monitoring of behavior to determine whether or not their participation in school, work or welfare employment programs was adequate and to sanction those cases where either the teen was not attending school regularly or the adult was not meeting mandatory registration, job search or training requirements.

As might be expected, the implementation of these new policies varied widely by county IM unit. Generally, the 27 counties which had operated WIN or WEOP programs throughout the 1980s had very high percentages (80 to 90 percent) of the adult study population in the mandatory status in 1987 and 1988 and well over one-half of the population active in employment and training programs. The rural CWER and WEJT counties operating programs for the first time in 1987 or 1988 generally posted much lower percentages of clients in mandatory status and correspondingly low percentages in employment and training activities,

with some notable exceptions. Price and Oconto counties showed mandatory percents similar to those in WEOP counties in 1988. Even in its first year of operation in 1987 Price County placed 80 percent of recipients in mandatory status, and participation rates in employment and training programs were similarly as high as the WEOP counties. In the balance of the rural counties operating programs in 1987 or 1988, mandatory participation varied widely with some counties having as low as 30 percent of clients in the mandatory status. Columbia County's performance was unique as it showed consistently more participants enrolled in mandatory employment and training programs than clients with mandatory status.

Percent of AFDC Cases With Mandatory Status in Any Quarter of 1988

<u>County</u>	<u>Cases with Two Parents</u>	<u>Cases with One Parent and No Children Under Age 6</u>
CWEP87 Counties		
Adams	61%	55%
Columbia	30	36
Florence	40	42
Marquette	65	42
Oconto	80	79
Price	80	64
Walworth	69	78
CWEP88 Counties		
Burnett	46	65
Clark	53	61
Iron	32	54
Langlade	62	73
Ozaukee	30	54
Pepin	63	62
Pierce	49	41
Rusk	50	64
Washburn	48	54
WEJT87 Counties		
Douglas	90	94
Jackson	74	85
Kenosha	80	81
Racine	75	83
Rock	78	78
WEJT88 Counties		
Crawford	50	59
Eau Claire	85	87
Fond du Lac	80	87
Green	33	25
Green Lake	48	56
Iowa	43	56
Juneau	39	42
Lafayette	40	35
Richland	39	34
Vernon	45	39
Winnebago	78	85

Source: Analysis of Wisconsin Department of Health and Social Services Income Maintenance Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

Endnotes

1. "Discussion Paper - Implementatin of Walver of Work Exemption Based on Age of Youngest Child," DHSS, undated.
2. Ibid.

Chapter Ten

EVALUATION RESEARCH METHODOLOGY

The plan for the WEJT/CWEP evaluation approved by the Wisconsin Department of Health and Social Services and presented to the Wisconsin Legislature by the DHSS Secretary in December 1989 identified five hypotheses to be tested.

1. WEJT/CWEP interventions increase the labor force participation of AFDC recipients.
2. WEJT/CWEP interventions increase the earned income of AFDC recipients.
3. WEJT/CWEP are effective in removing barriers to employment for the high-need subgroups of the AFDC population.
4. WEJT/CWEP improves the long-term economic well-being of participant households.
5. WEJT/CWEP increases welfare savings.¹

Measures used to test these hypotheses included the percentage of cases off AFDC; the percentage of cases off AFDC with earnings greater than \$2,500 (the quarterly equivalent of the federally determined minimum income needed to support a three-person family in 1990); average earnings by quarter; and earnings impact by quarter. In cases with two spouses present (also referred to herein as "two-parent families") spousal earnings were combined to determine average family earnings and earnings impact by quarter. Single parent cases were analyzed separately to measure impact on this harder-to-serve population. Client impacts were tested one, two and three years after the implementation of 1987 programs and one and two years after implementation of the 1988 programs.

One Wisconsin county, Rock County, used randomly assigned control group populations. These data allowed hypothesis testing on whether WEJT program participation showed positive impacts on AFDC reduction, employment earnings, or family economic well-being. Racine County conducted the legislatively mandated experiment to test the impact of a county-operated WEJT program which served only volunteer participants. Given deviations from the program design in Racine County, the evaluation measured program impact using two populations -- 1) the original target population of single mothers with one young child, and 2) all single parent AFDC cases in the county. For Racine County WEJT program participants were compared with WIN/WEOP (traditional job search programs operated by Job Service) participants from the same cohort populations and with AFDC clients in the county receiving no program treatment.

Manpower specialists, including James Heckman and Sar Levitan, have raised important concerns regarding the predominant reliance upon random experiments as the sole tests of impact for government employment and training programs.² This issue is of particular concern in Wisconsin where all but one of the counties with WEJT and CWEP programs operational in 1987 and 1988 initiated programs without use of randomly assigned control groups. To test the impact of programs in these Wisconsin WEJT and CWEP counties the analysis used comparison groups of other Wisconsin counties with similar economic conditions but not operating welfare employment programs or providing only the state's traditional job search program (WIN/WEOP) operated by state Job Service staff. Regression models were used to control for differences between county welfare populations by race, age, highest grade completed in school, number of children, a teen as the youngest child, length of time on AFDC and in-migrants to Wisconsin. Measuring outcomes over time by county made it possible to assess the impact of the rapidly expanding welfare employment programs in the state while controlling for associated welfare waiver policies which took effect in late 1988 and 1989.

The base study population included all AFDC cases in which the casehead or spouse was on aid during either 1987 or 1988 in the state, exclusive of Milwaukee County. For the quasi-experimental studies the analysis focused on the total population, using the 100 percent sample of all families receiving AFDC and subject to AFDC work registration by reason of having a two-spouse case or a single-parent case with children over five years of age, without consideration for exemptions other than age of the youngest child.³

Data Sources

The evaluation required extensive data collection and the construction of a longitudinal database using computerized files on individual clients from the Wisconsin Department of Health and Social Services (DHSS) and the Department of Industry, Labor and Human Relations (DILHR). The procedures for data collection outlined by DHSS stressed the importance of relying on existing state data sources and using methods of data collection which were reasonably unobtrusive on county personnel and clients. Accordingly, the University of Wisconsin-Milwaukee Employment and Training Institute used state databases to assemble all sources of data on WEJT and CWEP clients and to prepare rosters of all program participants for verification by county officials, rather than requesting counties to gather data which already existed on state data systems. Emphasis on county review of evaluator-assembled rosters provided counties with an opportunity to correct and add to available state data on each of their program participants and minimized the amount of program operators' time required to respond to evaluation-related data requests.

During 1990 the Employment and Training Institute worked with all counties operating either a CWEP or WEJT program to compile a baseline roster of all participants and the types of program components in which clients were enrolled in 1987 and 1988 program years. Because most WEJT counties and some CWEP counties were previously and concurrently part of WIN/WEOP, the Job Service computerized client data base was used in conjunction with the

DHSS welfare computer system as a base to construct an ongoing history of client participation throughout the period 1987 to 1989. Each county was requested to review and edit the roster prepared by evaluators to verify all participants and their activities for program years 1987 and 1988.

Four DHSS state files were used: 1) the Computer Reporting Network (CRN) file of welfare applicants and recipients; 2) the AFDC benefit history file; 3) file of health care costs; and 4) the monthly check file of AFDC payments. The CRN files included demographic, household and financial data on all families and individuals in Wisconsin receiving AFDC, food stamps or medical assistance. The CRN contains the most reliable and up-to-date demographic information on clients; however, the files are monthly snapshots of AFDC individual and case data. The evaluators merged all AFDC case and individual files with program participation data into a family-based longitudinal file which captured casehead and spousal earnings, participation in training programs, and health and AFDC history.

The DHSS AFDC benefit file, health care costs file and monthly check file provided a historical record of each case's actual AFDC payments since 1980 and actual health care costs since 1985 on a quarterly basis and any earned income since January 1988. The monthly check file provided data on all AFDC participation statewide and was assembled by the evaluators on both a quarterly and monthly basis for the period 1980 to 1990.⁴ The AFDC check file records all payments to cases and is a complete history for each case.

The DILHR MR1-MR2 file was used to gauge post-program earnings for 1987 and 1988 participants. These earnings data used in the evaluation were drawn from the DILHR wage reporting system which began collecting quarterly employee earnings from employers in Wisconsin in January 1988. This type of wage reporting system has been used in most of the recent evaluations conducted on welfare employment programs, including those in Arkansas, California, Illinois, Maryland, Massachusetts, New Jersey, Virginia, Washington State and West Virginia.⁵ While use of this data system is subject to some under-reporting because it does not include employers not required to report earnings (small farms, churches, and domestic help) or out-of-state employment, experience in other states indicates that about 90 percent of earnings are captured.⁶ The advantage of this method is that it is not subject to the errors inherent in soliciting accurate historical earnings data from participants. Furthermore, surveys of similar populations of poor people usually have non-response rates of over 50 percent.

The MR1-MR2 file was generated for each quarter from January 1988 through December 1990 through a match of all adults in the CRN file with DILHR's employee wage file to track wages paid to employees. DILHR also cooperated in providing longitudinal employee wage data on a county-by-county basis and Job Service computer records on services and transactions for individuals in Job Service welfare employment programs for the period from 1986 through 1988.

Variables Available Within Each Database

<u>Database</u>	<u>Subjects</u>	<u>Variables</u>
CRN Demographic File	All AFDC cases, quarterly	County; AFDC grant; earned income; year of application date; number in household; age of dependents; casehead race, sex, date of birth, highest grade completed, welfare employment program status, sanction status.
CRN Index File	All individuals on AFDC, quarterly	County, date of birth, participation status in AFDC/food stamps/MA welfare employment program status, sanction status, race of casehead, marital status.
AFDC Benefit History	All AFDC cases, monthly	On/off AFDC each month from 1980 to 1990.
AFDC Check History	All AFDC cases, quarterly	All amounts paid for AFDC, number of children and adults in AFDC group, begin date, end date for AFDC.
AFDC Health Care Costs	All AFDC cases, quarterly	Health care expenses, MA extension and 1/6 disregard codes for experimental and control group strands.
WIDS	Individuals in Job Service welfare employment programs.	County, Job Service office, program activity code by employment program component, all services and transactions.
MR1-MR2 File	Employees, quarterly since Jan. 1988	All quarterly earnings for individuals from the DILHR employee wage reporting system.
WEJT/CWEP Participation	1987 and 1988 participants	County, program activity by employment program component, number hours of training by component.*
DILHR Economic Indicators	Counties	Monthly unemployment rates, employment covered by Wisconsin's unemployment compensation law by type and size of employer.

*All 1987 and 1988 WEJT and CWEP counties collected and reviewed participant data where it was not contained in the state's WIDS system.

Extensive financial data collection efforts were required for the evaluation due to the inability of DHSS officials to provide complete data on county expenses incurred for the experiments under evaluation. Evaluation staff reconstructed the DHSS Community Aids Reporting System (CARS) worksheets on 1989 county expenses which had been inadvertently erased by DHSS staff and evaluators assembled financial accounting by administrative entity for Calendar Year 1989. It was additionally necessary to reconcile costs for the first half of 1989 when cost reporting used the old CARS system, and the second half of 1989 when the new CARS system and JOBS went into effect. Expenses by administrative entity and component were also unavailable from the state in summarized form for 1990, requiring additional data collection efforts to assemble expenditures.

Outcomes versus Impacts -- The Evaluation Goal

Experimental and quasi-experimental models are used to gauge the impacts of WEJT and CWEP programs, testing for changes in client AFDC status and earnings which can be attributed to the programs. The challenge for evaluators is to distinguish **outcomes** which would have resulted without the program from **impacts** which can be attributed to new program interventions. State officials have used declining AFDC caseloads to describe the impact of welfare reform programs, attributing almost all of the decline to welfare employment programs and waiver experiments.

An analysis of the 1987 and 1988 AFDC population over time showed that the majority of families leaving AFDC did not receive employment services. Raw comparisons, for example, revealed that of the 69,715 AFDC regular and AFDC-U cases in the balance of the state outside of Milwaukee County, two-thirds of cases were never active in an employment and training program in the year 1987, 1988 or 1989. Furthermore, those cases which received welfare employment programs were much more likely to remain on AFDC than those cases which were never in a program. This occurs for a number of reasons.

1. Cutbacks in the WIN/WEOP Job Service program in the early 1980's resulted in the closing of AFDC job search programs in 50 of the smaller rural counties. Programs were not reintroduced in most of these counties until late 1988 and early 1989.
2. Limited funding for the remaining 22 WEOP counties under the WIN program resulted in many recipients not being required to participate in programs.
3. Individuals who sought out employment on their own were not required to participate in the program.
4. Single parent caseheads with children under six were not required to participate in programs until late 1988 and early 1989 when only those single parents with children under two years were exempt.

Seventy-one percent of 1987 AFDC recipients never active in a program were off AFDC by the 4th Quarter of 1990 compared to 56 percent of participants active in welfare employment programs.

**Population on AFDC in 1987
(Balance of State)**

<u>1987 AFDC Population</u>	<u>Number of Cases</u>	<u>PERCENT OF CASES OFF AFDC BY:</u>		
		<u>4th Qtr, 1988</u>	<u>4th Qtr, 1989</u>	<u>4th Qtr, 1990</u>
Cases NEVER ACTIVE in an Employment and Training Program in 1987, 1988 or 1989	44,043	55%	66%	71%
Cases ACTIVE in an Employment and Training Program in 1987, 1988 or 1989	25,672	26.5%	43%	56%
TOTAL CASES	69,715	45%	58%	65%

Source: Unadjusted comparisons of AFDC case outcomes based on participant data and earnings files, Employment and Training Institute, University of Wisconsin-Milwaukee.

For the 1988 AFDC population the results were similar in that two-thirds of recipients were never active in the program in 1988 or 1989, and AFDC departure rates were much lower for those recipients in training programs. Those 1987 and 1988 AFDC recipients participating in programs could well be expected to post lower AFDC departure rates if participation in training delayed their entry into the labor force or if they were the more difficult to serve population, less likely to find employment. The impact analysis which follows will attempt to determine the impact of the program compared to what would have happened in the absence of these new program initiatives.

**Population on AFDC in 1988
(Balance of State)**

<u>1988 AFDC Population</u>	<u>Number of Cases</u>	<u>PERCENT OF CASES OFF AFDC BY:</u>	
		<u>4th Qtr, 1989</u>	<u>4th Qtr, 1990</u>
Cases NEVER ACTIVE in an Employment and Training Program in 1988 or 1989	41,051	53%	60%
Cases ACTIVE in an Employment and Training Program in 1988 or 1989	21,272	33%	50%
TOTAL CASES	62,323	46%	57%

Source: Unadjusted comparisons of AFDC case outcomes based on participant data and earnings files, Employment and Training Institute, University of Wisconsin-Milwaukee.

Endnotes

1. Patricia A. Goodrich to Donald Schneider and Thomas Melvin, DHSS, December 14, 1989, p. 2.
2. See James J. Heckman, "Randomization and Social Policy Evaluation," in Randomization and Social Policy Evaluation, ed. Charles F. Manski and Irwin Garfinkel (Cambridge, MA: Harvard University Press, 1992), pp. 201-230; Sar A. Levitan, "Evaluation of Federal Social Programs: An Uncertain Impact," Occasional Paper 1992-2 (Washington, D.C.: The George Washington University Center for Social Policy Studies, June, 1992).
3. Under changes in the welfare employment program registration requirements which took place in October 1988, the exemption for single parent caseheads with children under six years of age was changed to lower the age for the exemption to children under two years of age. Because the change was phased in beginning in October 1988 and did not take full effect until at least six months later, in cases where randomly assigned control groups were not available the evaluation study population was limited to single parent caseheads with children over five years of age or AFDC cases in which two spouses were present.
4. By October 1989, the format for the evaluation data base had been completed and tested, using July 1989 CRN data. DHSS production of tapes then proceeded for the four CRN generated files which was to result in 32 quarterly tapes spanning the period, January 1984 through December 1990. These quarterly data were to be assembled by the evaluators into a longitudinal file. Repeated delays by DHSS in the production of these CRN files resulted in a much more limited statewide data base spanning quarters in 1987, 1988 and 1989. Complete data for the period prior to 1987 was never produced in time for the construction of the state database or subsequent matching with the employee wage reporting system.
5. Daniel Friedlander and Barbara Goldman, Employment and Welfare Impacts of the Arkansas WORK Program: A Three-Year Follow-Up Study in Two Counties (New York: Manpower Demonstration Research Corporation, 1988); Daniel Friedlander et al, GAIN: Two-Year Impacts in Six Counties (New York: MDRC, 1993); Daniel Friedlander et al, Final Report on Job Search and Work Experience in Cook County (New York: MDRC, 1987); Daniel Friedlander et al, Final Report on the Employment Initiatives Evaluation (New York: MDRC, 1985); Stephen Freedman et al, Final Report on the Grant Diversion Project (New York: MDRC, 1988); James Riccio et al, Final Report on the Virginia Employment Services Program (New York: MDRC, 1986); Daniel Friedlander et al, Final Report on the Community Work Experience Demonstrations (New York: MDRC, 1986); Sharon K. Long and Douglas A. Wissoker, Final Impact Analysis Report: The Washington State Family Independence Program (Washington, D.C.: The Urban Institute, 1993).
6. Freedman et al, Final Report on the Grant Diversion Project, p.32 n8; Long and Wissoker, Final Impact Analysis Report: The Washington State Family Independence Program, pp. 58-60.

Chapter Eleven

FINDINGS FROM THE ROCK COUNTY EXPERIMENT

In Rock County AFDC recipients were randomly assigned to the WEJT program or to a control group population which continued to receive existing WIN/WEOP Job Service programs. This process allowed for classical hypothesis testing on whether the new WEJT/CWEP welfare employment model had positive impacts on AFDC reduction, employment earnings, or family economic well-being, compared with the lower-cost existing state program.

The population was stratified into three groups: 1) all cases, 2) cases with no spouse present during the program (also referred to as "single-parent families"), and 3) cases with a spouse present during the program (also referred to as "two-parent families"). The major hypothesis tested was that participation in the WEJT program would have a positive impact on employment success. Three measures were defined to test success: 1) whether the case was off the AFDC rolls during Fourth Quarter of 1990; 2) whether the case was off AFDC with combined spousal earnings greater than \$2,500 during that quarter; and 3) the average combined spousal earnings during the quarter. These variables were named OFF-AFDC, OFF-EARN, EARNINGS. For the binary OFF-AFDC and OFF-EARN measures of success, a two sample test for difference in proportions was performed. These results are displayed in Table 11.1.

Table 11.1: Test for Differences in Proportions Off AFDC and Off AFDC With Earnings Greater than \$2500 During Fourth Quarter 1990 in Rock County

	<u>Experimental Population (N = 538)</u>	<u>Control Population (N = 487)</u>	<u>Difference in Proportions</u>	<u>z- Statistic</u>
Percent Off AFDC:				
Single-parent Cases	60.62%	65.00%	-.0438	-1.1336
Two-Parent Cases	57.28	74.87	-.1759	-3.7892
Total Population	59.29	68.79	-.0950	-3.1853
Percent Off AFDC With Quarterly Earnings Greater Than \$2,500:				
Single-parent Cases	19.38%	21.67%	-.0229	-0.7079
Two-Parent Cases	27.70	33.16	-.0546	-1.1843
Total Population	22.68	26.08	-.0340	-1.2655

Percent Off AFDC and Percent Off AFDC With Quarterly Earnings Greater Than \$2500 are unadjusted.

* Significant at .05, one-tailed test.

Source: Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

By Fourth Quarter 1990, 59 percent of the WEJT experimental group were off AFDC, compared to 69 percent of the control group. The lack of success for the WEJT experiment is particularly notable for two-parent families, where WEJT cases showed a 57 percent AFDC exit rate by Fourth Quarter 1990, compared to a 75 percent exit rate for the control group. For

single-parent families, 61 percent of the WEJT cases had left AFDC by Fourth Quarter 1990, compared to 65 percent of the control group cases.

Less than one-fourth of the WEJT cases were off AFDC and earning enough (\$2,500) to support three persons above poverty by Fourth Quarter 1990. Again, the experimental group did not show improvements over the control group. Two-parent families in the experimental group showed 28 percent having left AFDC with earnings over \$2,500 for the Fourth Quarter 1990, compared to 33 percent of the experimental group. By Fourth Quarter 1990, 19 percent of the single-parent families in the WEJT experimental group had left AFDC with quarterly earnings over \$2,500, compared to 22 percent for the control population.

The evaluation analyzed average quarterly earnings for Fourth Quarter 1990, three years after the WEJT program was implemented. Combined earnings are shown for two-parent families. As expected, combined spousal earnings for two-parent families far exceeded earnings of single-parent families in both the experimental and the control groups. As shown below, families in the WEJT experiment did not show improved earnings as compared to the control population. Two-parent families in the experimental group had average earnings of \$2,126, compared to \$2,354 for the control group. Single-parent families in the WEJT experimental group showed average quarterly earnings of \$1,288 compared to \$1,364 for the control group. For the EARNINGS measure, a two-sample t-test was utilized to measure significance. These results are shown in Table 11.2.

Table 11.2: Test for Differences in Mean Earnings during Fourth Quarter 1990 (EARNINGS).

<u>Sub Population</u>	<u>Experimental Population: MEAN EARNINGS</u>	<u>Control Population: MEAN EARNINGS</u>	<u>Difference in Means</u>	<u>t- statistic</u>
One-Parent Cases	\$1,288	\$1,364	-\$ 77	-0.5009
Two-Parent Cases	2,126	2,354	- 228	-0.8162
Total Population	1,619	1,744	- 125	-0.0853

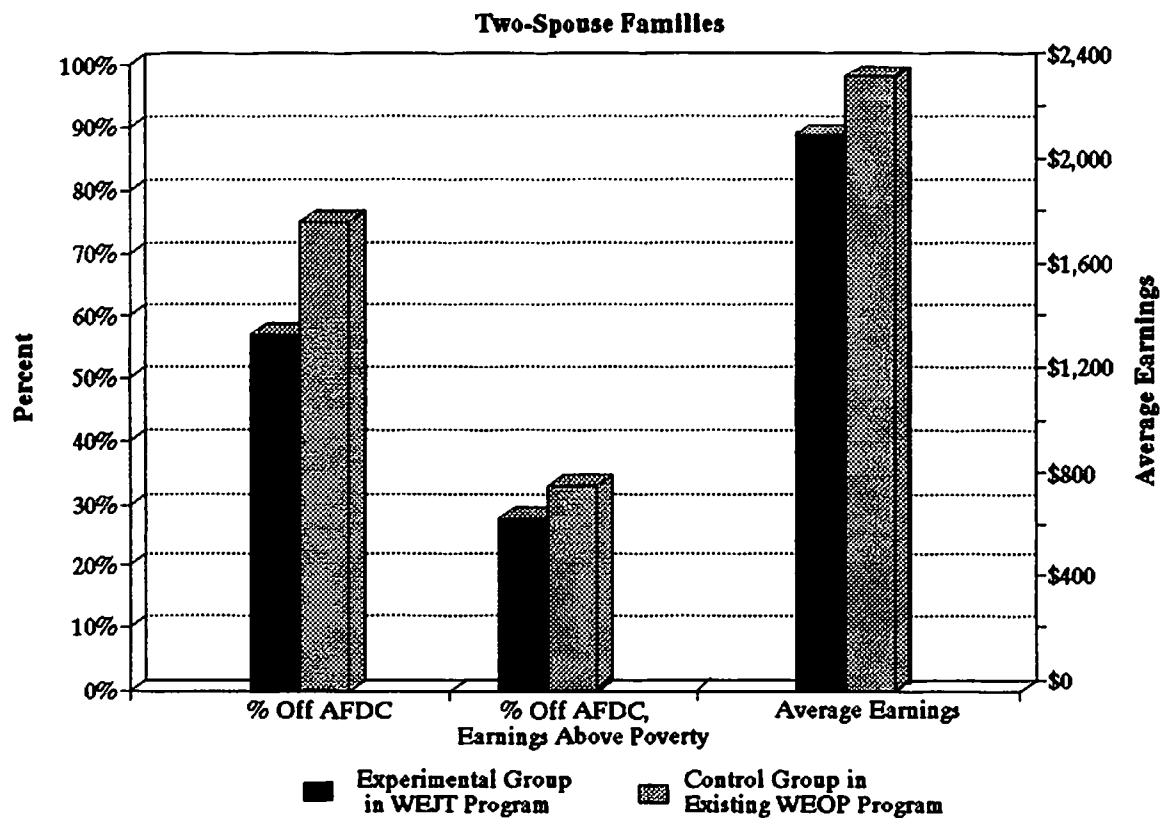
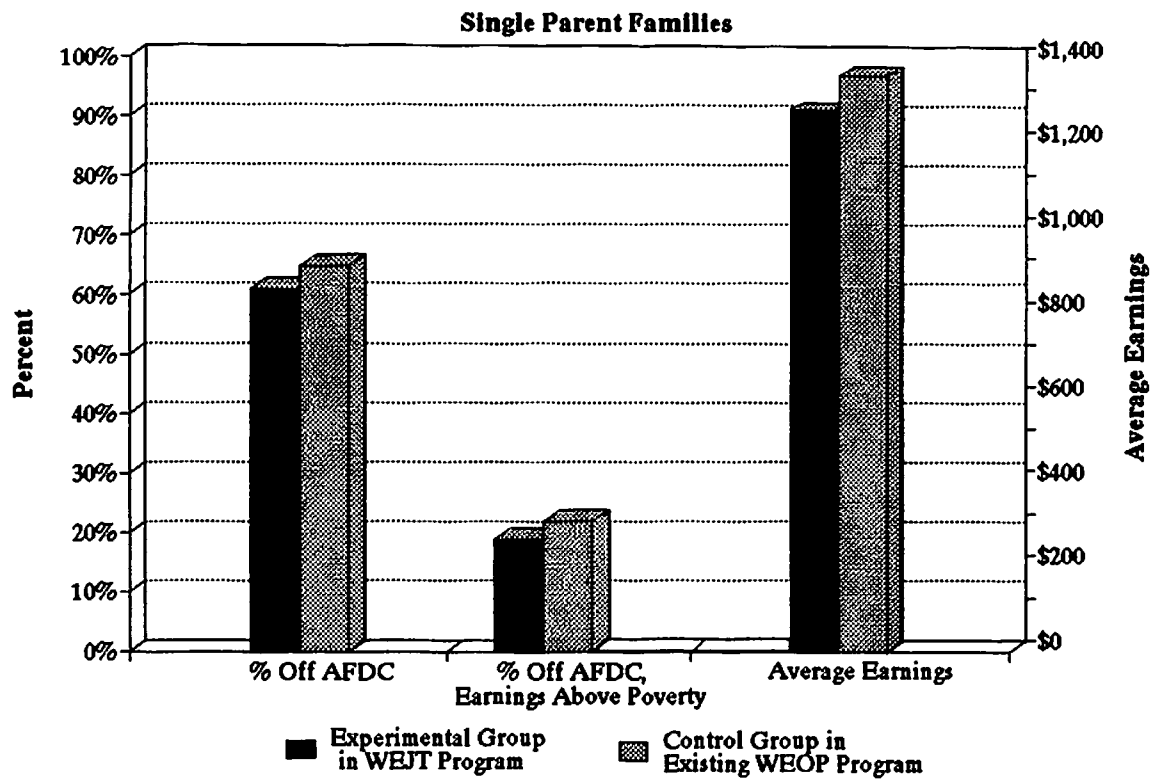
Mean Earnings are unadjusted.

* Significant at the .05 level, one-tailed test.

Source: Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

For all three measures (percent of cases off AFDC, percent of cases off AFDC with earnings above \$2,500, and average quarterly earnings), the Rock County WEJT experiment failed to show positive impacts for program participants. These findings for Rock County are consistent with data collected by the DHSS evaluation staff in 1988 which found that individuals in the WEJT program stayed on AFDC longer and had higher AFDC costs than the control group of AFDC recipients not in the program. The department did not include these findings in the July 1988 version of the evaluation report submitted to the Legislature.¹

OUTCOMES FOR THE ROCK COUNTY EXPERIMENT FOR FOURTH QUARTER, 1990



Impact of Job Search and Training

The evaluation examined the use of job training services and job search activities to determine their impact on employment. In Rock County participants were assigned to the WEJT program or to a control group at random. However, participants within WEJT and WIN/WEOP were not randomly assigned to job search or training activities. The level of participation in job search and training is shown below in Table 11.3.

Differences in outcomes for job search and training components may reflect selection bias as well as possible program impact. The problem of selection is particularly serious for participants in training. Given its greater resources for education and training, the Rock County WEJT program was able to enroll over half of its participants in training. Only a fifth of participants in the Job Service WIN/WEOP control program were enrolled in education and training. Since WIN/WEOP provided few if any financial resources for training, many clients sought out training on their own using existing categorical aid programs and Pell Grants.

Table 11.3: Number of Participants in Experimental and Control Groups Job Training and Job Search Programs.

	Experimental Population (WEJT)	Control Population (WIN/WEOP)
Percent in Job Search		
Single-parent Cases	48%	57%
Two-Parent Cases	33	66
All Cases	43	60
Percent in Training		
Single-parent Cases	49%	19%
Two-Parent Cases	57	22
All Cases	53	21

Source: Analysis of Participant Data, Employment and Training Institute, University of Wisconsin-Milwaukee.

More than twice as many WEJT participants were enrolled in education or training activities than control group cases, consistent with the WEJT model of providing more financial resources for these activities than under the WIN/WEOP program. For single-parent families, 49 percent were enrolled in training compared to 19 percent for the control group. For two-parent families 57 percent of cases in the experimental group were enrolled in training compared to 22 percent in the control group.

The majority of control group participants were enrolled in job search. Job search was used far less in the experimental WEJT population, particularly in two-parent families, where 33 percent of cases in the experimental group were enrolled compared to 66 percent in the control group. For single-parent families 48 percent were active in a job search component in

the experimental group, compared with 57 percent for the control group. While the investment in education and training was evidenced in much high participation rates for these activities, the reduction in the use of job search as an intervention was an unexpected outcome.

To evaluate the impact of job training and job search programs on the binary OFF-AFDC and OFF-EARN, a two sample test for difference in proportions was performed. These results are displayed in Tables 11.4 and 11.5. Since it was hypothesized that the job training and job search activities would have a positive effect on the employment success measures, the test statistics are evaluated by computing their one-tailed P-values. Because the three subpopulations and three measures of success are overlapping, the separate test statistics are not independent, and the P-values should not be taken too literally.

Table 11.4: Test for Differences in Proportions Off AFDC during Fourth Quarter, 1990.

<u>Sub Populations</u>	<u>Experimental Population: Proportion Off AFDC</u>	<u>Control Population: Proportion Off AFDC</u>	<u>Difference in Proportions</u>	<u>z- Statistic</u>
Total Study Population	.5929	.6879	-.0950	-3.1853
Participants in Training Services	.6087	.7157	-.1070	-1.9437
Participants in Job Search	.6272	.6586	-.0314	-0.7875
One-Parent Cases	.6062	.6500	-.0438	-1.1336
Participants in Training Services	.6603	.6964	-.0361	-0.5000
Participants in Job Search	.6392	.6447	-.0055	-0.1010
Two-Parent Cases	.5728	.7487	-.1759	-3.7892
Participants in Training Services	.4857	.7805	-.2948	-3.3493
Participants in Job Search	.5950	.7097	-.1147	-1.8977

Impact estimates are not adjusted for differences in experimental and control populations in training or job search.

* Significant at .05, one-tailed test.

Source: Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

**Table 11.5: Test for Differences in Proportions Off AFDC During Fourth Quarter, 1990
With Earnings Greater than \$2,500 (OFF-EARN).**

<u>Sub Population</u>	<u>Experimental Population: Proportion Off AFDC with Earnings > \$2500</u>	<u>Control Population: Proportion Off AFDC with Earnings > \$2500</u>	<u>Difference in Proportions</u>	<u>z- Statistic</u>
Total Study Population	.2268	.2608	- .0340	-1.2655
Participants in Training Services	.2478	.3235	- .0757	-1.3923
Participants in Job Search	.2787	.2310	.0477	1.3164
One-Parent Cases	.1938	.2167	- .0229	-0.7079
Participants in Training Services	.2436	.2857	- .0421	-0.6061
Participants in Job Search	.2595	.1776	.0819	1.7553*
Two-Parent Cases	.2770	.3316	- .0546	-1.1843
Participants in Training Services	.2714	.4146	- .1432	-1.5313
Participants in Job Search	.3140	.3145	- .0005	-0.0084

Impact estimates are not adjusted for differences in experimental and control populations in training or job search.

* Significant at .05, one-tailed test.

Source: Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

When measured against the WIN/WEOP participant population enrolled in education and training, WEJT participants in training did not show improvements in AFDC reduction or earnings. A significant impact was observed for WEJT on AFDC case reductions for single-parent caseheads enrolled in job search. This population in WEJT job search also showed increased quarterly earnings.

Table 11.6. Test for Differences in Mean Earnings during Fourth Quarter, 1990 (EARNINGS).

<u>Sub Population</u>	<u>Experimental Population: MEAN EARNINGS</u>	<u>Control Population: MEAN EARNINGS</u>	<u>Difference in Means</u>	<u>t- statistic</u>
Total Study Population	\$1,619	\$1,744	- \$125	-0.08536
Participants in Training	1,617	1,849	- 233	-0.08916
Participants in Job Search	1,975	1,541	433	2.2170*
One-Parent Cases	1,288	1,364	- 77	-0.5009
Participants in Training	1,426	1,375	51	0.1881
Participants in Job Search	1,543	978	564	2.9216**
Two-Parent Cases	2,126	2,354	- 228	-0.8162
Participants in Training	2,094	2,562	- 468	-0.8907
Participants in Job Search	2,581	2,312	268	0.7299

Impact estimates are not adjusted for differences in experimental and control populations in training or job search.

* Significant at the .05 level, one-tailed test.

Source: Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

Endnotes

1. Wisconsin Department of Health and Social Services, "Year 1 of WEJT: Evaluation of the First Year of the Wisconsin Work Experience & Job Training Program" (DHSS Division of Policy and Budget Bureau of Evaluation, July, 1988) and draft pages. Eloise Anderson to Patricia Goodrich, draft, DHSS, August 23, 1988; Neil Gleason to Fred Buhr, DHSS, August 18, 1988.

Chapter Twelve

REGRESSION ANALYSIS FOR WEJT/CWEP COUNTIES

Twenty-nine counties operating CWEP and WEJT programs in 1987 or 1988 were examined individually to gauge the impact of each program on the economic well being of AFDC recipients, AFDC participation rates, and overall earnings for families leaving AFDC. The WEJT program was designed to test the effectiveness of a variety of intervention strategies for AFDC recipients, including job search, subsidized employment, education and training, supportive services and community work experience. The CWEP model was designed by the legislature to test the effectiveness of mandatory workfare programs. Because these 29 counties were not required to randomly assigned control groups to test the effectiveness of their programs, it was necessary to use quasi-experimental methods to test the impact of these newly funded programs.

For purposes of analysis two overlapping populations were used to track the impact of county welfare employment programs over time and to compare outcomes by the type of program operated in each county. AFDC program cases in 1987 during the first year of the new WEJT/CWEP welfare employment programs made up the first group studied. Participation in employment and training programs was tracked throughout 1987, 1988 and 1989 and AFDC case history, earnings, and health costs data were collected quarterly for twelve quarters beginning with the First Quarter 1988 through the Fourth Quarter 1990. Measuring outcomes over time by county and type of program intervention made it possible to assess the impact of the rapidly expanding welfare employment programs in the state while controlling for associated welfare waiver policies which took effect in late 1988 and 1989.

Under changes in the welfare employment program registration requirements which took place in October 1988, the exemption for single parent caseheads with children under six years of age was changed to lower the age for the exemption to children under two years of age. Because this change was phased at clients' AFDC review interviews over a six month period in beginning in October 1988, the evaluation study population used for this analysis was limited to the entire county population on AFDC and subject to AFDC work registration by reason of having a two-parent case or a case with children over five years without consideration for exemptions other than age of the youngest child.

Counties Used for Hypothesis Testing

At the time of the initiation of the WEJT and CWEP programs in 1987, the 22 largest Wisconsin counties were operating WIN/WEOP programs through the Job Service and the remaining 50 counties had no welfare employment program. Due to federal budget cuts, WIN/WEOP programs were reduced to job search programs with little or no funds for training or supportive services.

A total of 29 WEJT/CWEP counties with programs in operation in 1987 and 1988 were analyzed, in addition to Rock and Racine Counties which are studied in other sections of this report.

For purposes of analysis counties were grouped by program emphasis, the year in which the welfare reform programs were implemented, and by economic climate. Five sets of WEJT/CWEP counties were analyzed.

- CWEP 87** - Small rural counties which began operation of a CWEP program in Calendar Year 1987 and remained a CWEP county in 1988. These counties previously had not operated an AFDC employment program since the early 1980s.
- CWEP 88** - Small rural counties which began operation of a CWEP program in Calendar Year 1988. These counties previously had not operated an AFDC employment program since the early 1980s.
- WEJT 87** - The original five WEJT pilot counties, four of which had operated as WIN/WEOP counties throughout the 1980s. Jackson County did not have an AFDC employment program since the early 1980s.
- WEJT 88A** - Small rural counties which began operation of the WEJT program in 1988 but had not operated an AFDC employment program since the early 1980s.
- WEJT 88B** - Urban counties which had operated a WIN/WEOP Job Search program throughout the 1980s and then in 1988 obtained WEJT status and received increased funding for employment and training services.

Quasi-Experimental Comparison Counties

The lagged entry of Wisconsin counties into CWEP and WEJT permitted the construction of county comparison groups to gauge the impact of programs. Two comparison groups were used to assess the impact of 1987 and 1988 WEJT/CWEP programs: 1) Comparison I counties operating no program in either 1987 or 1988, and 2) Comparison II counties which operated the WIN/WEOP Job Search model since 1983 and throughout 1987 and 1988.

- Comparison I** - Small rural counties never operating an AFDC employment program until late 1988 or early 1989. These counties had not operated an employment and training program since the early 1980s.

Comparison II - Counties which operated the WIN/WEOP Job Search program throughout the 1980s until 1989 when they obtained WEJT status and increased funding for employment and training services.

Comparison counties were chosen using quarterly unemployment rates for the years 1984 through 1987, immediately prior to the CWEP/WEJT program implementations. The goal was to match each of the WEJT/CWEP counties with a set of Comparison I and a set of Comparison II counties which were similar in unemployment rates and in unemployment fluctuations. To form these sets of control counties and the assignment of WEJT/CWEP counties to them, the following procedure was used. First, each county's unemployment rates for each of the 16 quarters was standardized by subtracting from it the state unemployment rate for those quarters. This expressed each county rate as a deviation from the state rate. Second, a matrix was computed showing for each pair of counties the sum over the 16 quarters of squared differences in standardized unemployment rates; the lower the sum for a pair of counties the more similar they are in unemployment rates. Finally, sets of control counties were formed and WEJT/CWEP counties assigned to them by visually inspecting this matrix and clustering counties with mutually low sums.

This procedure resulted in identifying three major groups of counties with similar unemployment rates over the period 1984 through 1987. These results were checked visually by graphing the standardized unemployment rates for all counties in the group to confirmed that the groups were similar in unemployment rates over this period. Basically, the groups can be categorized by the degree to which their unemployment rates exhibit seasonality and the degree to which their rates vary from the state rate.

Unemployment rates for the study period, 1988 through 1990, were used as an additional check on the adequacy of the county groupings. The general pattern in county unemployment rates showed less deviation from the state averages during these twelve quarters than in the previous sixteen quarters. To investigate the implications for this study, a measure was defined as the average squared deviation between the unemployment rates in each experimental county and the several comparison counties selected by the method described above. For the experimental counties, the pattern in unemployment rates was close or even closer to the pattern in the comparison counties during the study period than it was in the 1984 through 1987 period. The implications for this study are that the rates during the 1984 through 1987 period remained viable during the study period, although the groups themselves tended to become more similar and therefore the assignment of a county to a particular group less critical.

Those counties were excluded from analysis which did not fit into comparison county clusters. These counties typically had very small populations, very high unemployment, and extreme seasonality in unemployment rates. Several counties were excluded with late start-up dates. In addition, Milwaukee County was not selected by state officials as a WEJT pilot program in 1987 and received only planning monies in 1988. The late start-up and limited scope of AFDC employment programs in Milwaukee County did not permit the necessary follow-up period for this evaluation of program impact.

Variables Used for the Analysis

Counties implementing CWEP and WEJT-funded programs in 1987 and 1988 were compared to counties operating no program (Comparison I) and to counties operating the Job Search WIN/WEOP Model (Comparison II). AFDC populations in each county were analyzed separately for one-parent and two-parent households using regression analysis to control for differences among county populations. Control variables were defined as follows:

YOB -	the year of birth of the casehead
NONWHITE -	whether the ethnic group of the casehead was identified as other than "white (not of Hispanic origin)." Where number of subjects permitted, the variables BLACK, HISPANIC and OTHER were used.
GRADE -	the highest grade of school completed by the casehead.
CHILDREN -	the number of dependents in the AFDC case under age 18.
TEEN87 -	whether the youngest child was a teenager in 1987, an indication of cases close to "aging off" AFDC. For the 1988 analysis, the variable TEEN88 was used. (0=no, 1=yes)
HISTORY -	the number of months the case received AFDC during the period from January 1, 1980 through December 31, 198?. Months of welfare dependency may be underestimated for subjects who moved to Wisconsin from other states after 1980.
MIGRANT -	whether the casehead migrated to Wisconsin from another state after 1985 (for the 1987 study population) or after 1986 (for the 1988 study population). (0=no, 1=yes)

Three dependent variables were measured:

OFF-AFDC -	whether the case was off AFDC in the quarter analyzed (0=no, 1=yes)
OFF-EARN -	whether the case was off AFDC in the quarter analyzed and showed combined spousal earnings greater than \$2,500, the quarterly equivalent of the federally determined minimum income needed to support a three-person family in 1990. (0=no, 1=yes)
EARNINGS -	the quarterly earnings for the casehead and spouse.

Regression Analysis

Regression analyses were performed for each of the three dependent variables. For counties with CWEP and WEJT programs starting in 1987, analyses were performed for the dependent variables in Fourth Quarter 1988, 1989, and 1990. For counties with programs starting in 1988, analyses were performed for Fourth Quarter 1989 and 1990.

Multiple logistic regression was employed for the dependent variables OFF-AFDC and OFF-EARN, which are discrete outcomes. The effects of the CWEP and WEJT programs were estimated for each county holding constant the control variables. Two logistic regression were performed, using each of the sets of control counties in turn. Logistic regression does not provide estimates of the effect of an independent variable directly in units of the dependent variable. For this reason, in the tables which follow, the uncorrected percentages OFF-AFDC and OFF-EARN are presented, first for the CWEP/WEJT county followed by the percentage for the Comparison I counties (no employment program) and for the Comparison II counties (WIN/WEOP program). The asterisks which represent the significance test for program effect are presented next to the control county percents to which the CWEP/WEJT counties were compared. These significance tests are one tailed and based on the Chi Square statistics from the logistic regression.

Multiple linear regression was employed for the dependent variable EARNINGS. The tables which follow present average earnings in the CWEP/WEJT counties and the two alternative control county sets. These have an associated one-tailed two-sample t-test for difference in means. This test does not correct for the impact of the other independent variables. The regression estimate of the impact of the CWEP/WEJT program in dollars, which does correct for the effect of the other independent variables, is presented in the tables as IMPACT EARNINGS for the program county versus each of the control county groups. The significance test is a one-tailed t-test associated with the parameter in the multiple regression. In almost all cases, the test for IMPACT EARNINGS and the two-sample t-test lead to similar conclusions.

Results for CWEP Programs in 15 Rural Counties

Federal and state regulations for the CWEP program required all participants to perform up to 16 weeks of unpaid community service in return for their AFDC grant. Participation in job search, education and training was allowed but only concurrently with the unpaid community work experience. However, state officials allowed Wisconsin CWEP counties to deviate from the required workfare model and to permit clients to enroll in training or unpaid work experience. Most program participants were not required to perform unpaid work experience, and only a few counties enrolled more than half of their participants in the required workfare component. With the encouragement of state officials, most counties while operating under the rubric of CWEP instead implemented a model similar to WEJT offering clients the option of education, training, job search or a workfare placement. As a result, this evaluation cannot

assess the impact of workfare but instead must limit its analysis to the varied program designs permitted under the CWEP program as operated in each county.

In an attempt to assess the impact of the CWEP model, each of 15 counties studied was compared to the performance of counties operating the existing WIN/WEOP Job Search model. In this comparison, only 4 of the 15 CWEP counties showed any measurable impacts for AFDC case reductions in Fourth Quarter 1990 and none of the 15 showed increased earnings for AFDC cases by Fourth Quarter 1990. For the single-parent population, only Walworth County showed an impact compared to WIN/WEOP and only on the measure of the proportion of cases leaving AFDC. In the case of two-parent families, six counties showed measurable impact over the WIN/WEOP model in Fourth Quarter 1989 and four counties in Fourth Quarter 1990, but again only on the measure of cases leaving AFDC. In only Columbia and Langlade counties was there a measurable impact on earnings or on the proportion of the population leaving AFDC with earnings greater than \$2,500.

In Adams, Burnett, Rusk and Washburn counties, no positive impacts were shown on any of the measures for either one-spouse or two-parent cases. The measurable 1989 impact shown for Pierce (AFDC reduction for one-parent cases) and Pepin (AFDC reduction for two-parent cases) did not continue for 1990.

When the single parent cases are compared to counties with no program in operation, impacts were strongest for counties operating programs in 1987. However, these impacts diminished over time. Columbia, Price and Walworth counties showed statistically significant impacts on AFDC departure rates for 1987 AFDC clients as measured in Fourth Quarter 1988, yet only Walworth County had an impact in Fourth Quarter 1990 for either 1987 or 1988 populations. Similarly, earnings impacts were seen in Columbia, Marquette, Oconto, Price and Walworth counties for 1987 clients measured in Fourth Quarter 1988, but by Fourth Quarter 1990 only Oconto and Price counties showed any earnings impact on single parent earnings for either the 1987 or 1988 population.

When compared to counties with no program, for two parent cases, Columbia, Oconto and Price counties showed consistent impacts on increased earnings for both program years. On the measure of AFDC caseload reduction, impacts were strongest for two-parent cases in counties operating programs in 1987, when Columbia, Florence, Marquette, Oconto, Price and Walworth all showed an impact on AFDC departure rates by Fourth Quarter 1988 or Fourth Quarter 1989. Yet only Marquette County continued to show an impact by the Fourth Quarter of 1990 when compared to counties not operating any program. For those counties operating programs in 1988, six of fifteen (Columbia, Florence, Iron, Langlade, Pepin and Walworth) had measurable declines in AFDC caseloads by Fourth Quarter 1989. By Fourth Quarter 1990, three of the fifteen counties (Iron, Langlade and Walworth) continued to show impact for two-parent families.

IMPACT OF WELFARE EMPLOYMENT PROGRAMS ON 1987 AFDC CLIENTS

CWEP87 - ONE PARENT FAMILIES

	N=	OFF AFDC			OFF AFDC (> \$2500)			AVERAGE EARNINGS			\$ IMPACT EARNINGS		
		4th Qtr 1988	4th Qtr 1989	4th Qtr 1990	4th Qtr 1988	4th Qtr 1989	4th Qtr 1990	4th Qtr 1988	4th Qtr 1989	4th Qtr 1990	4th Qtr 1988	4th Qtr 1989	4th Qtr 1990
PRICE	72	63	68	78	19	18	26	1180	1434	1677			
COMPARISON I	411	45 ***	62	72	11 **	17	22	841 **	1136 *	1338 *	305 **	284 *	329 *
COMPARISON II	1127	56	72	80	25	33	41	1599	1968	2194	-388	-506	-467
MARQUETTE	74	50	70	80	20	27	27	1327	1638	1698			
COMPARISON I	369	47	69	79	14 *	22	28	950 **	1356	1539	432 ***	339 *	210
COMPARISON II	683	51	67	76	20	30	34	1392	1759	1944	-17	-33	-149
COLUMBIA	171	54	74	80	18	30	26	1129	1661	1679			
COMPARISON I	369	47 **	69 *	79	14	22 **	28	950	1356 **	1539	207 *	333 **	167
COMPARISON II	683	51	67	76	20	30	34	1392	1759	1944	-278	-103	-270
ADAMS	101	43	62	72	12	20	19	896	1188	1208			
COMPARISON I	619	45	63	73	12	21	25	889	1306	1561	36	-46	-255
COMPARISON II	900	55	68	75	21	29	33	1362	1666	1826	-431	-420	-554
FLORENCE	33	52	64	70	3	3	3	400	272	317			
COMPARISON I	619	45	63	73	12	21	25	889	1306	1561	-477	-906	-1132
COMPARISON II	900	55	68	75	21	29	33	1362	1666	1826	-919	-1290	-1392
OCONTO	130	51	62	73	14	15	25	1018	1116	1557			
COMPARISON I	411	45	62	72	11	17	22	841	1136	1338	212 *	41	275 *
COMPARISON II	1127	56	72	80	25	33	41	1599	1968	2194	-499	-736	-493
WALWORTH	266	59	79	83	19	24	30	1308	1391	1553			
COMPARISON I	619	45 ***	63 ***	73 ***	12 ***	21 **	25 **	889 ***	1306	1561	483 ***	170 *	86
COMPARISON II	900	55 **	68 ***	75 ***	21	29	33	1362	1666	1826	51	-164	-165

* SIGNIFICANT AT .10 LEVEL

** SIGNIFICANT AT .05 LEVEL

*** SIGNIFICANT AT .01 LEVEL

PERCENT OFF AFDC, OFF AFDC WITH EARNINGS GREATER THAN \$2500 AND AVERAGE EARNINGS ARE UNADJUSTED.

EARNINGS IMPACT IS A REGRESSION ADJUSTED ESTIMATE.

SIGNIFICANCE LEVELS USE ONE TAILED T-TESTS FROM THE CORRESPONDING LOGIT OR REGRESSION MODELS.

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

IMPACT OF WELFARE EMPLOYMENT PROGRAMS ON 1987 AFDC CLIENTS

CWEP87 - TWO PARENT FAMILIES

	N=	OFF AFDC			OFF AFDC (> \$2500)			AVERAGE EARNINGS			\$ IMPACT EARNINGS		
		4th Qtr 1988	4th Qtr 1989	4th Qtr 1990	4th Qtr 1988	4th Qtr 1989	4th Qtr 1990	4th Qtr 1988	4th Qtr 1989	4th Qtr 1990	4th Qtr 1988	4th Qtr 1989	4th Qtr 1990
PRICE	125	66	77	74	34	46	42	2227	2835	2840			
COMPARISON I	549	56 *	66 **	74	26 *	31 ***	35 *	1801 **	2091 **	2254 **	331 *	644 ***	492 **
COMPARISON II	911	60	71	76	42	48	51	3041	3340	3742	-1060	-678	-1064
MARQUETTE	106	61	76	83	24	40	45	1889	2221	2988			
COMPARISON I	415	55 *	68 **	77 **	30	37	42	2071	2421	2788	-128	-176	254
COMPARISON II	864	55	67 *	74 *	37	44	49	2430	2916	3534	-629	-769	-608
COLUMBIA	183	60	72	74	39	50	51	2622	3268	3665			
COMPARISON I	415	55 **	68 **	77	30 ***	37 ***	42 ***	2071 ***	2421 ***	2788 ***	608 ***	952 ***	966 ***
COMPARISON II	864	55	67	74	37	44	49	2430	2916 *	3534	84	259	28
ADAMS	188	54	61	69	29	29	34	1825	2019	2328			
COMPARISON I	902	54	67	73	30	39	42	2105	2559	2868	-155	-390	-412
COMPARISON II	1236	58	65	70	34	39	42	2265	2574	2853	-342	-542	-443
FLORENCE	50	66	82	74	16	16	26	1130	1325	1680			
COMPARISON I	902	54	67 **	73	30	39	42	2105	2559	2868	-896	-1176	-1169
COMPARISON II	1236	58	65 **	70	34	39	42	2265	2574	2853	-1034	-1222	-1094
OCONTO	241	52	71	71	30	44	43	1958	2666	2754			
COMPARISON I	549	56	66 **	74	26 *	31 ***	35 ***	1801	2091 ***	2254 ***	166	602 ***	535 ***
COMPARISON II	911	60	71	76	42	48	51	3041	3340	3742	-1120	-694	-983
WALWORTH	189	68	76	75	34	37	40	2154	2382	2656			
COMPARISON I	902	54 ***	67 **	73	30 *	39	42	2105	2559	2868	123	-116	-123
COMPARISON II	1236	58 **	65 ***	70	34	39	42	2265	2574	2853	-77	-147	-138

* SIGNIFICANT AT .10 LEVEL

** SIGNIFICANT AT .05 LEVEL

*** SIGNIFICANT AT .01 LEVEL

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SIGNIFICANCE LEVELS USE ONE TAILED T-TESTS FROM THE CORRESPONDING LOGIT OR REGRESSION MODELS.

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

IMPACT OF WELFARE EMPLOYMENT PROGRAMS ON 1988 AFDC CLIENTS

CWEP87 - ONE PARENT FAMILIES

	N=	OFF AFDC		OFF AFDC (> \$2500)		AVERAGE EARNINGS		\$ IMPACT EARNINGS	
		4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990
PRICE	56	55	70	18	25	1283	1726		
COMPARISON I	368	53	63	15	21	1077	1321 *	128	349 *
COMPARISON I	997	57	71	24	34	1528	1832	-268	-141
MARQUETTE	55	62	76	15	18	1101	1339		
COMPARISON I	313	56	72	16	25	1179	1466	31	-18
COMPARISON I	573	53	68	23	29	1523	1870	-297	-426
COLUMBIA	140	59	70	25	27	1522	1543		
COMPARISON I	313	56	72	16	25	1179 **	1466	330 **	73
COMPARISON I	573	53	68	23	29	1523	1870	-39	-417
ADAMS	91	47	67	15	16	1001	1141		
COMPARISON I	606	53	67	17	24	1207	1499	-72	-190
COMPARISON I	786	55	67	21	28	1335	1623	-208	-351
FLORENCE	32	63	66	6	6	522	470		
CONROL I	606	53	67	17	24	1207	1499	-595	-909
COMPARISON I	786	55	67	21	28	1335	1623	-783	-1104
OCONTO	118	53	69	14	25	1135	1530		
COMPARISON I	368	53	63	15	21	1077	1321	77	203
COMPARISON I	997	57	71	24	34	1528	1832	-336	-236
WALWORTH	198	64	75	21	30	1207	1523		
COMPARISON I	606	53 **	67 **	17 *	24 **	1207	1499	23	90
COMPARISON I	786	55 **	67 **	21	28	1335	1623	-104	-53

* SIGNIFICANT AT .10 LEVEL

** SIGNIFICANT AT .05 LEVEL

*** SIGNIFICANT AT .01 LEVEL

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SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

IMPACT OF WELFARE EMPLOYMENT PROGRAMS ON 1988 AFDC CLIENTS

CWEP87 - TWO PARENT FAMILIES

	N=	OFF AFDC		OFF AFDC (> \$2500)		AVERAGE EARNINGS		\$ IMPACT EARNINGS	
		4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990
PRICE	105	58	66	35	40	2469	2730		
COMPARISON I	495	57	68	25 **	30 **	1755 ***	2012 ***	668 ***	619 **
COMPARISON I	723	63	68	41	47	2813	3331	-482	-708
MARQUETTE	84	61	73	27	37	1694	2291		
COMPARISON I	325	55	68	30	40	2258	2705	-514	-329
COMPARISON I	671	55	64	38	43	2613	3121	-1054	-979
COLUMBIA	137	64	69	41	42	2624	3250		
COMPARISON I	325	55 **	68	30 ***	40 *	2258 *	2705 **	411 *	612 **
COMPARISON I	671	55 **	64	38	43	2613	3121	-25	77
ADAMS	147	43	51	21	28	1727	2050		
COMPARISON I	727	57	65	32	39	2216	2676	-440	-584
COMPARISON I	988	53	62	31	38	2108	2543	-333	-418
FLORENCE	33	73	61	18	18	1352	1325		
CONROL I	727	57 *	65	32	39	2216	2676	-850	-1253
COMPARISON I	988	53 **	62	31	38	2108	2543	-776	-1253
OCONTO	186	56	64	32	36	2128	2311		
COMPARISON I	495	57	68	25 ***	30 *	1755 **	2012 *	426 **	346 *
COMPARISON I	723	63	68	41	47	2813	3331	-693	-1003
WALWORTH	128	65	75	31	35	2208	2432		
COMPARISON I	727	57 **	65 **	32	39	2216	2676	8	-177
COMPARISON I	988	53 *	62 ***	31	38	2108	2543	97	-102

* SIGNIFICANT AT .10 LEVEL

** SIGNIFICANT AT .05 LEVEL

*** SIGNIFICANT AT .01 LEVEL

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SIGNIFICANCE LEVELS USE ONE TAILED T-TESTS FROM THE CORRESPONDING LOGIT OR REGRESSION MODELS.

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

IMPACT OF WELFARE EMPLOYMENT PROGRAMS ON 1988 AFDC CLIENTS

CWEP88 - ONE PARENT FAMILIES

	N=	OFF AFDC		OFF AFDC (> \$2500)		AVERAGE EARNINGS		\$ IMPACT EARNINGS	
		4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990
LANGLADE	124	56	69	15	26	1204	1301		
COMPARISON I	606	53 *	67	17	24	1207	1499	34	-130
COMPARISON II	786	55	67	21	28	1335	1623	-89	-288
PIERCE	106	65	72	18	21	1018	1211		
COMPARISON I	606	53 **	67	17	24	1207	1499	-249	-372
COMPARISON II	786	55	67	21	28	1335	1623	-406	-506
CLARK	121	55	62	13	25	1210	1469		
COMPARISON I	313	56	72	16	25	1179	1466	83	32
COMPARISON II	573	53	68	23	29	1523	1870	-265	-399
IRON	47	55	66	11	14	1031	864		
COMPARISON I	313	56	72	16	25	1179	1466	-82	-515
COMPARISON II	573	53	68	23	29	1523	1870	-459	-986
RUSK	86	45	67	8	15	732	1073		
COMPARISON I	313	56	72	16	25	1179	1466	-407	-332
COMPARISON II	573	53	68	23	29	1523	1870	-769	-798
WASHBURN	89	48	64	12	18	918	1186		
COMPARISON I	313	56	72	16	25	1179	1466	-252	-251
COMPARISON II	573	53	68	23	29	1523	1870	-587	-678
BURNETT	130	46	63	12	17	857	1026		
COMPARISON I	368	53	63	15	21	1077	1321	-100	-188
COMPARISON II	997	57	71	24	34	1528	1832	-470	-609
PEPIN	34	32	44	18	18	1058	1592		
COMPARISON I	368	53	63	15	21	1077	1321	-70	316
COMPARISON II	997	57	71	24	34	1528	1832	-429	-194

* SIGNIFICANT AT .10 LEVEL

** SIGNIFICANT AT .05 LEVEL

*** SIGNIFICANT AT .01 LEVEL

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SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

IMPACT OF WELFARE EMPLOYMENT PROGRAMS ON 1988 AFDC CLIENTS

CWEP88 - TWO PARENT FAMILIES

	N=	OFF AFDC		OFF AFDC (> \$2500)		AVERAGE EARNINGS		\$ IMPACT EARNINGS	
		4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990
LANGLADE	192	64	71	37	42	2219	2668		
COMPARISON I	727	57 **	65 *	32 *	39	2216	2676	3	9
COMPARISON II	988	53 ***	62 ***	31 **	38	2108	2543	86	96
PIERCE	98	56	65	16	19	1182	1357		
COMPARISON I	727	57	65	32	39	2216	2676	-1143	-1564
COMPARISON II	988	53	62	31	38	2108	2543	-1022	-1233
CLARK	184	57	65	28	38	1915	2624		
COMPARISON I	325	55	68	30	40	2258	2705	-365	-78
COMPARISON II	671	55	64	38	43	2613	3121	-882	-706
IRON	39	74	87	13	26	1115	1536		
COMPARISON I	325	55 ***	68 ***	30	40	2258	2705	-1185	-1120
COMPARISON II	671	55 **	64 ***	38	43	2613	3121	-1690	-1796
RUSK	166	51	63	25	33	1584	2011		
COMPARISON I	325	55	68	30	40	2258	2705	-684	-735
COMPARISON II	671	55	64	38	43	2613	3121	-1199	-1290
WASHBURN	117	55	66	28	34	1713	2156		
COMPARISON I	325	55	68	30	40	2258	2705	-510	-558
COMPARISON II	671	55	64	38	43	2613	3121	-1189	-1319
BURNETT	147	52	65	23	26	1672	1821		
COMPARISON I	495	57	68	25	30	1755	2012	-83	-148
COMPARISON II	723	63	68	41	47	2813	3331	-1134	-1534
PEPIN	54	65	65	26	24	1810	1982		
COMPARISON I	495	57 *	68	25	30	1755	2012	43	-40
COMPARISON II	723	63	68	41	47	2813	3331	-1043	-1390

* SIGNIFICANT AT .10 LEVEL

** SIGNIFICANT AT .05 LEVEL

*** SIGNIFICANT AT .01 LEVEL

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SIGNIFICANCE LEVELS USE ONE TAILED T-TESTS FROM THE CORRESPONDING LOGIT OR REGRESSION MODELS.

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

Results for the Douglas, Kenosha, and Jackson 1987 and 1988 WEJT Programs

The five original WEJT counties began operation in January 1987. The Rock County program and Racine Counties programs are analyzed individually in other sections of this report due to the unique design features of each program. Jackson County is a small rural county which began operation of its WEJT program for the first time in 1987 and had not had a welfare employment program in operation since the early 1980s. Impacts for Jackson County were measured against two control groups: those counties operating the WIN/WEOP model and those counties not operating any program until late 1988 or 1989. For the 1987 cohort, Jackson County showed a measurable impact on reduction of AFDC for both one parent families and two parent families in Fourth Quarter 1989, and a measurable impact on earnings for single parent families in First Quarter 1988, compared to counties operating no program but failed to show impact in any other measures by Fourth Quarter 1990 or in comparison to the WIN/WEOP program. For the 1988 Jackson cohort no statistically significant impact was found compared to either control group.

Two 1987 WEJT counties, Douglas and Kenosha, operated the WIN/WEOP program prior to and during the WEJT program and are compared to a Comparison II population of WIN/WEOP counties operating under the Job Search WIN/WEOP model in 1987 and 1988 in order to measure the impact of the new WEJT model of enhanced services, workfare and improved service delivery. Douglas County showed no measurable impacts for its program in any of the years studied, while Kenosha County showed a measurable impact on caseload reduction for two parent families in Fourth Quarter 1988 for the 1987 population and for single parent cases in Fourth Quarter 1989. By Fourth Quarter 1990 Kenosha County did not show any impact for either 1987 or 1988 cohorts on any measure.

IMPACT OF WELFARE EMPLOYMENT PROGRAMS ON 1987 AFDC CLIENTS

WEJT87A - ONE PARENT FAMILIES

	N=	OFF AFDC			OFF AFDC (> \$2500)			AVERAGE EARNINGS			\$ IMPACT EARNINGS		
		4th Qtr 1988	4th Qtr 1989	4th Qtr 1990	4th Qtr 1988	4th Qtr 1989	4th Qtr 1990	4th Qtr 1988	4th Qtr 1989	4th Qtr 1990	4th Qtr 1988	4th Qtr 1989	4th Qtr 1990
DOUGLAS	483	43	57	68	6	13	17	580	897	1016			
COMPARISON II	1583	53	68	75	21	30	33	1375	1706	1877	-756	-765	-816
KENOSHA	1003	52	63	72	14	17	21	1072	1069	1214			
COMPARISON II	1583	53	68	75	21	30	33	1375	1706	1877	-192	-465	-451
JACKSON	132	52	64	69	18	20	23	1141	1368	1227			
COMPARISON I	369	47 *	69	79	14	22	28	950	1356	1539	190 *	-1	-305
COMPARISON II	683	51	67	76	20	30	34	1392	1759	1944	-240	-337	-643

WEJT87A - TWO PARENT FAMILIES

	N=	OFF AFDC			OFF AFDC (> \$2500)			AVERAGE EARNINGS			\$ IMPACT EARNINGS		
		4th Qtr 1988	4th Qtr 1989	4th Qtr 1990	4th Qtr 1988	4th Qtr 1989	4th Qtr 1990	4th Qtr 1988	4th Qtr 1989	4th Qtr 1990	4th Qtr 1988	4th Qtr 1989	4th Qtr 1990
DOUGLAS	513	51	65	70	19	26	30	1308	1730	1916			
COMPARISON II	2100	57	66	72	35	41	45	2332	2715	3133	-952	-904	-1081
KENOSHA	834	57	64	66	26	25	28	2019	1883	2250			
COMPARISON II	2100	57 **	66	72	35	41	45	2332	2715	3133	-110	-636	-664
JACKSON	214	57	72	74	28	36	38	1865	2330	2511			
COMPARISON I	415	55	68 *	77	30	37	42	2072	2421	2788	-112	27	10
COMPARISON II	864	55	67	74	37	44	49	2430	2916	3534	-483	-510	-907

* SIGNIFICANT AT .10 LEVEL

** SIGNIFICANT AT .05 LEVEL

*** SIGNIFICANT AT .01 LEVEL

PERCENT OFF AFDC, OFF AFDC WITH EARNINGS GREATER THAN \$2500 AND AVERAGE EARNINGS ARE UNADJUSTED.

EARNINGS IMPACT IS A REGRESSION ADJUSTED ESTIMATE.

SIGNIFICANCE LEVELS USE ONE TAILED T-TESTS FROM THE CORRESPONDING LOGIT OR REGRESSION MODELS.

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

IMPACT OF WELFARE EMPLOYMENT PROGRAMS ON 1988 AFDC CLIENTS

WEJT87A - ONE PARENT FAMILIES

	N=	OFF AFDC		OFF AFDC (> \$2500)		AVERAGE EARNINGS		\$ IMPACT EARNINGS	
		4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990
DOUGLAS	419	44	61	10	14	756	889		
COMPARISON II	1359	54	67	22	29	1415	1727	-612	-789
KENOSHA	876	47	62	13	18	860	1103		
COMPARISON II	1359	54 **	67	22	29	1415	1727	-480	-504
JACKSON	115	54	60	16	17	1161	973		
COMPARISON I	313	56	72	16	25	1179	1467	-24	-470
COMPARISON II	573	53	68	23	29	1870	2612	-797	-420

WEJT87A - TWO PARENT FAMILIES

	N=	OFF AFDC		OFF AFDC (> \$2500)		AVERAGE EARNINGS		\$ IMPACT EARNINGS	
		4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990
DOUGLAS	423	51	59	16	25	1268	1630		
COMPARISON II	1659	54	63	34	40	2312	2777	-1033	-1124
KENOSHA	696	52	57	20	24	1571	2019		
COMPARISON II	1659	54	63	34	40	2312	2777	-556	-499
JACKSON	144	58	60	33	32	2234	2369		
COMPARISON I	325	55	68	30	40	2258	2706	61	-173
COMPARISON II	671	55	64	38	43	2613	3121	-420	-804

* SIGNIFICANT AT .10 LEVEL

** SIGNIFICANT AT .05 LEVEL

*** SIGNIFICANT AT .01 LEVEL

PERCENT OFF AFDC, OFF AFDC WITH EARNINGS GREATER THAN \$2500 AND AVERAGE EARNINGS ARE UNADJUSTED.
EARNINGS IMPACT IS A REGRESSION ADJUSTED ESTIMATE.

SIGNIFICANCE LEVELS USE ONE TAILED T-TESTS FROM THE CORRESPONDING LOGIT OR REGRESSION MODELS.

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

Results for 8 Rural WEJT Counties Beginning Operation in 1988

Eight smaller rural counties were studied which began operation of a WEJT program in 1988. None of these counties had had a welfare employment program in operation since the early 1980s under the WIN program. When outcomes for these WEJT programs were compared to those comparable counties operating the WIN/WEOP Job Search model, Green County showed statistically significant impact in more than one measure, with two-parent cases showing high proportions leaving AFDC in the Fourth Quarter 1989 and the Fourth Quarter 1990 and single-parent cases showing earnings impact in the Fourth Quarter 1989. Iowa County showed measurable earnings impact for one parent cases by Fourth Quarter 1990.

When compared to counties not operating any program, these counties showed increased impact on earnings but not on the measure of overall proportion leaving AFDC. For single-parent families, four counties showed an impact on earnings (Green, Green Lake, Iowa and Richland) while Iowa County had a measurable impact on the proportion leaving AFDC. For two-parent cases, Green Lake, Iowa and Juneau Counties had measurable impacts on earnings while Crawford, Green and Iowa counties showed an impact on the proportion leaving AFDC in the Fourth Quarter 1989 and Green County continued these impacts in Fourth Quarter 1990.

IMPACT OF WELFARE EMPLOYMENT PROGRAMS ON 1988 AFDC CLIENTS

WEJT88A - ONE PARENT FAMILIES

	N=	OFF AFDC		OFF AFDC (> \$2500)		AVERAGE EARNINGS		\$ IMPACT EARNINGS	
		4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990
GREEN	105	58	74	26	28	1784	1782		
COMPARISON I	606	53	67	17 **	24	1207 ***	1499 *	619 ***	345 **
COMPARISON II	786	55	67	21	28	1335 ***	1623	446 ***	166
LAFAYETTE	45	49	64	27	28	1430	1428		
COMPARISON I	606	53	67	17 **	24	1207	1499	214	-.77
COMPARISON II	786	55	67	21	28	1335	1623	-.294	-.197
CRAWFORD	80	59	71	11	16	833	899		
COMPARISON I	368	53	63	15	21	1077	1321	-.252	-.387
COMPARISON II	997	57	71	24	34	1529	1832	-.628	-.873
GREEN LAKE	61	54	66	21	33	1467	1700		
COMPARISON I	368	53	63	15	21 **	1077 **	1321 *	357 *	362 *
COMPARISON II	997	57	71	24	34	1529	1832	15	-.80
IOWA	59	61	78	20	42	1621	2171		
COMPARISON I	368	53 *	63 **	15	21 ***	1077 ***	1321 ***	534 ***	854 ***
COMPARISON II	997	57	71	24	34 *	1529	1832	92	355 *
JUNEAU	130	47	63	11	13	999	1014		
COMPARISON I	368	53	63	15	21	1077	1321	35	-.165
COMPARISON II	997	57	71	24	34	1529	1832	-.398	-.660
RICHLAND	101	47	64	19	28	1259	1542		
COMPARISON I	368	53	63	15	21 **	1077	1321	293 **	286 *
COMPARISON II	997	57	71	24	34	1529	1832	-.192	-.174
VERNON	135	50	67	19	21	1196	1325		
COMPARISON I	368	53	63	15	21	1077	1321	73	-.55
COMPARISON II	997	57	71	24	34	1529	1832	-.349	-.527

* SIGNIFICANT AT .10 LEVEL

** SIGNIFICANT AT .05 LEVEL

*** SIGNIFICANT AT .01 LEVEL

PERCENT OFF AFDC, OFF AFDC WITH EARNINGS GREATER THAN \$2500 AND AVERAGE EARNINGS ARE UNADJUSTED.
EARNINGS IMPACT IS A REGRESSION ADJUSTED ESTIMATE.

SIGNIFICANCE LEVELS USE ONE TAILED T-TESTS FROM THE CORRESPONDING LOGIT OR REGRESSION MODELS.

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

IMPACT OF WELFARE EMPLOYMENT PROGRAMS ON 1988 AFDC CLIENTS

WEJT88A - TWO PARENT FAMILIES

	N=	OFF AFDC		OFF AFDC (> \$2500)		AVERAGE EARNINGS		\$ IMPACT EARNINGS	
		4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990
GREEN	139	66	73	32	37	2035	2701		
COMPARISON I	727	57 *	65 **	32	39	2216	2676	-207	-67
COMPARISON II	988	53 ***	62 ***	31	38	2108	2543	-82	180
LAFAYETTE	45	51	64	22	28	1762	2012		
COMPARISON I	727	57	65	32	39	2216	2676	-361	-554
COMPARISON II	988	53	62	31	38	2108	2543	-197	-470
CRAWFORD	123	64	76	24	31	1724	2174		
COMPARISON I	495	57 *	68	25	30	1756	2012	-54	130
COMPARISON II	723	63	68	41	47	2813	3331	-1166	-1180
GREEN LAKE	98	54	66	32	47	2188	2823		
COMPARISON I	495	57	68	25 *	30 ***	1756 **	2012 ***	422 **	827 ***
COMPARISON II	723	63	68	41	47	2813	3331	-712	-597
IOWA	88	69	70	47	52	2784	3685		
COMPARISON I	495	57 **	68	25 ***	30 ***	1756 ***	2012 ***	1057 ***	1718 ***
COMPARISON II	723	63	68	41	47	2813	3331	-95	347
JUNEAU	153	58	62	30	36	2152	2405		
COMPARISON I	495	57	68	25 *	30 *	1756 **	2012 **	429 **	429 **
COMPARISON II	723	63	68	41	47	2813	3331	-630	-903
RICHLAND	156	56	61	31	31	1888	2026		
COMPARISON I	495	57	68	25 **	30	1756	2012	169	33
COMPARISON II	723	63	68	41	47	2813	3331	-891	-1292
VERNON	196	53	63	24	30	1565	2050		
COMPARISON I	495	57	68	25	30	1756	2012	-141	72
COMPARISON II	723	63	68	41	47	2813	3331	-1257	-1239

* SIGNIFICANT AT .10 LEVEL

** SIGNIFICANT AT .05 LEVEL

*** SIGNIFICANT AT .01 LEVEL

PERCENT OFF AFDC, OFF AFDC WITH EARNINGS GREATER THAN \$2500 AND AVERAGE EARNINGS ARE UNADJUSTED.

EARNINGS IMPACT IS A REGRESSION ADJUSTED ESTIMATE.

SIGNIFICANCE LEVELS USE ONE TAILED T-TESTS FROM THE CORRESPONDING LOGIT OR REGRESSION MODELS.

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

Results for 3 Urban WEJT Counties Beginning Operation in 1988

Three urban counties (Eau Claire, Fond du Lac and Winnebago) which were operating the WIN/WEOP program also began WEJT programs in mid-1988. Fond du Lac County operated a CWEP program during the first half of 1988 and then halfway through the year began their WEJT program. When compared to the performances of the WIN/WEOP counties (Comparison II), Fond du Lac County showed significant impact on all measures for two-parent AFDC cases both one and two years after program implementation, but showed no impact for single parent cases. Eau Claire and Winnebago counties showed no statistically significant impacts on any of the measures for either follow-up period. However, the midyear start-up for Eau Claire and Winnebago Counties may have contributed to the lack of measurable program impact.

IMPACT OF WELFARE EMPLOYMENT PROGRAMS ON 1988 AFDC CLIENTS

WEJT88B - ONE PARENT FAMILIES

	N=	OFF AFDC		OFF AFDC (> \$2500)		AVERAGE EARNINGS		\$ IMPACT EARNINGS	
		4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990
FOND DU LAC	338	52	69	19	30	1419	1723		
COMPARISON II	1359	54	67	22	29	1414	1727	-15	-43
EAU CLAIRE	485	47	63	18	28	1230	1612		
COMPARISON II	1283	56	68	24	32	1507	1797	-296	-234
WINNEBAGO	564	55	65	22	31	1403	1715		
COMPARISON II	1283	56	68	24	32	1507	1797	-86	-73

WEJT88B - TWO PARENT FAMILIES

	N=	OFF AFDC		OFF AFDC (> \$2500)		AVERAGE EARNINGS		\$ IMPACT EARNINGS	
		4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990	4th Qtr 1989	4th Qtr 1990
FOND DU LAC	296	57	68	40	44	2752	3159		
COMPARISON II	1659	54 *	63 **	34 **	40 *	2312 ***	2777 **	444 ***	379 **
EAU CLAIRE	507	41	53	24	31	1805	2252		
COMPARISON II	981	59	66	39	45	2691	3183	-918	-967
WINNEBAGO	464	50	62	33	39	2507	2927		
COMPARISON II	981	59	66	39	45	2691	3183	-218	-297

* SIGNIFICANT AT .10 LEVEL

** SIGNIFICANT AT .05 LEVEL

*** SIGNIFICANT AT .01 LEVEL

PERCENT OFF AFDC, OFF AFDC WITH EARNINGS GREATER THAN \$2500 AND AVERAGE EARNINGS ARE UNADJUSTED.

EARNINGS IMPACT IS A REGRESSION ADJUSTED ESTIMATE.

SIGNIFICANCE LEVELS USE ONE TAILED T-TESTS FROM THE CORRESPONDING LOGIT OR REGRESSION MODELS.

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

Chapter Thirteen

RACINE COUNTY'S VOLUNTEER EXPERIMENT

State legislation creating the original WEJT pilot project stipulated that one of the county-operated programs only enroll participants who volunteered. The original design of the Racine County experiment targeted single-parent AFDC cases with one child older than six months and under six years of age, where the client was not pregnant, not enrolled in school and not working more than twenty hours per week.¹ Initial efforts to recruit volunteers were less successful than anticipated and, as a result, WIN/WEOP participants already enrolled in training were incorporated into the WEJT population. Of the 1987 population, only two-thirds were volunteers while the balance were the WIN/WEOP participants previously enrolled in education and training programs.

Midway through the 1987 program year, staff changed the emphasis of the Racine program and instituted a system to offer financial rewards to county welfare income maintenance workers to increase the number of volunteers recruited from the target population. In addition to volunteers, mandatory WEOP participants enrolled in education and training programs were allowed to continue transferring to the WEJT voluntary program and all new AFDC recipients, regardless of WIN status, were recruited for participation in the program. These policy decisions resulted in a dramatic shift in the characteristics of the WEJT population. In 1987, 60 percent of the WEJT population consisted of one child, single-parent families as originally proposed, but by 1988 this population made up only 26 percent of the WEJT participants.

Racine County's heavy focus on investment in education and training programs was evident in both the percent of participants enrolled in education and training and in per-client costs which were by far the highest of any of the WEJT pilots. In 1987, 67 percent of participants were enrolled in education and training with a per-participant cost of \$2,060. By 1988, 73 percent of participants were enrolled in educational and training programs at a cost of \$2,703 per WEJT participant.

Statistical Testing Used

Multiple logistic regression was employed for the dependent variables OFF-AFDC (the percent of cases off AFDC) and OFF-EARN (the percent of cases off AFDC with quarterly earnings above \$2,500), which are discrete outcomes. The effects of the WEJT programs were estimated holding constant the control variables. Two logistic regression were performed, using the set of the population with no program and, where noted, using the set of participants in the traditional WIN/WEOP program. Because logistic regression does not provide estimates of the effect of an independent variable directly in units of the dependent variable, in the tables which follow the uncorrected percentages OFF-AFDC and OFF-EARN are presented. The asterisks which represent the significance test for program effect are presented next to the population

percents to which the WEJT program was compared. These significance tests are one tailed and based on the Chi Square statistics from the logistic regression.

Multiple linear regression was employed for the dependent variable EARNINGS (average quarterly earnings). The tables which follow present average earnings of WEJT participants and the two alternative comparison populations. These have an associated one-tailed two-sample t-test for difference in means. This test does not correct for the impact of the other independent variables. The regression estimate of the impact of the WEJT program in dollars, which does correct for the effect of the other independent variables, is presented in the tables as IMPACT EARNINGS for WEJT program participants versus each of the comparison groups. The significance test is a one-tailed t-test associated with the parameter in the multiple regression. In almost all cases, the test for IMPACT EARNINGS and the two-sample t-test lead to similar conclusions.

Impact Analysis of the Target Population

The design of the Racine County program and recruiting techniques used during the second year of the program made it difficult to assess the impact of voluntary participation. Additionally, the introduction of AFDC clients already in training into the 1987 group may have influenced the effect of the voluntary program's impact. The evaluation attempted to correct for the contamination of the study population by applying the definition of the proposed target group population which focused on those not ordinarily required to participate in welfare work programs. To evaluate the impact of the program on the originally defined target group, analysis was limited only to those AFDC cases where there was a single parent with one child (ages one through five years) and eliminated WEJT participants with more than one child or older children, including most of the 1987 participants who had transferred into the program from WIN/WEOP and who had been already enrolled in education and training programs in 1986. The WEJT participants meeting the target population criterion (N=76) were compared against same population on AFDC but not enrolled in a welfare employment program.

A similar comparison was made for the 1988 AFDC population. It should be noted that in October 1988, state policy began requiring single parents with children ages two through five to be participants in AFDC employment programs. Starting in October 1988 single parents with younger children became subject to the mandatory requirement upon application for AFDC or at their six-month AFDC review, so that by March 1989, all single parent recipients with children aged two through five were required to participate in training or employment activities. As a result, 127 women fitting the target population were required to participate in mandatory WEOP activities, while almost half of the 115 WEJT program volunteers were in the newly mandatory population. As a second test of the impact of the voluntary WEJT program, the 1988 WEJT population was compared to those AFDC recipients enrolled in the regular WIN/WEOP program but meeting the single parent, one young child criterion. Comparisons between the WEJT and WIN/WEOP groups have several important limitations.

- Those clients volunteering to participate in welfare employment and training programs could be considered more motivated and as a result more likely to seek out employment as well.
- The October 1988 state change in rules for mandatory participation in employment programs resulted in most of the study population falling under the mandatory requirement subsequent to the phase-in of the policy.
- Increased funding levels through 1990 together with the elimination of the voluntary program in Calendar Year 1989 in Racine County made it likely that both the volunteer and comparison groups remaining on AFDC after 1988 would have been subject to similar treatments.

For the 1987 cohort, the WEJT target population showed significantly higher average earnings one year after the program and a significantly higher percent leaving AFDC with earnings above poverty level in Fourth Quarter of 1989. However, by the end of 1990, the 1987 WEJT target population showed no significant difference on any measure.

AFDC departure rates were substantially less for the 1988 WEJT population one year later when compared to WIN/WEOP mandatory participants and those not participating in any program. By the end of 1990, 1988 WEJT participants posted higher average earnings, with \$199 more in quarterly earnings than the comparison group of 1988 non-participants. However, when compared to 1988 AFDC recipients required to be mandatory participants under WIN/WEOP, there was no positive program impact on any of the measures.

**Test for Differences for Racine County Target Population
(Single Parents With 1 Child Aged One Through Five)**

	1987 PARTICIPANTS		1988 PARTICIPANTS		
	<u>WEJT</u>	<u>No Program</u>	<u>WEJT</u>	<u>WIN/WEOP</u>	<u>No Program</u>
4th Quarter 1988					
Percent Off AFDC	32.9	32.9			
Percent Off AFDC With Earnings Greater Than \$2,500	9.2	8.6			
Average Earnings	\$982	\$754*			
Earnings Impact		\$146			
4th Quarter 1989					
Percent Off AFDC	48.7	46.2	21.7	36.2	40.0
Percent Off AFDC With Earnings Greater Than \$2,500	23.7	13.4**	7.8	15.0	10.3
Average Earnings	\$1,075	\$951	\$782	\$967	\$804
Earnings Impact		\$38		-\$89	-\$71
4th Quarter 1990					
Percent Off AFDC	55.3	53.9	44.3	53.5	45.5
Percent Off AFDC With Earnings Greater Than \$2,500	22.4	19.0	19.1	22.8	15.2
Average Earnings	\$1,333	\$1,208	\$1,285	\$1,340	\$1,038**
Earnings Impact		\$38		\$59	\$199*
Number of Cases	76	781	115	127	585

* Significant at the .10 level. ** Significant at the .05 level. *** Significant at the .01 level.
Percent Off AFDC, Off AFDC With Earnings Greater Than \$2,500, and Average Earnings are unadjusted; Earnings Impact is a regression adjusted estimate. Significance levels are from the corresponding logit or regression models.
Source: Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

Analysis of Program Impact on the Larger Single Parent Population

Decisions to shift the focus of the Racine County program to include AFDC cases outside the target group resulted in a much different population being served in 1988 than in 1987. The 1987 population included volunteers plus those AFDC recipients regardless of characteristics who were already enrolled in an education and training program in 1986 or 1987. This analysis examined the impact of the Racine County WEJT program on the broader population of all single parent households on AFDC in 1987 and 1988. When 1987 WEJT participants were compared to AFDC recipients in the regular WIN/WEOP program, the results were significant in follow-up periods in 1989 and 1990 on measures of increased earnings, but AFDC departure rates were not significantly different when compared to regular WIN/WEOP participants. Average earnings were \$285 and \$321 more for WEJT participants in 1989 and 1990 respectively when compared to regular WIN/WEOP participants. Average earnings for the 1987 single parent WEJT population were \$1,231 in Fourth Quarter of 1988, \$1,460 in the Fourth Quarter of 1989, and \$1,735 in the Fourth Quarter of 1990.

In 1988 Racine County expanded its WEJT population was expanded in three ways. First, all new AFDC applicants regardless of target status were recruited; second, a financial reward system for county workers was initiated to recruit more volunteers; and third, mandatory WEOP participants in training and education continued to be transferred to the program. Again, the evaluation compared the performance of 1988 WEJT participants to AFDC participants who were not active in any program and to clients active in the regular WIN/WEOP program.

The lack of positive outcomes for 1988 WEJT program participants are in stark contrast to the results for 1987 WEJT participants, and require further discussion. While the statistical analysis controlled for a number of important client characteristics (including last grade of school completed, number of children, race, age, AFDC history and in-migration to Wisconsin), it could not control for selection bias. The addition of WIN/WEOP populations outside of the target group who had already enrolled in education programs prior to 1987 may have been the reason the 1987 WEJT population performed well when compared to WIN/WEOP and to no treatment. 1987 WEJT clients, already in at least their second year of participation in education and training programs, could be expected to be more successful and more likely to leave AFDC with increased earnings, having had a much longer period of time to complete their training. By contrast, 1988 WEJT participants included those WIN/WEOP mandatory participants who were interested in pursuing training and transferred into WEJT to begin education or training services. This population could be expected to delay entry into the labor force in order to complete their training.

Recruitment techniques and selection policies may have also resulted in more difficult to serve clients being placed in WEJT training in 1988. A much larger percentage of the 1988 population was enrolled in remedial education activities (52 percent) compared with 38 percent of the 1987 WEJT participants. Furthermore, the overall percent of clients in any type of education or training program rose from 67 percent to 73 percent in 1988, and per-client costs rose from \$2,060 to \$2,703 in 1988, suggesting a much higher investment in training. As a

result of these serious selection problems, only limited conclusions can be drawn regarding the effectiveness of the voluntary program design or the actual program piloted in Racine County.

**Test for Differences in WEJT and WIN/WEOP Programs and No Treatment
(All Single Parent Cases)**

	1987 PARTICIPANTS			1988 PARTICIPANTS		
	<u>WEJT</u>	<u>WEOP</u>	<u>No Program</u>	<u>WEJT</u>	<u>WEOP</u>	<u>No Program</u>
4th Quarter 1988						
Percent Off AFDC	36.5	36.8	31.6			
Percent Off AFDC With Earnings Greater Than \$2,500	15.9	10.9	8.9**			
Average Earnings	\$1,231	\$1,080	\$783***			
Earnings Impact		\$108	\$359***			
4th Quarter 1989						
Percent Off AFDC	52.4	52.1	42.2**	23.4	39.4	34.8
Percent Off AFDC With Earnings Greater Than \$2,500	30.2	17.8**	12.1***	6.5	13.7	9.4
Average Earnings	\$1,460	\$1,107**	\$868***	\$578	\$1,006	\$730
Earnings Impact		\$285**	\$461***		-\$341	-\$214
4th Quarter 1990						
Percent Off AFDC	61.9	59.1	49.3**	37.6	50.7	42.4
Percent Off AFDC With Earnings Greater Than \$2,500	34.1	23.3**	17.1***	14.0	21.0	14.2
Average Earnings	\$1,735	\$1,370**	\$1,121***	\$999	\$1,333	\$955
Earnings Impact		\$321**	\$442***		-\$278	-\$11
Number of Cases	126	864	2,946	449	958	2,188

* Significant at the .10 level. ** Significant at the .05 level. *** Significant at the .01 level.

Percent Off AFDC, Off AFDC With Earnings Greater Than \$2,500, and Average Earnings are unadjusted; Earnings Impact is a regression adjusted estimate. Significance levels are from the corresponding logit or regression models. Source: Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

Summary

The effectiveness of a voluntary approach cannot be adequately evaluated using the Racine County experience. The failure to implement a voluntary program in Racine County as originally proposed and lack of a control population resulted in serious contamination and selection problems. In addition, the state introduction of a mandatory WEOP requirement in late 1988 for single parents with children ages two through five further limits the analysis. The analysis of the total single parent WEJT population showed that 1987 program participants outperformed those recipients in the WIN/WEOP program as well as those recipients not required to participate in any program, while the 1988 WEJT population showed no impact on any measure. Contamination problems in both years appear to have distorted the impacts of the voluntary approach piloted in Racine County. In 1987 non-volunteers completing their first or second year of education and training were included in the WEJT group, exaggerating the impact of the program model. In 1988 participants included a large population of mandatory clients, thereby diminishing the impact for the volunteer population.

The analysis which limited the study population to the originally proposed target group of single parent families with one child aged 1 to 5 provides a more accurate measure of the effectiveness of the voluntary approach piloted in Racine County. However, even this analysis is limited due to changes in state regulations requiring most of the voluntary population to become mandatory participants beginning in late 1988. While the 1987 volunteers posted higher average earnings in 1988 and a higher percent leaving AFDC with earnings above poverty in 1989, by the end of 1990 these volunteers showed no measurable impact over the comparison population. The 1988 voluntary population appeared to show modest success in increasing earnings compared to AFDC recipients not required to participate in any programs in 1987 and 1988, but there did not appear to be any impact when 1988 WEJT volunteers were compared to those mandatory participants with similar characteristics who were enrolled WIN/WEOP programs in 1988.

Endnotes

1. Wisconsin Department of Health and Social Services, "Work Experience and Job Training Program: A Report on the Early Implementation Experience," (Madison, WI: DHSS Division of Policy and Budget Bureau of Evaluation, August, 1987), pp. 26-27.

Chapter Fourteen

TIME SERIES ANALYSIS OF STATEWIDE WELFARE REFORM IMPACTS

The federal waivers granted to the State of Wisconsin to conduct the welfare reform experiments required that the impact of these waivers on AFDC caseloads be calculated quarterly to determine the costs or savings attributable to the experiment. As discussed in another section of this evaluation, state officials deviated from the prescribed methodology in a number of ways which resulted in claims of dramatic savings mostly attributable to artificial projections of AFDC caseload increases. Federal officials required that economic conditions be considered in any calculation of caseload changes. The effect of the September 1987 six percent benefit cut is also considered in these calculations.

Analysis of statewide caseload reductions was conducted on the total population using the methodology prescribed by the federal government as part of the terms and conditions of the Wisconsin waiver experiment. Analysis controlled for the September 1987 six percent AFDC benefit reduction through the use of a dummy variable equal to "1" prior to the benefit cut and equal to "0" for all months after the cut. Monthly AFDC caseloads for the period beginning January 1984 were used to track caseload changes. Monthly state unemployment rates were used to predict the impact of the economy on fluctuations in the total AFDC caseload during and after the implementation of the waiver experiments beginning in October 1988.

The relationship between unemployment rates and caseloads was found to be direct and consistent over time. An analysis of trendlines revealed a lag in caseload effect whereby fluctuations in unemployment rates are mirrored one or two months later in caseload level changes. These lags are likely explained by the time delays required by the eligibility and application process for AFDC. Consequently, unemployment rates were lagged one month in the analysis.

State officials analyzed AFDC-U and AFDC-regular caseloads separately in their reported calculations of projected versus actual caseload trends. The separation of these populations assumes two distinctly separate caseloads which can be tracked over time. An examination of the relationship between cases in AFDC-U and AFDC-regular status, however, reveals substantial overlap, where as many as 25 percent of AFDC-U cases leaving AFDC in a given month become AFDC-regular cases in the subsequent month, as two-parent families revert to one-parent AFDC-regular families remaining on AFDC throughout. Similarly, many AFDC-regular cases become AFDC-U cases as the presence of a spouse is introduced into the AFDC benefit calculations. Further complicating the tracking of cases is the change in casehead status which occurs when two-parent AFDC-U cases which list the male spouse as the casehead revert to single parent AFDC-regular status and the female spouse becomes the casehead. As a result, a substantial number of cases in AFDC-U status appear to terminate AFDC based on the male spouse case data, but actually become new AFDC-regular cases under the female spouse's social security number. Use of separate analysis for the AFDC-U and AFDC-regular populations

produces results which exaggerate AFDC-U caseload declines while artificially diminishing economic effects on the AFDC-regular population. Consequently, the evaluation combined the AFDC-U and AFDC-regular populations for the analysis of caseload reductions over time, thereby eliminating fluctuations due to movement between the two case statuses.

Specification and Estimation of the Model Used

Verification of the impact of the waiver experiment which began in October 1988 consists of two parts, 1) identification and estimation of the economic relationships underlying the AFDC caseload based upon the monthly time series data before the experimentation began, and 2) prediction of the case load values based upon the estimated parameters for the experimentation period. The expectation of this type of an experimentation is that it will reduce the AFDC caseload. Consistent with parameters defined by state officials, if the actual values are less than the predicted values by five percent or more in a given quarter, the experiment would be considered to have positively impacted caseloads and waiver savings would appropriately be claimed. If actual caseload values exceed the predicted values by five percent or more, the state would be required to report welfare costs. The estimation and the prediction procedures are described below.

Using an econometric approach, the AFDC caseload was expressed as a function of unemployment rate. The plot of raw monthly data on unemployment rate and the AFDC caseload indicated a lag of one month. A dummy variable, with a value of one through September 1987 and zero afterward, was also incorporated in the model to control for the six percent benefit cut. The specification of the model is as follows:

$$AFDC_t = \beta_1 + \beta_2 U_{t-1} + \beta_3 D_t + \epsilon_t \quad (2)$$

where U represents unemployment rate, D is the dummy variable as specified above, ϵ is the error term representing the measurement errors and the omitted variables, t indicates the t th time period, β 's are parameters to be estimated.

This equation was estimated by the method of least squares with all standard assumptions on the error terms. Review of the plot of the least square residuals and value of the Durbin-Watson statistic indicate the presence of autocorrelation in the error term. This yielded unbiased but *inefficient* estimators. To remove autocorrelation from the error terms, the model was re-estimated assuming first-order autocorrelation in the error terms.

$$\epsilon_t = \rho \epsilon_{t-1} + v_t \quad (3)$$

where ρ is the autocorrelation coefficient and v_t is the error term that follows standard assumptions.

The Cochrane-Orcutt nonlinear estimation technique was used to estimate the revised model. The resulting estimated regression equation is as follows:

$$\text{AFDC}_t = 88,324.5^* + 72308.5^* M_{t-1} + 1721.89^* D_t \quad (4)$$

(16.99) (3.87) (2.11)

$$R^2 = 0.96, \quad \bar{R}^2 = 0.96, \quad \rho = 0.98$$

$$\text{D.W.} = 2.11, \quad N = 1984.01 \text{ to } 1988.09$$

The figures under the coefficients are t values and * indicates significance. All coefficients have proper sign and are highly significant at the .05 level. Both the coefficient of determination (R^2) and the adjusted coefficient of determination (\bar{R}^2) are quite high. The Durbin-Watson statistic indicates no auto-correlation in the residuals.

Significance of the dummy variable indicates a structural shift. Up until September 1987 the expected caseload due to the dummy and the constant was 90,047 ($88,325 + 1,722$) and after September 1987 the expected caseload was 88,325 (i.e. an average decline of 1,722 cases per month). The effect of unemployment rate was additive to this. The plot of the fitted values and the actual values, during this estimation period, is very close.

Predicted values for October 1988 to December 1990

The econometric estimate for the period January 1984 to September 1988 was used to predict the AFDC caseload for the period October 1988 to December 1990. The objective was to determine if the waiver experiment beginning October 1988 had any effect on AFDC. The predicted values are generated by the following equation:

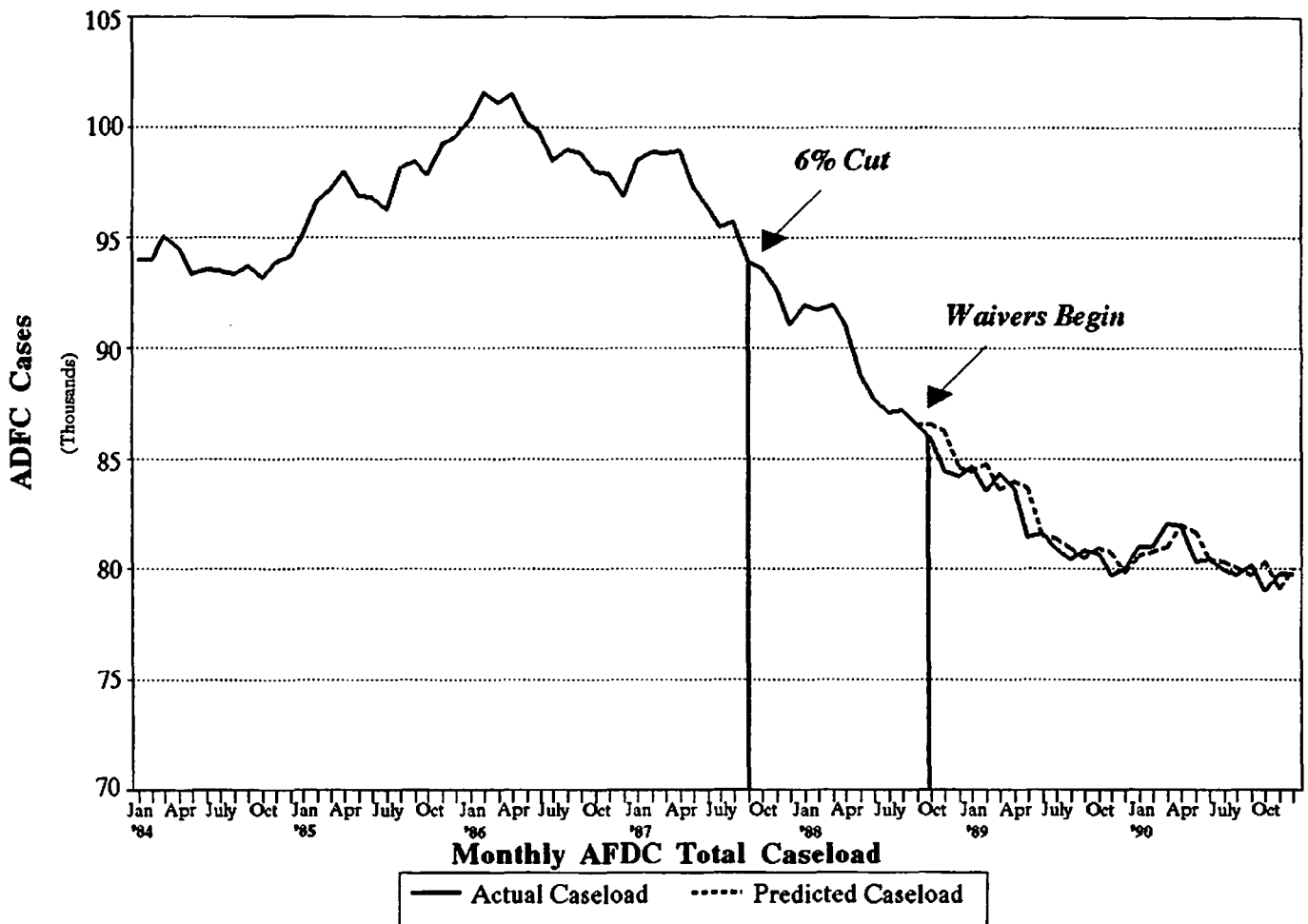
$$\text{AFDC}_t = \hat{\beta}_1(1-\hat{\rho}) + \hat{\beta}_2(U_{t-1} - \hat{\rho}U_{t-2}) + \hat{\beta}_3(D_t - \hat{\rho}D_{t-1}) + \hat{\rho}\text{AFDC}_{t-1} \quad (5)$$

where $\hat{\cdot}$ over the parameters indicates estimated values.

The attached table provides the actual caseload, predicted values, and the prediction errors for October 1988 to December 1990. Of the 27 time periods, 20 have percentage errors of less than one percent, five periods have percentage errors between 1 and 2 percents, and only two periods have percentage errors of 2.08 and 2.69 percent. Thus, all prediction errors are substantially below the established norm of 5 percent. The attached graph also illustrates this point.

In conclusion, the econometric model constructed for the time period January 1984 to September 1988, predicted expected caseloads for October 1988 to December 1990 extremely well. This indicates that the model was very stable over the estimation and prediction periods and that the implementation of the waiver experiments and programs did *not* show reduced statewide AFDC caseloads.

IMPACT OF WELFARE REFORM WAIVERS USING ECONOMETRIC MODEL



SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

**RESULTS OF ECONOMETRIC MODEL
USING AUTO REGRESSIVE CORRECTION
CONTROLLING FOR ECONOMIC CHANGES AND THE 6% BENEFIT CUT**

OBSERVATION PERIODS	ACTUAL CASELOAD	PREDICTED CASELOAD	PERCENT PREDICTION ERROR
October, 1988	85,905	86,522	0.72%
November	84,454	86,208	2.08%
December	84,141	84,579	0.52%
January, 1989	84,621	84,414	-0.24%
February	83,506	84,751	1.49%
March	84,268	83,570	-0.83%
April	83,610	83,973	0.43%
May	81,449	83,643	2.69%
June	81,562	81,505	-0.07%
July	80,872	81,369	0.61%
August	80,419	80,867	0.56%
September	80,838	80,529	-0.38%
October	80,703	80,876	0.21%
November	79,704	80,756	1.32%
December	79,971	79,828	-0.18%
January, 1990	80,948	80,590	-0.44%
February	80,975	80,735	-0.30%
March	82,046	80,963	-1.32%
April	81,929	81,990	0.07%
May	80,310	81,666	1.69%
June	80,463	80,425	-0.05%
July	79,929	80,305	0.47%
August	79,693	80,016	0.41%
September	80,167	79,682	-0.60%
October	78,963	80,292	1.68%
November	79,791	79,123	-0.84%
December	79,798	79,982	0.23%

SOURCE: CASELOADS FROM STATE AFDC CHECK HISTORY FILE, PREDICTED CASELOADS BASED ON EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE ECONOMETRIC MODEL

Chapter Fifteen

ANALYSIS OF MA EXTENSION AND 1/6 INCOME DISREGARD EXPERIMENTS

Two of the more interesting yet little known experiments of the welfare reform package approved by the federal government in 1987 were directed at providing more AFDC and MA benefits to recipients as an incentive to work their way off AFDC and with the hope that fewer recipients would return to AFDC. When the federal government granted waivers for these incentive programs, they required the State to establish experimental and control groups and to report the quarterly costs and savings attributable to each experiment. The research design for the WEJT/CWEP evaluation required that the effect of these waivers be examined and controlled for in the analysis of the program impact of welfare employment and training programs. If either of these experiments resulted in AFDC caseload reductions or increased employment, the effect of these experiments would need to be incorporated into the impact analysis of the WEJT/CWEP evaluation.

Background

Under existing federal regulations medical benefits were automatically extended 4 months for cases which left AFDC due to excess earnings or hours worked. State policy makers argued that "the Medicaid health coverage is important to former welfare recipients because many have young children who tend to have significant health care needs, and most have jobs that offer minimal or no medical benefits."¹ As an incentive for AFDC recipients to seek and retain employment MA benefits would be extended to 12 months after a case left AFDC due to excess earnings or hours worked.

The original proposal to extend medical assistance an additional 8 months beyond what Federal law permitted, anticipated that such a policy would incur significant costs with only a possibility that such an approach would be cost effective. In their waiver request to the federal government state officials wrote, "The extended benefit period would give recipients more time to work their way into a job that offers a health care benefit, and may reduce the likelihood they will return to AFDC for purposes of receiving Medicaid coverage."² In May 1987 the Department of Health and Social Services estimated that the MA extension would cost \$7.8 million in the first biennium.³

A second waiver designed to provide employment incentives to AFDC recipients increased the length of time a person would remain on AFDC while working. Policy makers maintained that, "Under the current disregard system, working recipients often benefit from working only during the 4 months the current \$30 and 1/3 disregard is available. After that working recipients would often be better off economically if they did not work. This waiver triples the period of time general earned income disregards are available, delaying any drop in

the family's living standards. It extends to 12 months the period of time during which a welfare recipient's total income is higher if the person is working."⁴

State officials estimated that about 8,200 AFDC caseheads were using \$30 and 1/3 disregard in 1987.⁵ It was the hope of policy makers that by extending AFDC benefits longer for those working they would "increase the likelihood a working recipient will have earned job benefits (including wage increases, medical insurance and seniority) that will help the recipient make the transition from AFDC to the workforce."⁶

However, both of these policies to provide employment incentives appear to have been based on the unfounded assumptions that welfare recipients return to AFDC for medical benefits once these benefits expire and that by extending AFDC and MA benefits recidivism would be less likely and as a result cost-effective. In fact, just prior to the release of the Welfare Reform Commission recommendations in May of 1987, DHSS analysts examined the behavior of cases with 4 month MA extensions to determine whether former AFDC recipients returned at the expiration of Medicaid coverage and found that no such tendency was evident from case records. Despite warnings from their own research analysts, state officials continued to press the federal government for approval of the MA waivers.⁷

Apparently the federal government was also very concerned that these waivers would result in increased costs rather than savings and initially required rigorous evaluation designs to monitor the costs and savings associated with these two experiments. Formal experimental and control groups were required to test the effectiveness of both sets of waivers. The federal waivers, approved on October 29, 1987, established strict conditions for hypothesis testing and required quarterly reporting on costs and savings. However, during the year following the federal approval of these waivers, DHSS officials continued to debate the necessity of conducting such an evaluation and pressured federal officials to eliminate the requirement for a control group. Both experiments were finally implemented in February 1989.

\$30 and 1/6 Earned Income Disregard Analysis

To test the impact of the \$30 and 1/6 earned income disregard experiment, the state agreed to assign each AFDC case to control and experimental groups based on the second last digit of their social security number. The existing \$30 and 1/3 policy was to be compared to the impact of the \$30 and 1/6 policy. In addition to assignment based on the \$30 and 1/3 disregard and the \$30 and 1/6 disregard, cases were offered either 9 months or 12 months of medical extension for those cases which closed due to expiration of either disregard. In order to qualify for extended 9-month or 12-month MA benefits, individuals already receiving the earned income disregard or finding employment had to report their level of earnings to the welfare worker so that the caseworker could enter the reason for the case closing. If the reason listed for the case closing was expiration of the disregard, the case was entitled to 9- or 12-month MA extension as part of the experiment.

It was anticipated that the combination of offering both the 1/6 disregard and the 12-month MA extension would result in increased hours worked during AFDC and increased earnings and reduced AFDC recidivism after expiration of the disregard and MA extension. In order to test the impact of the 1/6 disregard experiment on increased earnings and reduced AFDC recidivism, the evaluators requested and received data identifying cases which left AFDC at the expiration of the 1/6 disregard or the 1/3 disregard.

Appropriately, federal officials appeared to have been concerned about the adequacy of the control group size for the \$30 and 1/6 earned income disregard experiment. State officials, unwilling to increase the AFDC population in control group status, successfully dismissed the issue maintaining there were more than enough cases for adequate statistical analysis. However, the issue of adequate size was essential to the analysis of the \$30 and 1/6 disregard experiment. Because many caseheads never bother to inform their workers of their level of income upon leaving AFDC, their cases were closed for "failure to report" rather than for the expiration of the income disregard. Consequently, these cases were ineligible for the MA extension and were not assigned codes for either the experimental or control population. Less than 1/4 of one percent of cases which left AFDC during the period studied were closed due to expiration of the income disregard. As a result, there were not sufficient numbers (10-20 per period) for statistical analysis of the disregard experiment because almost no one was in the study population.

In order to test the impact of the \$30 and 1/6 disregard on clients while receiving AFDC, the evaluators requested data identifying the AFDC population under the 1/6 earned income disregard policy and those under the 1/3 disregard policy. The state did not provide this data to the evaluators and as a result the evaluation could not analyze the possible effects of the experiment on this population.

Analysis of the Statewide Impact of the 12-Month MA Extension

The MA extension experiment showed sufficient numbers for analysis but was limited by the short period of time in which the experiment was in operation. Delays and reluctance about the experiment on the part of the department resulted in a start-up date of February 1989. Prior to implementation the state had lobbied federal officials to allow them to operate the 12-month extension for all eligible cases without use of a randomly assigned control group. In December 1988, two months prior to the beginning of the experiment, state officials were successful in eliminating the requirement for a control group after April 1990 (when new federal policy would provide for a national 12-month MA extension), thereby reducing the experiment to 14 months.⁸

Before implementation of the MA extension experiment, all recipients were mailed a brochure with their monthly AFDC check explaining the availability of extended medical coverage for cases leaving AFDC due to excess earnings or hours worked, based on the second last digit of the casehead's social security number. Cases with a "1 to 9" digit were offered the 12-month MA extension while cases with a "0" were allowed the existing 4-month extension.

To assess the statewide impact of the experiment, the evaluation tracked all cases in both the experimental and control groups for eight quarters to establish actual medical and AFDC costs up to and including the 4th Quarter of 1990. Three cohort groups were established based on the quarter of their first departure from AFDC during the experiment. If cases returned and exited a second or third time they remained in the same cohort group, in order to insure that each cohort group was unique and not overlapping through the quarters of the experiment and follow-up period. Those cases leaving AFDC for at least one month during the First Quarter of 1989 made up the first partial group to fall under the experiment for at least a portion of the First Quarter of 1989 and allowed tracking for seven subsequent quarters. The second cohort group leaving in the 2nd Quarter of 1989 fell fully under the experiment as did the 3rd cohort group of cases leaving AFDC in the 3rd Quarter of 1989.

The effect of termination of medical coverage for the control group after 4 months and for the experimental group after 12 months was tracked for each of the three cohort groups. As a result, the experience of each cohort group includes at least one quarter of impact data after termination of the 12-month extension. The health insurance data used for this evaluation was based on the quarterly health care status and actual costs for each case. The health care status code indicated the control and experimental group assignment for each case over the course of the experiment. AFDC return rates reflected the proportion of the population on AFDC after their initial exit from AFDC due to increased earnings or hours worked. Average AFDC costs were calculated by dividing total quarterly AFDC costs of those returning to AFDC for each cohort group by the total number in the group. Average quarterly health care costs were calculated using the total quarterly expenditures for the case including costs for all adults and children. Earnings were the combined spousal and casehead quarterly wages gathered from the state employer wage reporting system.

To evaluate the impact of the experiment on the binary variables associated with AFDC return rates and employment rates, a two sample test for differences in proportions was performed. A two sample t-test was used for average earnings, AFDC costs, and health costs. Since it was hypothesized that the MA extension would have positive impacts on employment and welfare costs, the test statistics were evaluated by computing their one-tailed P-values.

Average health care costs for both groups indicated phase-out of medical coverage four months after exit from AFDC for control populations and twelve months after exit for experimental groups. The financial impact of extending medical coverage for an additional 8 months for the experimental group resulted in much higher MA costs. The anticipated impact on AFDC recidivism and costs was consistent with earlier DHSS studies which warned that AFDC recipients did not return to AFDC when their 4-month MA benefits expired. The return rates to AFDC were similar for both control and experimental groups in each cohort with half the population returning to AFDC the quarter after their first exit.

The impact of the MA 12-month extension resulted in the anticipated increases in medical costs without statistically significant declines in AFDC caseloads. The assumption of DHSS officials that the impact of the MA extension would only be felt 3 to 5 years later appears to be unfounded in light of the very high recidivism rates for both groups even during the period in which the 12-month extension was still in effect. While MA coverage may be very important to the well-being of these families, the termination of health benefits does not appear to be the reason for their return to AFDC nor does the extension of medical assistance an additional 8 months reduce AFDC recidivism.

The cost of offering extended MA benefits grew quarterly as additional quarters of the experimental group members became eligible for the 12 month extension of benefits until the First Quarter of 1990 when participation levels stabilized and the first cohort group began their exit from the first 12-month extension window. There was no precipitous increase in recidivism at either the 4 month expiration period for MA benefits for the control population or at the 12 month expiration for MA benefits for the experimental population. The sum of medical and AFDC costs is detailed for all strands of experimental and control group members for the 5 quarters during which the experiment was in full force and prior to the termination of the control group in April of 1990. Control group costs are increased to represent their proportion in the overall AFDC population by multiplying actual costs per quarter by the reciprocal of the fraction of the cases in the control population. The difference between the experimental group costs and the proportionate control group costs is the financial quarterly impact of extending the 12-month medical coverage. The associated costs for AFDC and MA are totaled to establish the overall cost effectiveness of the experiment. The costs of the MA extension grew to \$2.5 million per quarter when the experiment was in full force in the First Quarter of 1990, and totaled an estimated \$12.5 million for 1989 and 1990.

Estimated Net Costs or (Savings) for the MA Extension Experiment: 1989 and 1990

Net Costs or (Savings):	QUARTERS IN 1989:			QUARTERS IN 1990:			
	<u>2nd</u>	<u>3rd</u>	<u>4th</u>	<u>1st</u>	<u>2nd</u>	<u>3rd</u>	<u>4th</u>
MA	(47,160)	793,745	1,433,165	2,306,979	2,975,770	3,054,767	743,262
AFDC	<u>(4,238)</u>	<u>267,282</u>	<u>191,412</u>	<u>191,730</u>	<u>335,659</u>	<u>159,295</u>	<u>125,609</u>
TOTAL	(51,398)	1,061,027	1,624,577	2,498,709	3,311,429	3,214,062	868,871

Source: Analysis by the Employment and Training Institute, University of Wisconsin-Milwaukee.

EARNED INCOME AND EXCESS HOURS MEDICAL EXTENSION EXPERIMENT

AFDC AND HEALTH CARE COSTS

		1		2		3	
		LEAVING AFDC		LEAVING AFDC		LEAVING AFDC	
		1st Quarter 1989		2nd Quarter 1989		3rd Quarter 1989	
		Control	Experimental	Control	Experimental	Control	Experimental
Total on AFDC		9,332	82,232	9,249	81,341	9,085	80,165
Total Leaving in Quarter		1,828	11,237	1,476	13,371	1,547	13,392
Number in Experiment - State		128	1,324	437	4,176	382	3,502
PERCENT RETURNING TO AFDC	2nd Qtr '89	62	54 *				
	3rd Qtr '89	45	43	48	48		
	4th Qtr '89	38	38	42	43	49	47
	1st Qtr '90	33	35	44	42	47	46
	2nd Qtr '90	33	34	38	40	46	43
	3rd Qtr '90	29	33	35	36	40	38
	4th Qtr '90	27	31	32	34	37	35
AVERAGE QUARTERLY HEALTH COSTS	2nd Qtr '89	\$660	\$526				
	3rd Qtr '89	331	512	\$460	\$541		
	4th Qtr '89	393	536	316	531	\$510	\$537
	1st Qtr '90	475	559	442	579	369	602
	2nd Qtr '90	286	419	282	472	332	605
	3rd Qtr '90	377	503	436	520	615	661
	4th Qtr '90	316	291	304	345	455	366
AVERAGE QUARTERLY AFDC COSTS	2nd Qtr '89	\$271	\$227				
	3rd Qtr '89	263	254	\$291	\$322		
	4th Qtr '89	249	267	352	343	\$337	\$334
	1st Qtr '90	260	283	402	377	425	418
	2nd Qtr '90	283	288	358	354	433	409
	3rd Qtr '90	266	298	323	333	406	347 *
	4th Qtr '90	261	285	334	322	384	335

LABOR FORCE PARTICIPATION AND EARNED INCOME

		1		2		3	
		LEAVING AFDC		LEAVING AFDC		LEAVING AFDC	
		1st Quarter 1989		2nd Quarter 1989		3rd Quarter 1989	
		Control	Experimental	Control	Experimental	Control	Experimental
Number in Experiment (Balance of State)		91	946	321	3051	267	2549
PERCENT WITH QUARTERLY EARNINGS	2nd Qtr '89	90	88				
	3rd Qtr '89	87	87	83	83		
	4th Qtr '89	81	82	79	79	82	81
	1st Qtr '90	80	82	76	76	72	76
	2nd Qtr '90	84	81	80	78	74	78
	3rd Qtr '90	86	80	79	78	75	79
	4th Qtr '90	79	80	79	77	73	77
AVERAGE QUARTERLY EARNED INCOME	2nd Qtr '89	\$2,111	\$2,143				
	3rd Qtr '89	2,152	2,264	\$2,189	\$2,078		
	4th Qtr '89	2,066	2,260	2,045	2,065	\$1,906	\$2,031
	1st Qtr '90	2,112	2,176	1,961	1,893	1,715	1,846
	2nd Qtr '90	2,238	2,380	2,279	2,134	1,901	2,127 *
	3rd Qtr '90	2,444	2,489	2,379	2,295	2,183	2,315
	4th Qtr '90	2,357	2,584	2,388	2,285	2,175	2,325

* Significant at .05 level

** Significant at .01 level

SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

Impact of the 12-Month MA Extension on Family Earnings

State officials and policy makers had hoped that the 12-month MA extension would result in greater labor force participation and increased earnings which would contribute to the cost effectiveness of the experiment and offset the anticipated increase in MA costs. For those cases in the balance of the state outside of Milwaukee County, earnings data for the casehead and spouse had been assembled for the evaluation of WEJT/CWEP programs and was combined with the MA extension data to gauge the labor force participation and earnings of cases in the MA experiment. Experimental and control cases for each of the three cohort groups were tracked to assess work history in subsequent quarters after initial departure from AFDC. The employment rate was measured using the percent of cases having any earned income in a given quarter. Average earnings were calculated using the combined spousal earned income for 2-parent families and the casehead earned income for one-spouse families.

While average earnings generally increased in subsequent quarters for both the experimental and control groups, only one experimental group showed significant impact on earnings for only one quarter of the quarters measured. High employment rates in the quarter after initial departure from AFDC were followed by lower rates of employment as the effects of recidivism took hold for both the experimental and control groups. The experimental group showed no measurable impact on the percent of cases with earnings in any period measured.

Endnotes

1. Timothy Cullen to Tommy G. Thompson, "Report on Recommendations of the Governor's Welfare Reform Commission," May 22, 1987, p. 6.
2. Wisconsin Department of Health and Social Services, "Wisconsin Welfare Reform Package Section 1115(a) Waiver Application," May 1, 1987, p. 16.
3. Bob Lang to Members of the Joint Committee on Finance, "1987-89 Biennial Budget: Health and Social Services -- Employment and Training Programs for Recipients of Aid to Families with Dependent Children (AFDC)," Legislative Fiscal Bureau, May 14, 1987, p. 14.
4. Governor's Welfare Reform Commission Report, pp. 5 and 6.
5. Ibid., p. 6.
6. Ibid.
7. "MA Extensions and AFDC Recidivism" memo, May 6, 1987.
8. Patricia A. Goodrich to Nancy Campbell, DHSS, December 2, 1988.

Chapter Sixteen

ANALYSIS OF REPORTED WAIVER SAVINGS ATTRIBUTABLE TO THE "WISCONSIN WELFARE REFORM DEMONSTRATION"

In October 1987, the Reagan Administration approved the series of waivers to the Social Security Act for the Wisconsin welfare demonstration programs. The DHSS contract required the evaluators to analyze and control for the effects of these waiver experiments. Waivers approved by the Family Support Administration included:

1. **Statewideness:** to allow the State to operate the demonstration differently in different geographic areas of the State;
2. **Employment/training registration:** to allow the State to require the parent or other relative of a child 3 months of age or over to register and participate in educational or employment and training activities;
3. **Employment/training registration:** to allow the State to require the other parent or caretaker in the home to register and participate in employment and training activities even when another parent/caretaker is registered or participating;
4. **Earned income disregards:** to allow the State to disregard the first \$30 of the total of such earned income not disregarded under any other clause plus one-sixth of the remainder;
5. **Earned income disregard:** to allow the State to apply the \$30 and one-sixth disregard for a period of 12-months; and
6. **Medicaid eligibility determination:** to allow the State to waive the requirement that eligibility for Medicaid beyond the 9-month period authorized under this section be redetermined monthly.¹

The Health Care Financing Administration also approved waivers to:

1. **Waiver of Statewideness...**to permit the implementation of a randomized control group for the 12-month Medicaid extension, so that this extension is not implemented in the entire State.
2. **Waiver to permit 12-month extension of Medicaid after loss of AFDC eligibility due to earnings.**
3. **Waiver of Comparability...**to permit the State to provide the Medicaid extension only to participants in the demonstration.²

The waiver expanding the AFDC population subject to mandatory welfare employment registration was implemented in October 1988, while the medicaid extension and earned income disregard experiments began in February 1989.

The federal Department of Health and Human Services required that Wisconsin's demonstration project be cost neutral and included requirements that if federal costs for the demonstration approached calculated savings, the state "provide HHS an acceptable plan to assure that costs will not exceed savings or shall terminate the demonstration in accordance with the approved phase down plan."³ If cumulative costs reached 95 percent of savings at the end of

any quarter in the first year or 100 percent of savings at any quarterly in the second or third year of the experiment, the phase out of the program was required immediately.

As a condition of granting waivers to Section 1115 of the Social Security Act, the federal government required the State of Wisconsin to agree to strict quarterly reporting of costs and savings "to assure that the federal government will not expend funds greater than would have been expended in the absence of the demonstration and that the State of Wisconsin remains entitled to federal financial participation in all costs related to this demonstration that are allowable AFDC or Medicaid costs."⁴ The federal government further stipulated that because the Wisconsin waivers involved both Title IV-A and Title XIX, the demonstration would be jointly monitored by the Family Support Administration (FSA) and the Health Care Financing Administration (HCFA).

From the time of the submission of the Wisconsin waiver application, it appears that state and federal officials anticipated that the financial impact of these waivers would not be cost-neutral. In an action unrelated to the waiver application, the State of Wisconsin reduced the AFDC benefit level by six percent in October 1987. The Reagan Administration decided to allow Wisconsin to use the federal share of their 1987 benefit reductions to offset the anticipated federal costs of the demonstration. In the methodology approved by the federal government, future federal savings attributable to this six percent cut were included in federal waiver savings calculations, to offset increased federal costs anticipated due to the MA extension and the \$30 and 1/6 disregard. In September 1989 Wisconsin officials again acknowledged to the federal government that they anticipated increases in waiver costs due to implementation of the MA 12-month extension,⁵ and federal staff remained convinced that federal savings from Wisconsin's six percent benefit reduction "would be sufficient to cover demonstration costs."⁶ The terms of the waiver required the state to report quarterly costs and savings for each of the waivers and for the six percent cut using the following methodology.

3.1 The cumulative costs and the cumulative savings of the demonstration will be calculated as follows:

(a) Medicaid extension: The difference between the per capita Medicaid, AFDC, and Food Stamp costs for cases in control group (1) and the per capita Medicaid, AFDC, and Food Stamp costs for cases outside that control group constitute the per capita costs or savings of the Medicaid extension. Total costs or savings will be determined by multiplying those per capita costs or savings by the reciprocal of the fraction of the cases in the control group.

(b) Earned income disregard: The difference between the per capita AFDC, Medicaid, and Food Stamp costs for cases in control group (2) and the per capita AFDC, Medicaid, and Food Stamp costs for cases outside that control group constitute the per capita costs or savings of the \$30 plus one-sixth earned income disregard. Total costs or savings will be determined by multiplying those per capita costs or savings by the reciprocal of the fraction of the cases in the control group.

(c) AFDC benefit reduction: The savings resulting from the reduction in AFDC benefits will be calculated by multiplying the fraction 100/94 by the actual AFDC benefit expenditures and subtracting from that product the actual AFDC benefit expenditures ("gross savings"). From the Federal share of the savings so calculated, estimated increased costs to the Food Stamp Program and Housing subsidies will be subtracted as follows:

(i) Increased Food Stamp costs will be determined by multiplying the gross savings as calculated above by 0.28.

(ii) The estimated increase in housing subsidies resulting from the 6% AFDC benefit decrease will be calculated by using the most recent Quality Control sample data on the percentage of AFDC recipient households in subsidized housing multiplied by the average reduction in AFDC benefits per case due to the 6% benefit reduction. The resulting number will be multiplied by .3 (the estimated marginal change in rent subsidies for a change in AFDC) and the number of cases to obtain the increased federal subsidy costs. The method for calculating the increase in housing subsidies is subject to change if Wisconsin provides HHS information within 30 days demonstrating that a different method would be more appropriate for calculating the increase.

The net result of the calculation described in paragraph 3.1(c) will be the savings resulting from the reduction in AFDC benefits.

(d) Sanctions: Savings resulting from sanctions of caretaker relatives who are required to register for the WIN program solely as a result of the waiver but who fail to so register or otherwise participate will be recognized to the extent that the caretaker's eligible child continues to receive AFDC benefits as the caretaker's dependent.

(e) Other costs and savings: Wisconsin and HHS will within 90 days from receipt of this award in good faith develop methods for calculating costs or savings resulting from caseload changes due to the demonstration (including methods for adjusting for changes in economic conditions). When such methods are agreed upon by the parties, they will be used to recognize such costs and savings.⁷

The quarterly reports submitted by the State of Wisconsin showing costs and savings incurred under the demonstration did not follow the prescribed methodology detailed by the federal government. Instead, the reports submitted by state officials appear to have artificially inflated the savings and underestimated costs attributable to each of the waivers. Only in the calculation of the six percent non-waiver savings did the state follow the prescribed methodology. It does not appear that the state and federal government ever agreed to a methodology for calculating savings resulting from caseload reductions using methods which controlled for changes in economic conditions. In fact, the federal government repeatedly refused to accept the caseload model proposed by the state.⁸ Had FSA and HCFA officials properly monitored and reviewed costs and savings according to the terms and conditions set forth in the waiver agreement, the allowable federal savings would have been but a fraction of the more than \$200 million claimed and \$148.4 million eventually awarded to the state for special projects and additional experiments. The methodology used by the state for the calculation of savings attributable to each of the waivers is detailed below.

Medicaid Extension

The Medical Assistance (MA) extension waiver allowed Wisconsin to provide "a 12 month extension of Medical Assistance eligibility to all persons who lose AFDC eligibility due to excess earned income, hours of work, or the loss of the earned income disregards."⁹ In May 1987 the Legislative Fiscal Bureau reported to Legislature that the state Department of Health and Social Services was estimating that the MA extension waiver would cost \$7.8 million in the first biennium, stating that "it is uncertain whether or not the federal agency will grant this request since it will result in increased federal expenditures."¹⁰ Prior to implementation of the MA extension experiment, state officials also acknowledged to Family Support Administration

staff their expectation that this waiver would increase federal costs.¹¹ Yet in quarterly reports to the federal government state officials claimed immediate and dramatic savings for the MA extension experiment.

The state accounting of MA extension costs and savings appears to have deviated from the prescribed methodology in at least four ways. First, state reported quarterly costs did not include costs of payments for additional months of Medicaid coverage associated with the 8-month extension of benefits. Second, the state calculated MA savings attributable to the extension based on a comparison of costs for the total AFDC population (over 85,000 cases) rather than for the population using the extension (1,000 - 5,000 cases per quarter). Third, medical costs were derived totals rather than per capita as required by the waiver.

Fourth, the calculation was not made using the "reciprocal of the fraction of the cases in the control group," as required by the waiver. The control group for the MA extension included those cases with a "0" in the second to last digit of the casehead's social security number. (The \$30 plus 1/6 disregard control group included those cases with a "1" in the second to last digit.) Assuming a perfect distribution of social security digits, the reciprocal of the fraction in the MA extension control group would have resulted in a calculation based on a factor of 9. This was the calculation factor used by the state, with total AFDC, food stamps and MA costs for the control group multiplied by 9 to gauge the impact of the waiver experiment.

In fact, however, the distribution of cases with a "0" or "1" in the second to last digit of the caseheads' social security numbers was not even. Both the "0" and "1" control groups were over-represented in the AFDC population and during most quarters the "reciprocal of the fraction of the cases in the control group" was 8.8, the factor which should have been used in the calculation. Instead of reporting and using the appropriate proportion of cases in the control and experimental groups for each quarter, state officials multiplied by a factor of 9 and thus overestimated savings for all categories (AFDC, food stamps, and medical assistance) in all quarters of the experiment. Use of the factoring method specified by the waiver would have resulted in reports showing net costs, not savings, in two of the four quarters of the MA experiment. Instead of federal savings of \$15.6 million for the MA extension, which state officials reported to the federal department, state calculations would have shown total (state and federal) savings [before the costs shown below] for the MA experiment of only \$3.6 million.

These calculations do not, however, address another major requirement of the federal terms and conditions which was to report expenses incurred in providing families additional months of the MA extension. Analysis in this evaluation of the five cohorts of control and experimental groups using the methodology outlined in the preceding section estimated the cost of the MA extension to be \$11.3 million and the overall costs including MA and AFDC to be \$12.5 million.

In addition to state deviations from the agreed-upon methodology for calculating MA extension savings, there appear to be inaccuracies in amounts reported by the state for the 2nd Quarter 1989 for food stamps and AFDC, and for medical expenses for the control group in the

1st Quarter 1991. The figures for 2nd Quarter 1989 were shown in an estimated statement and no final statement was provided to the evaluators. Both AFDC and food stamp payments in this quarter exceeded total amounts reported for the benefit reduction on page one of the statement and were inconsistent with subsequent quarterly reported costs. In the 1st Quarter 1990 reported medical costs for the control group were inconsistent with previous trends and with comparative amounts for AFDC and food stamps within the same quarter, resulting in an inexplicable \$4.7 million increase in federal savings from the previous quarter for medical costs under the MA extension.

\$30 and 1/6 Earned Income Disregard

In 1987 federal AFDC requirements allowed families with earned income to receive a grant level which "disregarded" \$30 plus one-third of their earnings for four months and \$30 for the next eight months. The demonstration waiver allowed Wisconsin to test the application of a new formula which allowed a \$30 and one-sixth disregard for twelve months. This change reduced the initial AFDC grant available to families with earned income while increasing the time working families could receive more than a \$30 disregard.

DHSS officials successfully lobbied Family Support Administration staff to allow Wisconsin's work requirement and Learnfare waivers to be initiated without establishment of control groups which could demonstrate whether federal costs increased under the experiments. However, the federal government required the state to use control groups for the MA extension and \$30 1/6 earned income disregard experiments -- programs both federal and state staff expected would likely increase federal welfare payments.¹² Establishment of these control groups required costly systems changes and by October 1988 (four months before the programs were scheduled for implementation) the state had already incurred \$97,000 in administrative expenses establishing computer systems for the experimental and control groups. Further, DHSS staff acknowledged, "It is questionable whether this 'scientific' experiment will produce statistically measurable results. The change in behavior which the control groups are supposed to show is difficult to measure and even more difficult to validly ascribe to the change in policy."¹³

Problems in state methods used to report savings for the \$30 and 1/6 disregard were similar to those for the calculation of costs and savings for the MA extension. First, while the number of cases using the 1/6 disregard ranged from 10,000 - 11,000 in a given quarter,¹⁴ the number of cases which left AFDC due to the expiration of the \$30 and 1/6 disregard or the \$30 and 1/3 disregard did not exceed 500 for the four quarters examined. Yet the savings DHSS attributed to this very small population exceeded \$15 million due to use of a state method which calculated savings based on the entire population on AFDC in the state rather than those cases using the 1/3 or 1/6 disregard. Second, the control group for this experiment was also over-represented in the population and the calculations were again made by an arbitrary factor of 9 rather than the prescribed method.

It is difficult to imagine that the 1/6 disregard which, according to the Wisconsin waiver application, was "not intended to save benefit dollars directly"¹⁵ could result in almost \$7 million federal savings in the first two quarters of the experiment and overall federal savings of \$15.9 million for the four quarters examined, as state officials reported to FSA and HCFA. The \$30 and 1/6 disregard formula results in a 2 percent net increase in AFDC payments over a 12 month period compared to the \$30 and 1/3 disregard, but only for recipients remaining on AFDC and eligible for the disregard for the entire 12 month period.¹⁶ This evaluation reviewed the numbers of cases under the experiment, but the small number of participants under the income disregard exiting from AFDC in any quarter were too small to permit statistical analysis.

Furthermore, medical assistance costs for the control group in the 1st Quarter 1990 appear to be inaccurate as they were for the MA extension reported costs for this group. In the 4th Quarter 1989 state officials reported net federal costs of \$662,978 based on the performance of the control group compared to the remainder of the AFDC population while in the next quarter state officials reported that the performance of the control group showed an \$8 million net savings for the experiment.

Caseload Reductions

The October 1987 waivers from the Family Support Administration required development within 90 days of an approved methodology for calculating any caseload reductions or increases resulting from the Wisconsin approved waivers. Since control groups were established to measure changes in AFDC costs resulting from the medical assistance extension and the earned disregard demonstration, these caseload reductions or increases would presumably result from the other demonstration waivers -- the work registration requirements for parents of young children and the second parent in a two-parent family. The waiver stipulated:

Wisconsin and HHS will within 90 days from receipt of this award in good faith develop methods for calculating costs or savings resulting from caseload changes due to the demonstration (including methods for adjusting for changes in economic conditions). When such methods are agreed upon by the parties, they will be used to recognize such costs and savings.¹⁷ [emphasis added]

The state and federal government did not come to an agreement on a methodology for the calculation of caseload reductions within 90 days as required by the waiver agreement. As late as January 1991, the federal government continued to object to the methodology used by the state.¹⁸

The state devised a method to analyze the AFDC-regular and AFDC-U caseloads separately and to calculate changes over time which factored in quarterly state unemployment rates only for the AFDC-U population.¹⁹ These state projections mirrored the actual AFDC-U caseload trends from 1988 through 1991, and the quarterly reports submitted to the federal government by state officials suggested that the Wisconsin welfare demonstration had little impact on reducing caseloads of AFDC-U families, with the economy apparent as the major factor in numbers of families receiving AFDC.

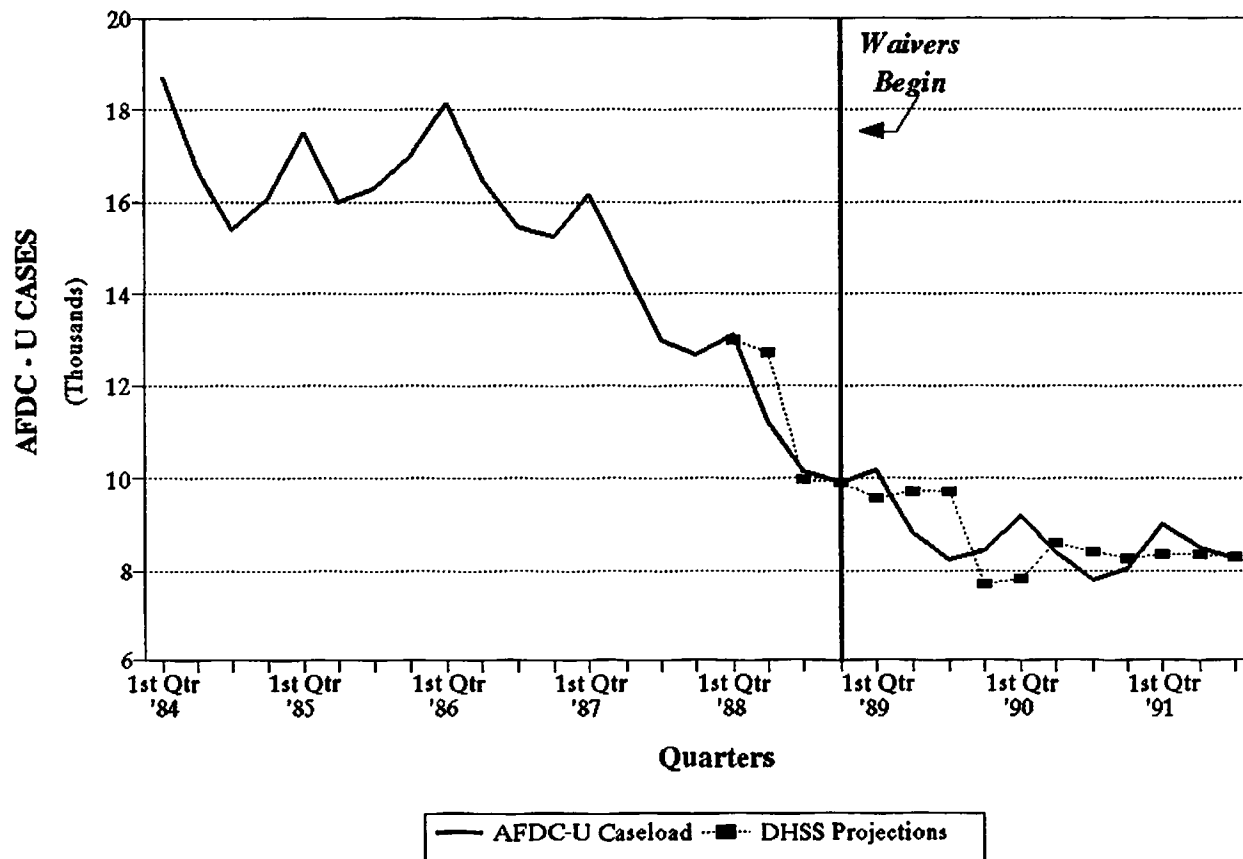
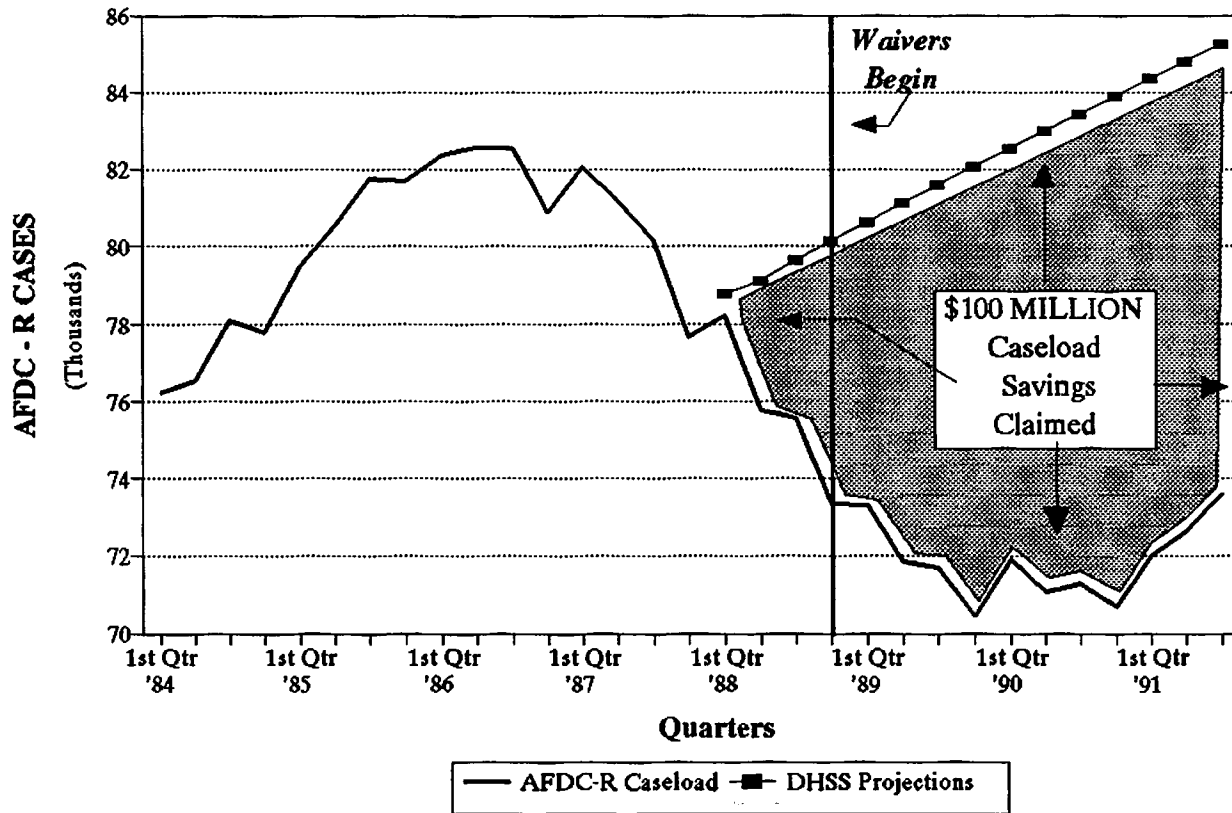
However, state officials did not follow the federal requirement to consider "changes in economic conditions" in projecting the number of AFDC-regular cases.²⁰ Consequently, in spite of measurable improvements in the Wisconsin economy in the late 1980's with AFDC-regular caseloads mirroring declines in the state unemployment rate, state officials projected large increases in the AFDC-regular caseload -- enabling them to claim \$280 million in reduced welfare costs due to caseload reductions and to report \$167 million, the federal portion, for "waiver savings."²¹ The caseload projections developed by state DHSS officials for AFDC-regular and AFDC-U cases are shown in the following graphs.

The state's calculation of AFDC-regular caseload reductions appeared flawed in four ways. First, the calculations and formulas used to derive the caseload projections were based on actual caseload data for the period 1981 through September 1987 instead of the period 1981 through October 1988, when the work registration waivers were put into effect. During the four quarters following September 1987 and prior to the demonstration's implementation date of October 1988, the caseload for AFDC-regular cases continued its precipitous decline which would have adversely affected the state's projections. The 3rd Quarter 1987 caseload was 80,194 while the 4th Quarter 1988 caseload was 73,337.

Second, the auto regression model used to calculate the regular caseload did not control for the rapidly declining unemployment rate in the state which fell from 8.9 percent in February 1986 to 3.4 percent in September 1988. The federal waiver required that the state method used for calculating caseload reductions or increases include "methods for adjusting for changes in economic conditions," but state officials did not follow this requirement for the AFDC regular population. Third, the auto regression model did not control for the September 1987 six percent benefit reduction which reduced caseloads unrelated to the waiver demonstration. In Wisconsin's waiver application, the state had promised to control for immediate caseload and grant reductions resulting from the benefit cut.²² Fourth, the waivers for work registration put in effect in October 1988 were designed to be phased in over a six month period and were not in full force until the 2nd Quarter 1989. The MA extension and 1/6 disregard waivers were put into effect on February 1, 1989. Arguably, the start date for measuring the effect of the waivers could be the 2nd Quarter of 1989, but in no case should it have been the September 1987 date.

As a result of flawed methodology, the model used by state officials projected AFDC-regular caseloads increasing throughout the experiment period, so that at the beginning of the waiver experiment in the 4th Quarter 1988 the state-projected caseload was 6,819 higher than the actual caseload of 73,337. Toward the end of the experiment in the 3rd Quarter 1991 the state's actual caseload was rising again. In fact, there were more cases on AFDC at the end of the third year of the experiment (73,616 cases in 3rd Quarter 1991) than at the beginning. For that quarter, however, state officials, using a linear projection model unrelated to the economy, estimated a projected minimum caseload of 85,237, for a reported reduction attributed to the waiver of 11,621 AFDC-regular cases. Not only did the state formula attribute all caseload reductions to the effect of the waivers by not controlling for the economy, it also created an imaginary caseload increase using a faulty projection methodology. As a result, the federal savings claimed by state officials and eventually paid by the federal government were attributable to the imaginary AFDC caseload increases created by the state's formula.

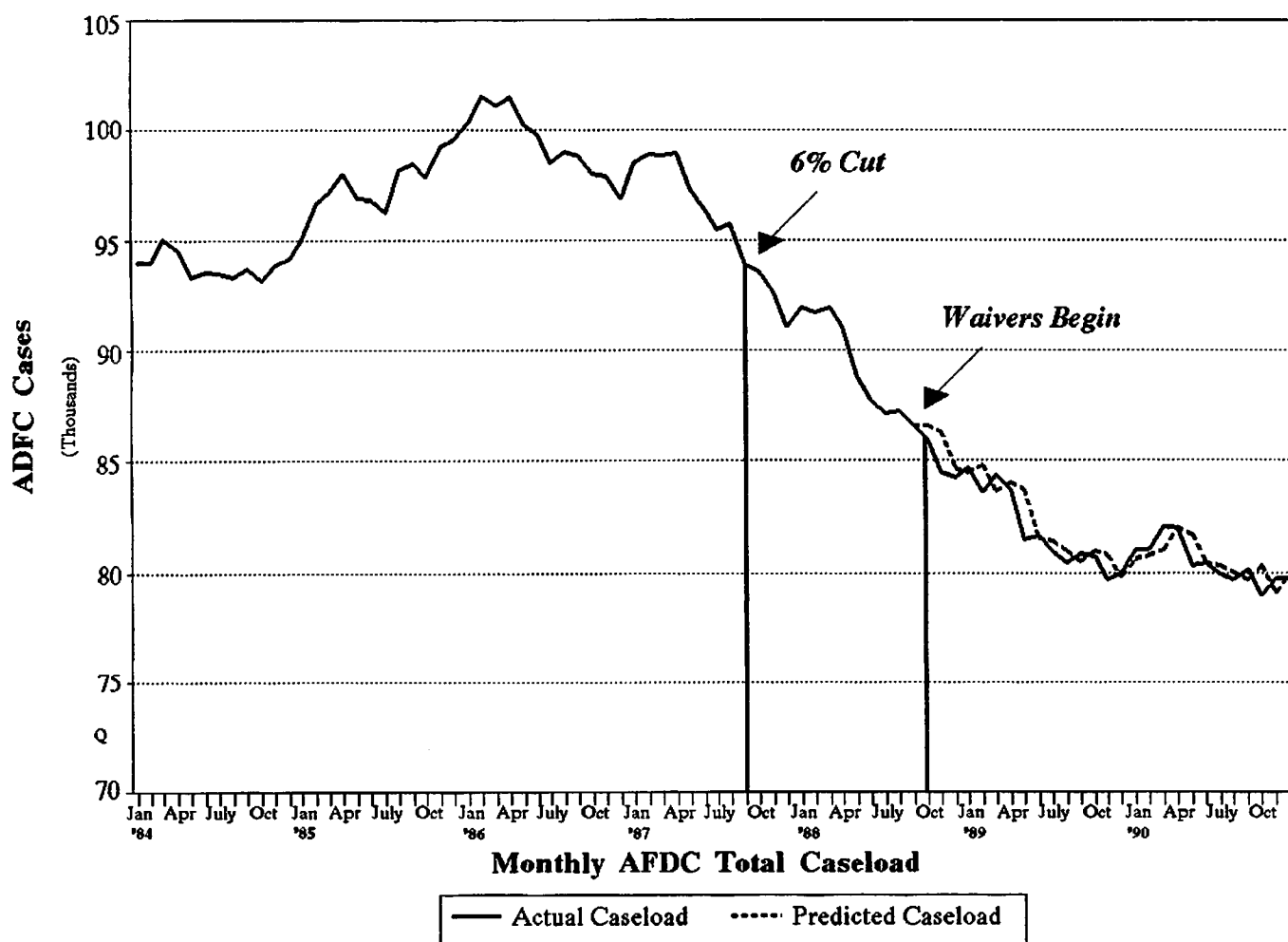
DHSS PROJECTED CASELOAD TRENDS USED TO CLAIM WAIVER SAVINGS



Source: Caseload Data from State Income Maintenance Summaries of AFDC, Projections from State of Wisconsin Quarterly Savings Reports Submitted to the U.S. Department of Health and Human Services.

Using the type of auto regression model prescribed by the federal terms and conditions to control for the effects of lowering unemployment rates and the six percent cut on the AFDC population and using the actual beginning date of the waivers in October 1988, projected caseload trends show a decline rather than the state's projected increase. As a result, no waiver savings should have been claimed or paid. A full discussion of the caseload analysis is presented in another section of the evaluation report. The graph below shows the predicted AFDC caseloads using the methods prescribed by the federal waiver.

IMPACT OF WELFARE REFORM WAIVERS USING ECONOMETRIC MODEL



SOURCE: EMPLOYMENT AND TRAINING INSTITUTE UNIVERSITY OF WISCONSIN-MILWAUKEE

Total Welfare "Waiver Savings" Reported to the Federal Government by DHSS Officials

State reports submitted to the federal government for the period January 1988 through December 1992 claimed over \$300 million in state and federal savings due to the three Wisconsin waiver experiments. The state also reported that from January 1988 through December 1992, the six percent AFDC benefit cut reduced state and federal payments to Wisconsin AFDC recipients by \$106 million. The federal portion of these reductions totaled an estimated \$45.7 million.²³ The table below shows the total federal waiver savings claimed by state officials in quarterly reports to the federal government.

FEDERAL WAIVER SAVINGS CLAIMED BY THE STATE OF WISCONSIN

Quarters	6% Benefit Reduction	Caseload Reductions			Medical* Extension Experiment	Earned Income Experiment	Quarterly TOTAL	Cumulative TOTAL
		AFDC-R	AFDC-U	TOTAL				
1st Qtr, 1988	\$2,717,297	\$195,345	\$0	\$195,345			\$2,912,642	\$2,912,642
2nd Qtr	\$2,184,675	\$2,111,463	\$772,544	\$2,884,007			\$5,068,682	\$7,981,324
3rd Qtr	\$2,476,646	\$3,362,469	\$0	\$3,362,469			\$5,839,115	\$13,820,439
4th Qtr	\$2,301,179	\$4,994,000	\$113,187	\$5,107,187			\$7,408,366	\$21,228,805
1st Qtr, 1989	\$2,229,757	\$5,615,510	\$0	\$5,615,510			\$7,845,267	\$29,074,072
2nd Qtr	\$2,220,394	\$7,044,006	\$367,965	\$7,411,971	\$2,745,915	\$2,751,370	\$15,129,650	\$44,203,722
3rd Qtr	\$2,078,814	\$8,225,985	\$0	\$8,225,985	\$2,315,595	\$3,995,904	\$16,616,298	\$60,820,020
4th Qtr	\$2,101,590	\$9,129,860	\$0	\$9,129,860	\$2,991,377	\$93,915	\$14,316,742	\$75,136,762
1st Qtr, 1990	\$2,140,760	\$9,189,810	(\$292,143)	\$8,897,667	\$7,529,584	\$8,466,038	\$27,034,049	\$102,170,811
2nd Qtr	\$1,993,446	\$8,849,005	\$0	\$8,849,005		\$769,905	\$11,612,356	\$113,783,167
3rd Qtr	\$2,232,968	\$10,571,850	\$0	\$10,571,850		\$1,437,565	\$14,242,383	\$128,025,550
4th Qtr	\$2,155,341	\$10,536,973	\$571,277	\$11,108,250		\$2,059,413	\$15,323,004	\$143,348,554
1st Qtr, 1991	\$2,110,027	\$10,070,001	\$0	\$10,070,001		\$1,098,282	\$13,278,310	\$156,626,864
2nd Qtr	\$1,990,526	\$9,393,805	\$0	\$9,393,805		\$1,054,313	\$12,438,644	\$169,065,508
3rd Qtr	\$2,327,236	\$10,477,085	\$80,488	\$10,557,573		\$873,489	\$13,758,298	\$182,823,806
4th Qtr	\$2,519,592	\$10,397,269	\$0	\$10,397,269		\$1,034,130	\$12,916,861	\$195,740,667
1st Qtr, 1992	\$2,540,798	\$10,282,436	\$0	\$10,282,436		\$1,031,002	\$12,823,234	\$208,563,901
2nd Qtr	\$2,365,473	\$10,183,395	\$0	\$10,183,395		\$391,523	\$12,548,868	\$221,112,769
3rd Qtr	\$2,651,514	\$12,237,054	\$599,637	\$12,836,691		\$512,846	\$15,488,205	\$236,600,974
4th Qtr	\$2,450,746	\$12,493,244	\$390,355	\$12,883,599		\$397,091	\$15,334,345	\$251,935,319
TOTALS	\$45,788,779	\$165,360,565	\$2,603,310	\$167,963,875	\$15,582,471	\$25,966,786	\$251,935,319	\$251,935,319

* The Medical Extension Control Group was removed effective April, 1990.

SOURCE: STATE OF WISCONSIN QUARTERLY STATEMENTS OF WELFARE REFORM WAIVERS' COSTS AND SAVINGS

Federal Approval for Wisconsin to Spend Its Welfare "Savings"

The methodology outlined for calculation of costs and savings under the Wisconsin welfare demonstration was designed to protect the federal government from increased Wisconsin welfare costs resulting from the state experiments. However, with the state's underestimates of costs for the medical extension and income disregard programs and faulty methodology used to calculate caseload reductions, DHSS reports showed very large "savings" accruing due to Wisconsin programs and state officials began pressuring the Reagan Administration to give Wisconsin these monies. In Fall 1988, before the work registration, earned income disregard and MA extension experiments had been implemented, White House staff agreed to provide Wisconsin with federal funds from their reported "waiver savings" to spend on welfare-related projects and experiments, urging Wisconsin officials to present a package to the federal staff "prior to the change in the administration" for one-time rather than ongoing funds.²⁴ However, Wisconsin's December 1988 proposals for funding were rejected by Family Support Administration staff who insisted on control group comparisons and rigorous evaluations of proposed projects and also requested submission of the state's methodology for calculating the six percent benefit savings.²⁵

The first federal approvals for use of waiver savings money to fund special Wisconsin projects came on June 27, 1989, when the Family Support Administration approved at a 50 federal match rate education and training activities (\$6 million), a Racine/Washington County Pilot (\$2.5 million), a Milwaukee YWCA Pilot (\$2 million) and a Milwaukee Crossroads Pilot for Learnfare sanctioned teen parents (\$2 million).²⁶ The projects did not appear to have received much federal scrutiny. Two of the projects had received negative internal DHSS staff reviews which reported that the proposals were "top heavy with expensive professional staff and equipment and light on direct services to clients...In general, neither of the proposals appears to be well developed or clearly presented..."²⁷ The reviewer further observed: "Proposals with staff budgets rounded off to the nearest \$100,000 do not inspire much confidence that rigorous analysis has occurred."²⁸

Federal waiver savings awarded to the State of Wisconsin far exceeded the state's share of federal JOBS funds for FY91 which was \$23.3 million out of \$591 million obligated nationally.²⁹ By Fall 1991, drawing on the state's reported waiver savings, the Bush Administration had approved use of \$78,443,687 in additional federal funds for discretionary special projects in Wisconsin. On September 1, 1992, the federal Department of Health and Human Services approved a lump sum \$70 million award for additional welfare savings, bringing the total federal funds available to Wisconsin officials for special projects and new welfare experiments to \$148,443,687. The September 1st terms and conditions specified that "the State agrees that it will not request further consideration of Federal savings from any component of the Wisconsin Welfare Reform Demonstration except as specified in Section 4 of the Parental and Family Responsibility Demonstration or except as related to new demonstrations that are Federally approved after this date."³⁰

The table below shows the costs/savings of the three Wisconsin waiver experiments, using the methodology required by the federal waivers compared to the costs/savings reported to the federal government by DHSS officials. The evaluation data calls into question the \$148.4 million in federal "waiver savings" awarded to Wisconsin as of September 1992.

Estimated Cost Impact of Wisconsin Waiver Experiments

<u>Waiver Experiment</u>	<u>Federal Waiver Savings Reported by State Officials</u>	<u>Evaluation Study Findings</u>
Work registration (AFDC caseload reduction)	\$168 million savings reported by December, 1992.	No measurable savings using method prescribed by the federal waivers.
MA Extension	\$15.6 million savings	\$12.5 million estimated costs, including \$7.4 million federal costs.
\$30 and 1/6 income disregard	\$25.9 million savings	No welfare savings: number of cases leaving AFDC under program too few for statistical analysis.

Source: Quarterly Reports Submitted to the U.S. Department of Health and Human Services by the Wisconsin Department of Health and Social Services for the Period First Quarter 1988 through Fourth Quarter 1992; Evaluation Analysis by Employment and Training Institute, University of Wisconsin-Milwaukee.

In July 1993 federal officials reported that \$78.4 million of the "waiver savings" was based on state reports of federal savings for the MA extension and income disregard experiments and for reported federal savings from Wisconsin's six percent AFDC benefit reduction. Federal officials reported that they could not locate documentation for the methodology used to determine an additional \$70 million in "waiver savings" awarded on September 1, 1992, by the previous federal administration.³¹

Endnotes

1. Otis R. Bowen to Timothy Cullen, "Department of Health and Human Services Family Support Administration Section 1115 - Office of Family Assistance Waivers" and "Department of Health and Human Services Health Care Financing Administration Section 1115 Office of Research and Demonstrations Waivers," Grant No.: 11-P-99154/4-01, October 29, 1987, p. ii.
2. Waivers, p. iii.
3. Waivers, p. 5.
4. Waivers, cover letter.
5. Silvia R. Jackson to Gary Ashcraft, DHSS, September 11, 1989.
6. Mack A. Storrs to Patricia Goodrich, DHSS, December 8, 1989.
7. Waivers, pp. 2-4.
8. Gary D. Ashcraft to Silvia R. Jackson, DHSS, August 15, 1989; Mack A. Storrs to Patricia A. Goodrich, DHSS, December 8, 1989; Gary D. Ashcraft to Silvia R. Jackson, DHSS, January 8, 1991.
9. Wisconsin Department of Health and Social Services, "Wisconsin Welfare Reform Package Section 1115(a) Waiver Application," May 1, 1987, p. 17.
10. Bob Lang to Members of Joint Committee on Finance, "1987-89 Biennial Budget: Health and Social Services -- Employment and Training Programs for Recipients of Aid to Families with Dependent Children (AFDC)," Legislative Fiscal Bureau, May 14, 1987, p. 14.
11. Silvia Jackson to Gary Ashcraft, DHSS, September 11, 1989.
12. Mary Henning to Susan Felker-Donsing, DHSS, September 3, 1987.
13. "\$30 and 1/6 and MA Extension Waivers Meet the New Federal Welfare Reform Legislation: A Continuing Saga," Minutes of the Waivers Workgroup Meeting, DHSS, October 14, 1988, p. 2.
14. Wisconsin Department of Health and Social Services, Monthly AFDC Summaries.
15. DHSS Waiver Application, p. 70.
16. Legislative Fiscal Bureau, "Aid to Families with Dependent Children, Information Paper #49," (Madison, WI) January 1989.
17. Waivers, p. 4.
18. Gary D. Ashcraft to Sylvia Jackson, DHSS, January 8, 1991.
19. For a discussion of the methodology used, see Minutes of Welfare Reform Oversight Committee, DHSS, January 25, 1988 and February 8, 1988.
20. DHSS described the formula for estimating AFDC-regular caseloads described as follows: "For the AFDC-Regular caseload, time and OBRA (policy changes) will be the only variables used in the forecasting model." Minutes of the Welfare Reform Oversight Committee, DHSS, January 25, 1988.
21. Department of Health and Social Services Quarterly Reports submitted to the U.S. Department of Health and Human Services for the period January 1988 through December 1992. In some cases the evaluators were provided only preliminary reports, which may differ from final figures for the quarter.

22. DHSS Waiver Application, pp. 50, 54.
23. The federal share of savings on the AFDC benefit reduction is smaller due to increased costs of food stamps (100 percent federally funded).
24. Minutes of the Welfare Reform Oversight Committee, DHSS, September 19, 1988 and October 17, 1988; Alan Fish to Patricia A. Goodrich, "Welfare Reform Waiver Discussion in Washington D.C.," DHSS, October 14, 1988.
25. Minutes of the Welfare Reform Oversight Committee, DHSS, January 9, 1989.
26. Catherine Bertini to Patricia Goodrich, DHSS, June 27, 1989.
27. Alan Fish to Patricia Goodrich, DHSS, February 14, 1989.
28. Alan Fish to Eloise Anderson, DHSS, February 6, 1989.
29. Mark Greenberg, "Welfare Reform on a Budget: What's Happening in JOBS" (Washington, D.C.: Center for Law and Social Policy, June, 1992), Appendix D, pp. 1-2.
30. Jo Anne B. Barnhart to Gerald Whitburn, September 1, 1992.
31. Laurence J. Love to John Pawasarat, July 21, 1993.