Assessing the New Federalism

An Urban Institute Program to Assess Changing Social Policies

THE URBAN INSTITUTE

State Update No. 8, September 2001

Recent Changes in Wisconsin Welfare and Work, Child Care, and Child Welfare Systems

Jennifer Ehrle, Kristin Seefeldt, Kathleen Snyder, and Pat McMahon

Wisconsin's new welfare program was a dramatic departure from the old income maintenance system of welfare, and moved beyond the work-based welfare reform programs put in place in other states.

Introduction

Wisconsin is recognized as one of the leaders in state-level welfare reform efforts. The state has received a great deal of attention from policymakers and the media for its efforts to create a work-based system of assistance for low-income families and the significant caseload declines brought about by its reforms. The reforms reflect a philosophy that families, not government, are responsible for providing for their needs. Income support, employment and training, child care, and even aspects of child welfare services were modified to promote independence and self-sufficiency. Wisconsin changed the administrative structures of these programs, including increasing the involvement of private agencies. And more than other states, Wisconsin ended the entitlement to cash assistance by establishing a system of diversion to connect clients to other sources of support and by linking receipt of cash benefits to an applicant's degree of job readiness as well as income eligibility.

Many of the features of Wisconsin Works (W-2), Wisconsin's Temporary Assistance for Needy Families (TANF) program, build on the state's extensive experimentation through the federal waiver process. The Self-Sufficiency First demonstration, which operated on a statewide basis beginning in 1996, served as a phase-in to W-2; it required applicants to search for work and consider alternatives to public assistance such as services provided by community organizations or assistance from friends or family. The companion program to the Self-Sufficiency First demonstration, Pay for Performance, increased the number of welfare recipients required to participate in the federal Job Opportunities and Basic Skills program (JOBS) and instituted stricter sanctions. The Work Not Welfare waiver, implemented in two counties, required recipients to engage immediately in job search or work activities. As these waivers were being tested, state administrators were crafting W-2 as a way to carry out legislation, passed in 1993, that intended to end welfare in Wisconsin by 1999. With the passage of federal welfare reforms, Wisconsin was able to put W-2 in place. The state was one of the first to receive approval of its state welfare plan from the U.S. Department of Health and Human Services.

This report describes Wisconsin's approach to welfare reform from the perspectives of state and local administrators, direct service providers, and in some cases, the families themselves. To place these policy changes in context, the brief opens with a description of the state's population and economy, political landscape, and social safety net. It then looks at three program areas affected by welfare reform: W-2 and related efforts, child care programs for low-income families, and the child welfare services for children who have been abused and neglected. A brief discussion about how Wisconsin compares to other states in terms of its welfare reform policies, their implementation, and their effect on the lives of low-income citizens concludes the presentation.

Data for this report were collected in 1999 and early 2000 in each of the three program areas. The team of researchers studying welfare and work programs conducted interviews with administrators, program directors, and W-2 caseworkers in Milwaukee County in June 2000. The child care researchers also visited Milwaukee County in November 1999. They interviewed state and local child care administrators and other informants, and conducted focus groups with parents, child care providers, and child care caseworkers. Child welfare researchers interviewed state child welfare and W-2 administrators, state-level policy analysts, and local child welfare and W-2 administrators in Racine and Milwaukee Counties, and conducted focus groups with child welfare caseworkers in Racine County in October 1999. Telephone interviews were conducted with child welfare administrators in 12 other counties.[1] This brief focuses on data collected in 1999 and 2000, but considers aspects of policy and service delivery that have changed since 1997.

Social and Political Context

Social and Economic Conditions

Indicators of social and economic conditions in Wisconsin are presented in table 1. Although the state experienced substantial population growth during the last decade, it still remained less racially and ethnically diverse than the rest of the nation. Wisconsin's population grew 7.3 percent between 1990 and 1999; it currently stands at 5,250,000 residents. This rate of growth was outpaced by that of the nation as a whole, which was 9.6 percent during those years. Wisconsin's percentage of Hispanic residents in 1999—2.7 percent—is substantially less than the nation's 11.5 percent. Similarly, black residents constituted 5.6 percent of Wisconsin's population, compared to the nation's 12.8 percent. Wisconsin's percentage of noncitizen immigrants was only 1.7 percent in 1998, substantially lower than the nation's 6.3 percent. Nearly a third (32.3 percent) of Wisconsin's population, however, lived in nonmetropolitan areas, a percentage substantially larger than that of the rest of the nation (20.1 percent).

Children and families fare well in Wisconsin compared to the rest of the nation. Substantially fewer children (9.7 percent) and adults (6.9 percent) lived in poverty in 1999 than in the rest of the nation (17.5 and 11.2 percent respectively). Children were also slightly more likely to live in two-parent families in Wisconsin (67.4 percent), compared with the nation (63.6 percent). Wisconsin boasted a substantially lower teen birth rate in 1998, with only 34.8 births per 1,000 to females ages 15 to 19 compared with 51.1 per 1,000 in the nation as a whole. Similarly, the proportion of births to unmarried teens (ages 15 to 19) was lower than the nation's in 1997 (8.9 versus 9.7 percent).

Wisconsin's economy is also thriving. Similar to the rest of the nation, per capita income increased 11 percent between 1995 and 1999. The state's 3 percent unemployment rate, however, compared favorably with the nation's 4.2 percent rate. A higher percentage of Wisconsin's residents are employed in manufacturing and lower percentages are in the service and public sector fields than in the rest of the nation. According to a 1997 report cited by the state's commerce department, more than 70 percent of the state's manufacturers had plans to expand within the next three years.[2] A national report on economic development recognized Wisconsin's economy as a leader among states in creating jobs and businesses.[3]

During the site visits, political leadership continued to be provided by Republican Governor Tommy Thompson, who was reelected to his fourth term in 1998.[4] W-2 was the cornerstone of Governor Thompson's policy agenda and has placed Wisconsin in the national spotlight as a leader in reforming welfare.

TABLE 1. Wisconsin State Characteristics, 1999

	Wisconsin	United States
Population Characteristics		
Population (1999) [a] (in thousands)	5,250	272,690
Percent under age 18 (1999) [b]	25.7%	25.7%
Percent Hispanic (1999) [c]	2.7%	11.5%
Percent black (1999) [d]	5.6%	12.8%
Percent noncitizen immigrant (1998) [e]	1.7%	6.3%
Percent nonmetropolitan (1996) [f]	32.3%	20.1%
Percent change in population (1990–1999) [g]	7.3%	9.6%
Percent births to unmarried women 15–44 (1998) [h]	28.5%	32.8%
Percent births to unmarried teens 15–19 (1997) [i]	8.9%	9.7%
Birth rates (births per 1,000) females 15–44 (1998) [h]	12.9	14.6
Birth rates (births per 1,000) females 15–19 (1998) [h]	34.8	51.1
State Economic Characteristics		
Per capita income (1999) [j]	$27,390	$28,542
Percent change per capita income (1995–1999) [j]	11.0%	10.8%
Unemployment rate (1999) [k]	3.0%	4.2%
Employment rate (1999) [l]	87.9%	81.5%
Percent jobs in manufacturing (1998) [m]	22.7%	14.8%
Percent jobs in service sector (1998) [m]	25.9%	29.9%
Percent jobs in public sector (1998) [m]	14.5%	15.8%
Family Profile		
Percent children living in two-parent families (1999) [n]	67.4%	63.6%
Percent children living in one-parent families (1999) [n]	22.4%	24.8%
Percent children in poverty (1998) [o]*	9.7%	17.5%
Percent change in child poverty rate (1996–1998) [o]*	–16.4%	–15.0%
Percent adults in poverty (1998) [o]*	6.9%	11.2%
Percent change in adults in poverty (1996–1998) [o]*	–10.4%	–10.4%
Political		
Governor's affiliation (1999) [p]	Republican	
Party composition of Senate (1999) [q]	17D-16R	
Party composition of House (1999) [q]	44D-55R	

*1998 national and state, adult and child poverty estimates show statistically significant decreases from the 1996 estimates at the 0.10 confidence level, calculated by the *Assessing the New Federalism* project, The Urban Institute.
Table 1 notes begin on page 20.

TABLE 2. *The Safety Net in Wisconsin, in National Context*

	Wisconsin	United States
Welfare Benefits—Maximum Monthly Benefit (Family of Three, No Income)		
1996 (AFDC) [a]	$517	Median: $415
1998 (TANF) [a]	$628–673	Median: $421
2000 (TANF) [a]	$628–673	Median: $421
Ratio of Children Receiving Welfare to All Poor Children		
1996 (AFDC) [b]	76.7%	59.3%
1998 (TANF) [b]	—*	49.9%
Percent of All Children without Health Insurance		
1997 [c]	6.4%	12.2%
1999 [c]	7.4%	12.5%
Income Cutoff for Children's Eligibility for Medicaid/State Children's Health Insurance Program (Percent of Federal Poverty Level)		
1996 [d,e]	113.2%	123.8%
1998 [d,f]	126.8%	178.4%
2000 [d,g]	185.0%	205.1%
Income Cutoff for Children's Eligibility for Child Care Subsidy (Percent of State Median Income/Federal Poverty Level)		
1998 (January) [h]	52% / 165%	57% / 182%
1999 (June) [h]	51% / 165%	59% / 178%

AFDC = Aid to Families with Dependent Children
TANF = Temporary Assistance for Needy Families
* This percentage cannot be calculated because Wisconsin no longer counts Child-Only and SSI cases as part of the TANF caseload.
Table 2 endnotes begin on page 21.

Wisconsin's Social Safety Net

The maximum monthly W-2 benefit paid to a family in Wisconsin in January 2000 was $688 per month, an amount considerably higher than the median maximum payment of $421 per month among all states. This grant is not adjusted for family size, unlike grants in most other states. The amount of the grant has remained fairly steady since 1998, but is greater than the 1996 benefit of $518 per month. Not all W-2 participants, however, receive a cash grant. If the participant is deemed "employable" by the agency, she is expected to find a job, with those wages taking the place of a cash grant. In terms of the ratio of children receiving welfare to all poor children—a rough measure of welfare coverage—nearly 77 percent of Wisconsin's poor children were covered by welfare, compared with only 59 percent of the nation's poor children in 1996.

Support programs for children in Wisconsin had lower income cutoffs than the rest of the nation. Wisconsin's Medicaid/State Children's Health Insurance Program served children in families with incomes up to 185 percent of the federal poverty level (FPL) in 2000, while the nation's average income cutoff was 205 percent of FPL. Wisconsin's 185 percent cutoff represented a significant increase from 1998, when the program only served children in families up to 127 percent of FPL. And despite Wisconsin's lower cutoff, substantially fewer of Wisconsin's children were uninsured (7.4 versus 12.5 percent in the nation as a whole) in 1999. The state's child care subsidy program also had a lower income cutoff compared to the nation's in 1999 in terms of state median income (51 versus 59 percent) and FPL (165 versus 178 percent).

Wisconsin's Caseloads

Welfare caseloads in Wisconsin have declined fairly dramatically since 1997. Between January 1997 and December 1999, Wisconsin's AFDC/W-2 caseload declined 59 percent. This decline, however, is due in part to the transfer of all child-only cases out of W-2 and into the Department of Health and Family Services (DHFS). A recent report also notes that the bulk of the caseload decline in Milwaukee occurred during the waiver period prior to the advent of W-2, when Wisconsin was experimenting with welfare reform programs.[5] Wisconsin's Food Stamp caseloads also declined dramatically after welfare reform, but increased again in 2000. The average monthly Food Stamp caseload was 83,500 assistance groups in 1997; 73,500 in 1998; 72,100 in 1999; and 78,700 in 2000.[6] In contrast, between January 1998 and January 2001, Medicaid caseloads increased from 398,000 to 494,000 recipients. The number of children being served by Wisconsin's child care subsidy program, Wisconsin Shares, has also increased significantly in recent years. In state fiscal year (FY) 1997, approximately 17,000 children were served by Wisconsin Shares, and in December 2000 over 40,000 were being served.[7]

Welfare and Work

Wisconsin significantly altered its system for providing assistance to low-income families when the state committed itself to W-2. The W-2 program was signed into law in April 1996 and was piloted in two counties, Pierce and Fond du Lac, in March 1997. The program was implemented statewide in September 1997. The new welfare program was a dramatic departure from the old income maintenance system of welfare, and moved beyond the work-based welfare reform programs put in place in other states. W-2 truly ended the entitlement to assistance. Provision of cash grants is no longer based solely on income eligibility. Job readiness, rather than income, is the primary consideration for determining eligibility for cash assistance. Case managers can make a determination that an applicant is job ready, in which case the applicant will not receive cash assistance despite having low or no income.

W-2 also emphasizes universal participation. All families (except mothers of very young infants) are expected to engage in assigned activities. And in an effort to replicate the reality of the work world, hours of expected participation are greater than those required under federal law. For the same reasons, cash grants are not adjusted for family size, but payment is reduced for each hour of nonparticipation.

It is important to note that federal welfare reforms did not motivate Wisconsin to make these changes—many were already underway through waivers, and a draft proposal for W-2 was completed in 1995. However, federal welfare reform did allow the state the flexibility to proceed with W-2.

W-2 Policy and Program Emphasis

W-2 emphasizes universal participation, meaning that everyone in the program must participate in some approved W-2 activity. W-2 uses the metaphor of a ladder, with each rung representing a step toward employment and self-sufficiency. The ladder has four rungs or components. The highest component is Case Management Services, which offers clients help finding unsubsidized employment. For clients who do not qualify for the highest rung, there is the Trial Jobs component, which provides subsidized employment. The next lowest component is Community Service Jobs, for individuals lacking work experience. W-2 Transitions, the lowest component, is designed for individuals with severe barriers to employment. Clients who become employed are placed in a category called Case Management Follow-Up.

The hierarchical structure of the W-2 system is set up to mirror the work world, with employment being the desired outcome for W-2 participants. The program model also allows for participation in a range of non-work activities such as GED preparation and substance abuse counseling. However, W-2 does not technically have a category equivalent to the "20 percent of caseload exempt from work activity" due to hardship, as allowed by federal law. The program also mirrors the work world by reducing benefits for each hour of nonparticipation and by providing grants to eligible families that do not vary by family size.

In Milwaukee, families can apply for W-2 assistance at one of five W-2 agencies, each of which has several locations throughout the county. Although each agency may offer slightly different services, overall service delivery is similar. An applicant is first seen by a resource specialist, who takes information on the applicant's circumstances, educational background, and needs. The resource specialist also provides information about community agencies that could address some of the family's needs, for example, agencies dealing with housing assistance or emergency food. The resource specialist position was created to help applicants identify sources of assistance other than W-2, such as those available in the community or from family and friends. W-2 staff in some of the agencies report, however, that few applicants are now diverted from applying. Staff attributed this shift to the severity of problems faced by these families and their need for assistance.

Assuming the applicant wants to continue with the W-2 application process, appointments are set for the applicant to meet with staff to determine eligibility for W-2, Food Stamps, and Medicaid. To be financially eligible for W-2, a family's income cannot be greater than 115 percent of the federal poverty level for a family of that size. Part of the W-2 application includes an assessment of the applicant's skills and barriers. The caseworker uses this information to determine a placement for the applicant in the four-step W-2 structure and the activities that placement entails. Food Stamp and Medicaid eligibility are handled separately from W-2 (see below).

W-2 participants deemed "employable" by their caseworker are placed in the Case Management Services component, the top rung of the W-2 ladder. These clients are eligible for support services to assist with job search and employment, the primary activities for this group. Wages from an unsubsidized job take the place of a cash grant, so clients in this category receive no direct financial assistance. Once a participant becomes employed, her component assignment is shifted to Case Management Follow-Up. W-2 staff monitor her employment for 180 days and are available to assist with any problems that might arise as the client transitions into work.

Clients not judged to be immediately ready for work are assigned to one of W-2's three other components: Trial Jobs, Community Service Jobs, and W-2 Transitions. The activities in which the client participates depend on the agency providing the service (although similarities exist across the sites). The Trial Jobs component is used only rarely. Those assigned to the Community Service Jobs component will typically go through an initial pre-employment workshop at the W-2 agency, covering topics such as budgeting, motivation, and self-esteem. Clients may then move into job search or into supported work positions along with GED preparation or some other type of vocational training.

Activities prescribed for participants in the W-2 Transitions component vary in relation to the work barrier faced by the individual and her family. Some individuals may be assigned to work with a vocational rehabilitation agency, while others may be assigned to go to counseling. Although some of the activities under W-2, particularly those in W-2 Transitions, do not meet the federal definition of what counts toward the work requirement, most clients spend enough hours in activities to "count" for federal purposes. W-2 participants in Community Service Jobs and W-2 Transitions receive cash grants, but the grant is for a flat amount of $673 and $628 respectively, not adjusted for family size.

Wisconsin uses the federal 60-month time limit on cash assistance, and the first families will reach the limit in October 2001. Months in an unsubsidized category (e.g., Case Management Services) do not count against the clock, since these individuals are not

TABLE 3. Social Support Programs in Wisconsin

Federal/State Program Name	Which Agency Administers at State Level in Wiconsin	How Program is Administered at the Local Level
TANF, Food Stamps / Wisconsin Works (W-2)	Department of Workforce Development (DWD), Division of Economic Support (DES)	Contracts to county human service agencies, but in 12 counties to profit and nonprofit agencies. All food stamp programs, however, are run by government agencies. Federal law prohibits nongovernmental agencies from distributing food stamps.
TANF employment / Wisconsin Works (W-2)	Department of Workforce Development, Division of Workforce Excellence (DWE)	11 Workforce Development Boards with services provided through local Job Centers.
Medicaid / Wisconsin Medicaid or Medical Assistance Program	Department of Health and Family Services (DHFS), Division of Health Care Financing (DHCF)	County human service agencies.
Child Care Development Block Grant / Wisconsin Shares	Department of Workforce Development (DWD), Division of Economic Support (DES)	Contracts to county human service agencies, but in counties where W-2 is administered by non-county agencies, the W-2 agency has responsibility for eligibility and the county has responsibility for authorization, payment processing, and certification of providers.
Child Welfare	Department of Health and Family Services (DHFS)	Child Protective Services (CPS) agencies in all counties except Milwaukee, where DHFS is responsible for services.

receiving any cash benefits. For the components of Trial Jobs, Community Service Jobs, and W-2 Transitions, there is a further, state-imposed 24-month limit on participation in each component, after which the client is expected to move to another component. If the client is not ready to do so, an extension may be granted on an individual basis as long as the state approves. Local W-2 staff reported that no extension requests have yet been denied. Mothers of newborns (less than 12 weeks of age) are the only group under W-2 that does not face a participation requirement. Families in these circumstances receive a grant of $673.

When reforming its welfare programs, Wisconsin created new categories of assistance that are not part of the W-2 program. These assistance groups are not subject to work requirements, but are funded through W-2. These categories, which are generally equivalent to “child-only” welfare cases in other states, are

- **Caretaker Supplement—**This program is administered by the Department of Health and Family Services and provides cash benefits for children with a parent (or both parents) on Supplemental Security Income (SSI). The Caretaker Supplement provides a monthly cash grant of $250 for the first child and $150 for each additional child. Children must meet eligibility criteria that existed under Aid to Families with Dependent Children (AFDC).
- **Kinship Care—**Also administered by the Department of Health and Family Services, this program provides cash assistance to children living with relative caretakers (i.e., children whose families have arranged for a relative to care for a child, and children who have been removed from their biological parents’ care and are placed with relatives instead of in foster care). The payment is $215 per child per month.

Participants in Community Service Jobs and W-2 Transitions must take part in assigned activities in order to receive their cash grant. For every hour of nonparticipation, the grant is reduced by $5.15, a penalty that is intended to mimic the work world. According to data provided by the Milwaukee County Private Industry Council, between 30 and 35 percent of the Community Service Jobs and W-2 Transitions caseload were sanctioned in any given month of 1999. If a W-2 recipient failed to participate at all, she could receive a check for $0. Unless her case was closed, however, her clock would still tick for both the federal 60-month maximum and the W-2 24-month maximum for time spent in a given component.

The ultimate penalty a W-2 agency may impose is called a "strike." Strikes are used in instances of severe noncompliance, as determined by the caseworker and local agency policy. For example, a person who repeatedly quits a job without good cause might be a candidate for a strike. A recipient who accumulates three strikes in a particular component may be barred from receiving W-2 assistance in that component ever again, although the state makes the final determination. Caseworkers report being very reluctant to issue strikes because of the severity of the penalty.

Organization of Welfare and Work Programs

Before federal welfare reform, Governor Thompson reorganized the state bureaucracies in charge of income support and employment and training programs. In July 1996, administrative responsibilities for cash assistance and related supports (child care and food stamps) were brought together with employment, training, and workforce development programs under a newly created Department of Workforce Development (DWD). This reorganization was intended to produce an administrative structure that better reflected and reinforced Wisconsin's policy reforms. Within DWD, the Division of Economic Support (DES) oversees the W-2, Food Stamps, and child care programs.[8]

Organization of W-2

At the local level, W-2 altered the way services are delivered to public aid recipients. Until mid-1997, the state contracted with every one of Wisconsin's 72 counties to administer income support programs (AFDC, Food Stamps, and Medicaid) as well as most child welfare, mental health, and substance abuse programs. County boards of supervisors typically made county-administered human services (or social services) departments the lead agency responsible for administering these programs. In Milwaukee, the State Division of Economic Support was the administrative agency for the Jobs Opportunity and Basic Skills Program (JOBS) before W-2, and contracted out parts of the employment and training program that served able-bodied cash assistance welfare recipients.

Under W-2, state-level planners challenged the notion that counties had the presumptive right to run assistance programs. Counties had to earn the right to provide W-2 services, by meeting performance standards such as a 25 percent reduction in the welfare caseload and increased client participation in work activities. Five counties, including Milwaukee County, did not meet these performance standards, and another seven counties chose not to run W-2. In these areas, the state put out requests for proposals to operate W-2, and contracts were awarded to a mix of nonprofit and for-profit agencies, with several counties also securing competitive bids.[9] Because of its large size, Milwaukee was divided into six W-2 regions, with four nonprofits and one for-profit firm operating the program. Federal regulations do not allow nongovernment employees to handle Food Stamp and Medicaid eligibility, so the counties still retain a role by having their staff fulfill those functions.[10]

Part of the intent of W-2 was to give localities flexibility to design and establish service delivery structures. Local-level respondents expressed mixed views about whether W-2 has produced increased local flexibility. Some respondents noted that while the state issues general guidelines for W-2, individual agencies do have flexibility within those guidelines to develop their own program models. For example, even though education and training were not services included in the original design of W-2, Milwaukee County W-2 providers believed some training was necessary and used the flexibility under W-2 to incorporate 10 hours of education into activities under Community Service Jobs and W-2 Transitions. At the staff level, caseworkers exercise a fair amount of discretion in determining activities for clients. This is particularly important in Wisconsin, since receipt of cash benefits is attached to placement in certain categories and not in others.

Another view voiced by respondents is that over time, the state has become more prescriptive with W-2 policies, in part due to scrutiny of the program by the state legislature. Legal services and other advocates in Milwaukee also challenged what they saw as inconsistencies in the application of program rules across W-2 agencies.[11] The issue of provider accountability has received a great deal of attention in recent months, stemming from allegations that one such provider agency used W-2 funds inappropriately. The new director of DWD has announced that W-2 providers will be monitored much more closely in the future.[12]

Payment to W-2 providers uses a capitation model, whereby agencies receive a flat sum to operate W-2, including funds for administration, direct services, and cash grants. If the agency can run the program for less than its grant from the state, it can keep up to 7 percent of the full grant amount in profit. A proportion of any additional surpluses may go back to the agencies as straight profit (no more than 7 percent of the contract value) and as "community reinvestment funds" (up to 10 percent of the contract value) that must be used to provide services. Critics of this contracting mechanism cite disincentives to serving clients fully and to performing outreach, since these efforts could cut into potential profits.[13] The Department of Workforce Development, though, may impose a $5,000 fine for each documented incident in which the W-2 agency has failed to provide services. Administrators did not believe this penalty had ever been imposed.

Although Wisconsin designed the basic organizational and staffing structure for W-2 before the enactment of federal welfare reforms in 1996, implementing its vision took some time. During our baseline visit in 1997, for example, the W-2 contractors in Milwaukee had been selected but had not yet begun to operate W-2 services. The W-2 program, including organizational and staffing changes, officially began in September 1997 and was phased in over the next six months. For clients, conversion from AFDC to W-2 was not automatic; families had to reapply for W-2 during the six-month implementation period.

Although the titles vary, the primary staffing configuration under W-2 consists of

- Resource specialists, who conduct initial assessments and make referrals for services to other agencies in the community;
- Financial employment planners, who serve as the primary case managers for W-2, with tasks ranging from eligibility determination, further assessment, assignment of clients into activities, and monitoring client compliance;
- Job placement staff, who help clients with job search;
- Supportive services planners, who determine eligibility for food stamps, child care, and Medicaid.

Depending on the size of the W-2 agency, staff may take on more than one role. For example, many W-2 agencies in the state combine the resource specialist and financial employment planner positions, and, if the county runs W-2, they may also add the supportive services planner function.[14] In Milwaukee, functions are kept separate. County DHS staff, many of whom had previously been responsible for the AFDC and JOBS programs, carry out the role of the supportive services planner. Because federal regulations bar private agency staff from determining Food Stamp and Medicaid eligibility, Milwaukee County staff have retained a role in W-2 operations. These staff are physically located in the private W-2 agencies, although they remain county employees.

Organization of Workforce Development Services

The Division of Workforce Excellence (DWE) within the Department of Workforce Development oversees all employment and training programs, the state's system of one-stop employment and training centers (called Job Service or Job Centers), and 11 Workforce Development Areas governed by Workforce Development Boards. Before these areas were established in 1998, Wisconsin was divided into 17 service delivery areas. The state recommended consolidating areas based on analyses of population, commuting patterns, and location of vocational/technical schools.[15] Boundaries of service in the more populous areas of the state, including Milwaukee County and the rest of southeastern Wisconsin, remained unchanged. However, new Workforce Development Boards in all areas of the state were formed to reflect the consolidation, as well as to meet requirements mandated by the Workforce Investment Act (WIA) of 1998.

In Milwaukee, the Private Industry Council (PIC) of Milwaukee County is the designated Workforce Development Board, overseeing and coordinating employment and training programs for adults and youth in this locality. Additionally, it oversees the city's one-stop Job Centers. The PIC was created under the Job Training Partnership Act (JTPA—the predecessor to WIA) and converted to a Workforce Development Board on July 1, 2000, with a larger membership and slightly different composition to meet the requirements of WIA.[16]

Local W-2 and Workforce Development Service Delivery and Linkages

In Milwaukee, administrative linkages between W-2 and the larger employment and training system occur through the PIC. DWD and Milwaukee County selected the W-2 contractors for the first two-year, four-month contract based on a plan authorized by state statute. Subsequently, the W-2 agencies earned the right of first selection for the current and next contract. The PIC assisted the state with contract monitoring, limited in scope to what the state dictated in their contract, and provided technical assistance and coordination across the W-2 regions. The PIC is also the recipient of federal Department of Labor Welfare-to-Work formula and competitive grants. Under both grant programs, the PIC contracts with local agencies to provide case management and direct services, and provides oversight. Under the Welfare-to-Work formula grants program, eligible participants access employment, training, and support services locally through W-2 agencies.

Service linkages between W-2 and workforce development systems occur primarily through the Job Centers. Each W-2 agency is co-located with a Job Center, and W-2 clients use Job Center resources when they search for work. Even with this co-location, Milwaukee County administrators estimated that over half of Job Center users are not W-2 clients, since the Job Centers serve as a common service access point for all job seekers and employers in the county.

Wisconsin began developing a one-stop service delivery system before federal funds were available to do so, and well before federal legislation mandated such a system. The first one-stop Job Center in Wisconsin opened its doors in 1985. In 1991, the U.S. Department of Labor gave the state funds to continue Job Center development efforts through the JOBS 2000 initiative. In 1994, Wisconsin was chosen as one of just six states to receive a One-Stop Implementation grant of $10 million. At the time this grant was awarded, the number of one-stop centers operating in the state had already expanded to 28.

By 2000, 78 Job Centers were operating in the state. Of those centers, 43 have been designated as "comprehensive One-Stop Centers," providing the full array of workforce programs and services available to meet job-seeker, worker, and employer needs as specified by WIA. More Job Centers are expected to receive this designation. Milwaukee has six full-service Job Centers (co-located with the W-2 agencies), as well as two specialty Job Centers operated by the PIC. One of these specialty centers serves youth and the other serves dislocated workers. Overall, the state anticipated that enactment of WIA would require few major changes to its workforce development system, in large part because the one-stop service delivery system mandated in WIA mirrors what the state already had in place.

Wisconsin's Job Centers are designed to link all job seekers and employers. In addition, the Centers serve as a "front door" for the public to obtain other services that enhance employability, including referral to basic skills classes, on-the-job training, customized skills training, and other agencies that can provide help with transportation and a range of other support services. The Job Centers also serve as a single point of contact for employers to meet their recruitment and hiring needs. Some types of assistance provided for employers include screening and referral of job candidates to fill positions; sponsorship of job fairs to help employers reach qualified job seekers; and operation of JobNet, which allows employers to post job openings, requirements, and qualifications on the Internet.

Each Job Center brings together staff from several other local agencies, including W-2, the Wisconsin Division of Vocational Rehabilitation, the Wisconsin Job Service, the Milwaukee Area Technical College, and the Milwaukee County Department of Human Services. Other programs and agencies available at the Job Centers, either through an electronic link or co-location of staff, include North American Free Trade Agreement/Trade Adjustment Assistance services, programs funded through the Community Service Block Grant, the HUD Employment and Training Program operated by the City of Milwaukee Housing Authority, and several programs serving specialized target populations (e.g., employment and training programs for migrant and seasonal workers, older Americans, and Native Americans).

Program Innovations and Challenges

Over the last three years, the emphasis of W-2 in Milwaukee has shifted, in large part because caseloads have declined dramatically. Several staff noted that W-2's original focus was to get people into employment quickly. Many advocates charged that the agencies took this to an extreme, quickly labeling many clients as "employable" and hence not eligible for cash benefits, or denying assistance altogether.[17] In April 1998, state data showed about 28 percent of the 13,500 cases on W-2 in Milwaukee were not receiving cash payments (i.e., were in an unsubsidized case management category). About two-thirds were in Community Service Jobs, with just under 10 percent in W-2 Transitions.

By mid-2000, as many of the more employable recipients had left welfare, W-2 staff reported they faced a very different mix of clients and were providing more services beyond job search. Staff in Milwaukee W-2 agencies believed that remaining clients had many more personal problems, including substance abuse and mental illness, plus housing-related problems. DWD placement data for Milwaukee County shows that in June 2000, 38 percent of clients were in an unsubsidized category, an increase from April 1998 (although there was a slight decrease in the actual number of clients, due to caseload declines), a third were in Community Service Jobs, and just under a quarter (23 percent) of W-2 placements were in the W-2 Transitions category. However, clients were reported to be staying in their Community Service Jobs and W-2 Transitions placements, with many approaching the 24-month limit W-2 imposes on tenure in any one component. In part, this inertia may be due to the relative lack of emphasis on the "employment ladder" of the original W-2 design. A significant number of recipients have gone directly from their Community Service Jobs or W-2 Transitions positions into employment,[18] and staff reported that clients in these placements are not usually reassigned into the unsubsidized category even though they have started searching for work or have actually found it.

With caseload declines and larger proportions of "hard-to-serve" clients, Milwaukee providers were expanding efforts to assess clients for health, mental health, and family issues, and to provide the appropriate social services. For example, one W-2 agency instituted a "Client Assistance Program" that is meant to function like Employee Assistance Programs offered by many businesses to help their employees through various personal and work-related problems or crises. Financial Employment Planners can refer clients to these staff, who perform more in-depth assessments and make referrals. Another agency was in the process of hiring a nutritionist. A number of W-2 agencies reconfigured their staff to create specialized units for W-2 Transitions cases.

The problems faced by many current W-2 clients prompted local-level service providers to voice concerns about what will happen as the five-year federal time limit approaches. The first clients will hit the time limit in October 2001, since months on AFDC between October 1996 (when the state officially inaugerated TANF) and March 1998 (when the last AFDC check was mailed) count toward the 60 months. In cases where a family member has a severe health problem, W-2 staff were trying to help move the case to SSI.

Of more immediate concern are the families nearing the end of their 24-month participation limit in any one component. The Milwaukee PIC is tracking cases that reach month 17 in a Community Service Jobs or W-2 Transitions placement to look at their trajectories. Although not all cases in their analyses had reached the 24-month limit as of May 2000, of those who had, between half (Community Service Jobs placements) and three-quarters (W-2 Transitions placements) accumulated additional months on W-2, either in the same or a different placement. However, even if agencies continue to grant extensions to the 24-month clock or move clients into different components, the federal time limit looms.

Efforts are also under way to reach populations not traditionally served by the welfare system. Noncustodial parents are one of these groups, in part because promoting "responsible fatherhood" is a major policy focus of Governor Thompson. The governor introduced the Working Fathers Initiative through DWD to promote comprehensive employment and parenting programs that encourage and enable fathers to take greater financial and emotional responsibility for their children. A large portion of the state's Welfare-to-Work competitive grant is targeted to helping noncustodial parents, with contracted agencies typically providing job readiness, placement, and support services. The state Department of Corrections has also received Welfare-to-Work funds to work specifically with noncustodial parents on probation or parole. To date, however, participation of noncustodial parents in these programs has been low. Families with incomes less than 200 percent of the federal poverty level, including noncustodial parents meeting this criterion, can receive services through the state's new Workforce Attachment and Advancement program. This is a voluntary program, funded by W-2 funds. W-2 agencies and local Workforce Development Boards receive grants to assist eligible adults to find and retain employment and advance into better-paying jobs. The program began in February 2000, but participation has been low.[19]

Child Care

As welfare programs have shifted dramatically toward requiring recipients to work or engage in activities leading to work, child care is now a cornerstone of state efforts to support these activities. People leaving TANF because they have found employment, often referred to as transitional (for the period of transition off of welfare), also often need child care to make their transition a success. Though federal wefare reform eliminated the requirement that states provide child care assistance to these families—by eliminating any entitlement to child care for them—most states continue to give these families a high priority for child care subsidies. This study examined the ways in which TANF and post-TANF families gain access to child care subsidies. It studied nonwelfare working families as well, since they also need child care but often cannot afford it, and many of the states in this study find themselves in the situation of having to make choices between providing subsidies to TANF clients or to nonwelfare working families.

Wisconsin consolidated two separate child care funding streams to create a single child care subsidy program. The large influx of funds following welfare reform eliminated waiting lists for subsidies. The number of children being served by Wisconsin's child care program has increased significantly between 1997, when approximately 17,000 children were served and December 2000, when over 40,000 were being served.[20] Yet despite this increase in funding and recipients, respondents believed that there were many eligible non-W-2 families who either did not know subsidies existed or who knew about subsidies but did not apply.

Child Care Eligibility and Assistance

Eligibility for the child care subsidy program in Wisconsin, called Wisconsin Shares, is determined by income, work activity status, and age of recipients' children. At the time of the site visit in November 1999, all families with gross incomes that did not exceed 165 percent of the federal poverty level were initially eligible and remained eligible until their gross income exceeded 200 percent of poverty. This meant that a family of three with an annual income below $23,880 was initially eligible for subsidies and could continue to receive subsidies until its income exceeded $27,756. In March 2000, following our site visit, the initial eligibility cutoff was increased to 185 percent of the federal poverty level (or $26,172 for a family of three). No groups within those who are eligible, such as welfare recipients, are given special priority for subsidies.

Wisconsin is currently one of the few states in this study that do not have a waiting list for child care subsidies, although it did have one in the past. Prior to welfare reform, the state was unable to serve all families who applied, due to limited funding. Some counties had to freeze intake for child care subsidies. Waiting lists were eliminated in spring 1997 with the infusion of more funding.

Administrative Structure and Funding

Wisconsin Shares is administered statewide by the Office of Child Care in the DWD's Division of Economic Support (DES). Before W-2, two divisions within the Department of Health and Social Services were responsible for administering child care. The Division of Community Services handled the Child Care Development Block Grant funds, at-risk child care funds for low-income families, and the state-funded child care programs. DES administered Title IV-A and JOBS child care for AFDC recipients. When DWD was created in July 1996, all state child care responsibilities were transferred to its Office of Child Care, with the exception of licensing.

Eliminating separate child care funding streams made it possible for Wisconsin to establish a single child care funding mechanism. In addition, the state created an automated system that handles all the subsidies statewide including eligibility, authorization, and payment. This automated system is connected with Food Stamps, medical assistance, and W-2. Counties now determine eligibility and then enter information into the statewide system that calculates the payment to the provider and the family copayment, and manages all attendance reports.

At the local level, the child care subsidy program is administered in two ways. In most counties, the Department of Human and Social Services administers both the W-2 program and the child care subsidy program. These counties experienced no significant administrative change when W-2 began. However, in the 12 counties (including Milwaukee County) that either did not want to administer the W-2 program or did not meet state performance standards, the state contracts with the private W-2 agency to administer child care subsidies. As a result, clients in these counties must interact with two agencies, the W-2 agency and the local public human service agency to access child care subsidies. Milwaukee County, through a cooperative agreement with the W-2 agencies, establishes initial eligibility for child care. It also authorizes all child care. However, for W-2 enrolled participants, the W-2 agency determines the approved activity and number of hours to be authorized. Therefore, W-2 enrolled customers must interact with two parties to secure child care, whereas non-W-2 customers have only to interface with one, the county.

Child care funding has tripled since spring 1996, when the single subsidy system was created. The system blends General Purpose Revenue (state dollars), Child Care Development Fund dollars (federal), and TANF transfer funds (federal). The windfall the state received from its early implementation of federal welfare reform, coupled with welfare caseload reductions, allowed Wisconsin to move more TANF funds into child care. In federal fiscal year 1998, Wisconsin spent $26 million of TANF funds for child care. This amount increased dramatically to $95 million in federal fiscal year 1999.[21] Some of the funds will be used directly from TANF without transferring and some will be transferred to the Child Care Development Fund.

Child Care Fees and Reimbursement Rates

All families, both nonwelfare and W-2, are charged a copayment or "parent portion" on a sliding scale based on their family size, gross income, number of children, and type of care selected. Fees charged to W-2 and nonwelfare families are determined using the same scale. Maximum copayment amounts were reduced in 1999 from 16 percent of gross family income to the current level of 12 percent. One respondent noted that average copayments are approximately 7 or 8 percent.

As is true in other states, in addition to their copayments, families in Wisconsin also pay the difference between the amount the state will reimburse the provider (maximum reimbursement rate) and what the provider actually charges. Parents may also have to pay activity fees, late fees, or fees for field trips and transportation.

Wisconsin currently pays rates for licensed care at the 75th percentile of the local market.[22] Reimbursement rates vary by county, and maximum reimbursement rates are updated in each county on an annual basis. Rates for care not requiring licensing are based on a percentage of licensed family day care rates. These license-exempt providers are required to be "certified," a process that includes a criminal background check and a site visit to ensure compliance with health and safety standards. There are two types of certified providers in Wisconsin. "Regularly" certified family providers care for at least one nonrelative (and no more than three children under the age of 7), are required to attend 15 hours of training, and are eligible for 75 percent of the licensed family child care rate. "Provisionally" certified family providers care for relatives only, are not required to attend training, and are eligible for 50 percent of the licensed family child care rate.

Wisconsin will also pay up to 10 percent more than the state reimbursement rate to accredited providers as long as the provider charges this higher rate to their private-pay families.

Wisconsin generally uses a voucher system, under which providers are paid directly by the state every two weeks. The state does contract for care in cases of migrant child care and on-site child care at the W-2 agencies, but this amounts to a very small proportion of the child care subsidy program. In Milwaukee, a pilot program has been funded to provide eight or nine large child care agencies with online access to the state system so they can record attendance.

Program Innovations and Challenges

Wisconsin more than doubled funding for several child care quality efforts in its 1999–2001 biennial budget. For example, a $15 million Early Childhood Excellence Initiative to establish model early learning centers in low-income neighborhoods was funded. In addition, services provided by the Child Care Resource and Referral (CCR&R) centers will be expanded using additional funds in order to provide care for children when they are ill and the parent needs to work, as well as to increase the number of child care programs that will hire W-2 participants. Milwaukee County has allocated $1 million annually of its child care administration funds to an Early Childhood Council of community stakeholders to promote integration of early education and care including head start, public school prekindergarten, and child care into an accredited seamless system.

There is a statewide need for more infant care, and in Milwaukee some respondents noted that special needs children have few child care options. In the 1996–1998 budget, the

CCR&Rs had been given $1.9 million to fund providers to develop a greater supply of hard-to-find care such as infant care.

Child Welfare

Child welfare agencies seek to protect children from abuse and neglect. They may intervene in families in which such behavior is suspected; offer services to such families or require that families complete service programs; and remove children from their home and place them in state-supervised care if children face imminent or ongoing risk of abuse or neglect in the home. Nationally, many policymakers, researchers, and advocates expressed concern that families who did not fare well under the new welfare requirements might be referred to child welfare agencies for child abuse or neglect. Thus far, however, child welfare caseloads in Wisconsin do not seem to have changed significantly since 1996. Yet caseworkers report that some dual-system families are finding it difficult to meet the expectations of both systems. In addition, the development of the kinship care payment program under W-2 has affected the agency financially and has added additional responsibilities to the agency workload.

In Wisconsin, child welfare services are supervised at the state level by DHFS. They are administered at the county level by 71 local Child Protective Services agencies. This means that the state provides guidance and oversight, but counties have considerable decision-making authority over how to design and run programs to best meet local needs.

As a result of a lawsuit filed by the American Civil Liberties Union in 1993, DHFS has been responsible for child welfare services in Milwaukee County since January 1998. The suit was filed on behalf of approximately 5,000 children involved with child welfare in Milwaukee County. It alleged that the county failed to investigate complaints of abuse and neglect, failed to provide services to avoid out-of-home placements, failed to provide appropriate out-of-home placements, and failed to take necessary actions to secure permanent placements for children who cannot return to their birth parents. The complaint also alleged that the state had not provided adequate funding and supervision for the county's child welfare system. The court, however, dismissed a significant portion of the lawsuit when the state assumed responsibility for the system.[23] Since the takeover, funding for the county's child welfare services has increased significantly, and services were substantially reorganized.

Welfare Reform Discussions

Administrators reported that, as welfare reform plans evolved, they discussed the potential for more parents to abuse or neglect their children. Administrators said they were particularly concerned with how parents would handle the responsibilities of going to work and caring for their children. A number of public hearings and forums were held to address these concerns. As a result the state took several steps.

First, Wisconsin's welfare reform plan required the formation of Children's Services Networks to provide information and referrals for community agencies and services to help families in need. Administrators said the goal in forming these networks was to help prepare communities for potential negative effects of welfare reform. By state statute, counties and child welfare officials were involved in developing and implementing these networks.

Second, welfare administrators said some aspects of welfare reform attempt to accommodate troubled families. For example, W-2 staff are supposed to take into account the family's circumstances when making placements. When clients have substance abuse or mental health issues, they should be placed in W-2 Transitions, where addressing such issues can count toward fulfilling work requirements. These clients are still subject to the two-year time limit in W-2 Transitions, but opportunities for extensions are available.

Third, training for W-2 caseworkers was expanded. Administrators said that because these caseworkers were determining more than just financial eligibility, they would be spending more time with families. Administrators wanted W-2 caseworkers to do "good case management" and make appropriate referrals to child welfare if necessary. Child welfare caseworkers did not receive formal training on welfare reform. But administrators indicated that these caseworkers were given opportunities to learn more about it. Caseworkers in one county said that informal meetings were held and some pamphlets were available for them to read.

Child Welfare Caseloads

Despite widespread concerns in the state that welfare reform would result in increased child abuse and neglect, child welfare caseloads have not dramatically changed. In fact, the number of children investigated for abuse and neglect in Wisconsin declined between 1996 and 1997.[24] In 1997, Wisconsin investigated allegations of abuse and neglect involving 43,306 children, down by 5 percent since 1996, when allegations of abuse or neglect for 45,479 children were investigated. The percent of these allegations substantiated also declined from 37 percent in 1996 to 34 percent in 1997. In 1998, 9,310 children were in foster care, a 10 percent increase since 1996. Respondents, however, did not attribute this increase to welfare reform.

Financing

Although welfare reform is known for block-granting federal income assistance, the reforms also altered federal funding streams that many states have used to pay for child welfare services. The Emergency Assistance program was eliminated, and the program's funds rolled into the TANF block grant; the Social Services Block Grant was cut by 15 percent; and eligibility for Supplemental Security Income was defined more narrowly.[25] In Wisconsin, funding is allocated through community aids, which are pools of state and federal funds distributed by DHFS to the counties for provision of human services. In FY 1998, the total funding for community aids was expected to be approximately $295 million.[26] State officials did report a reduction in SSI recipients due to the stricter definitions for eligibility imposed by federal welfare reforms, and said the state did not make up for cuts to the Social Services Block Grant or the loss of Emergency Assistance funding. However, the county grants also include federal funds received for federal foster care payments, which according to state officials have increased since 1996 due to state efforts to maximize this income source.

To the extent that the funding from community aids is not sufficient, counties must cover their costs from other state aids, federal or other grants, or the local property tax.[27] This funding scheme has historically created tension between the state and the counties. State officials claim that providing lump-sum grants gives counties the flexibility needed to design programs best suited for their communities. But counties have said that the amounts provided have not kept pace with the cost of delivering social services, and they have been burdened with supplementing funds from their own tax base. Administrators report that county matches or overmatches to the community aid grants have gone up considerably since 1996.

Development of the kinship care payment program under welfare reform made a major new source of funding available to counties, as well as creating additional responsibilities. Under AFDC, any kin provider caring for a child was eligible to receive a child-only grant. The W-2 program replaced the child-only grant payments with a Kinship Care payment of $215 per month per child. Funding for these payments comes from TANF, but the child welfare agency is responsible for administering the program. Some child welfare agencies hired new staff or designated current staff to manage these cases. They do a home assessment for all new applicants and annual assessments of all program participants.

Relatives are eligible for the kinship payment if child welfare determines that there is a need to place the child with the relative, household members pass criminal background checks, and the relative cooperates with child welfare during the application process, including applying for any other benefits for which the relative may be eligible. The kinship payment is not based on the relative's income. If a parent is available with means to provide support but cannot care for the child, the parent is referred to the local child support agency. The primary difference between the kinship payment and child-only payments in other states is that to receive the kinship payment, child welfare must determine that there is a "need" for the child to be placed with the relative and that placement with the relative is in the best interest of the child.

In FY 1998, $19 million was allocated to the Kinship Care program, and in FY 1999, $24.2 million was budgeted for these payments. Yet program enrollment has exceeded policymakers' expectations, and some counties had waiting lists. DHFS policy states that cases under court order for placement with a relative must be served and cannot be waitlisted. Legally, only cases without a court order can be placed on waiting lists.[28] Yet the governor's budget said that an agency "may" make payments, meaning funding for kinship payments would be limited to the amounts appropriated by the legislature. If funding was not sufficient, agencies would have to find their own funding or create waiting lists. Advocates were concerned about what would happen to children if placed on a waiting list, and in September 1998, $1.9 million in federal TANF funds were transferred to child welfare to alleviate waiting lists. However, who has the financial burden (the counties or the state) is still not completely resolved.

Collaboration between TANF and Child Welfare Agencies

Many families receiving services from child welfare agencies also receive welfare assistance. These dual-system families may face competing demands. They must meet the new requirements imposed on welfare recipients in order to receive assistance, while at the same time they must meet case plan goals developed by child welfare agencies in order to keep their children or have their children returned to them. Child welfare caseworkers in Wisconsin noted that while welfare reform has had a positive effect on some families, many are struggling to meet the demands of work requirements. According to workers we interviewed, all aspects of families' lives have changed because they have had to look for work, transportation, and child care. Some staff believe it is difficult for families in the child welfare system and also in W-2 to meet the goal of reunification when also subject to work requirements. In addition, the Adoption and Safe Families Act (ASFA) of 1998 requires these parents to meet reunification goals in a shorter period of time. Caseworkers reported that younger mothers with fewer children are more able to cope with the changes than older mothers with many children. These older mothers have been out of the workforce for many years, and securing child care for several children can be difficult. Caseworkers feared that many families may have opted out of the W-2 program due to the requirements, and are either very poor or have some alternative sources of income.

Despite the overlap in child welfare and welfare populations, historically there has been little formal collaboration between the two agencies. Many administrators in Wisconsin believe one of the positive aspects of welfare reform is that it provided the opportunity for meaningful collaboration. According to administrators, key players are coming to the table because welfare reform has pushed the envelope, causing them to evaluate how they can work together to reduce conflict in case goals when a client's time is running out. Services have to be very focused, and working together has given the agencies a better sense of their roles and strengths.

For example, to help address some of the needs of dual-system clients, the child welfare agency in Milwaukee developed the Safety Services program. Started in April 1998, the program offers in-home, up-front services from 18 different core services provided by professionals who collaborate to serve the family. Families are placed in the program if it is determined safe for the child to remain in the home and the parents are willing to cooperate. A case does not have to be substantiated for families to be involved with this program, nor does there have to be court involvement. As of August 1999, about 600 families received safety services, and 35 to 40 percent of them were in the W-2 system in some manner (e.g., perhaps just to get food stamps). Children are increasingly being referred to Safety Services rather than to out-of-home placement.

In terms of communication between the agencies, state administrators reported a great deal of communication among the administrators in welfare and child welfare—more formally in cabinet meetings as well as informally among the administrators themselves. Child welfare administrators in Milwaukee have taken the lead in developing a document on collaboration between child welfare and welfare programs. The document will address five areas: information sharing, joint case planning, cross-training, referrals, and HMO cooperation. The purpose of the document is to specify how to coordinate treatment. The goal is for child welfare to support employment efforts and for W-2 to support parent responsibility. In addition, the Governor's Office in Milwaukee established a staff position to work with Milwaukee's child welfare services, W-2, and the public schools on areas where the services intersect. This person attends meetings with the W-2 executives and serves as a bridge or link between the major systems.

At the caseworker level, there is some information sharing and discussion of cross-training. Child welfare caseworkers in Racine County can access the welfare information system to find out if a case is open. Further, the W-2 and child welfare offices in Racine County are co-located; caseworkers and administrators reported that this facilitates information sharing and discussion between W-2 and child welfare caseworkers. Milwaukee County has not established a formal system for information sharing. Administrators there are working through the legal issues in order to put something in place. They hoped information sharing might be used for cross-training staff as part of an effort to clarify roles and responsibilities and ultimately develop a uniform care plan acceptable to all parties.

Other Changes Affecting Child Welfare

In the last few years, Wisconsin social service agencies have focused primarily on implementing welfare reform. Yet other policy changes have affected the child welfare system. The state takeover of Milwaukee's child protective services agency dramatically affected services in Milwaukee, the most populous county in the state. As a result of the takeover, the agency has been decentralized into five service regions, each serving about 20 percent of the open child welfare caseload in the county. Intake occurs centrally in the administration building, and initial assessments are done by state employees. Ongoing case management is done in the regions by contract agencies. Before reorganization, Milwaukee had a few neighborhood offices with about 10 to 12 staff, but most of the staff were located centrally in the administrative building. Staffing has more than doubled since the takeover and worker caseloads have been reduced to about 17 cases each.

Three major policy changes were also noted to have an effect on the agency. First, administrators reported a substantial increase in the number of finalized adoptions due to ASFA. Second, a new statute allows child protective services to place a sibling of a child who is already placed out-of-home, without having to establish an independent abuse or neglect petition for the sibling. This has made it easier for caseworkers to remove all children when necessary. Finally, administrators said more comprehensive assessments of families are being conducted, uncovering more service needs and ensuring that all issues are addressed.

Conclusions

Wisconsin's W-2 program dramatically altered services to its low-income families. While federal reform legislation and state programs encourage welfare recipients to work, one of the most significant aspects of the W-2 program in comparison to other states is its focus on work readiness and empowering recipients to be self-sufficient. Several aspects of the W-2 program as well as other support programs reflect this philosophy and make Wisconsin's reforms unique.

- W-2 eliminated entitlements to assistance and linked receipt of cash grants not only to income, but to job readiness as well. A four-tier system places recipients in different activities depending on their level of work readiness, but very few nonwork activities count toward meeting work requirements.
- W-2 activities attempt to mirror the work world. Cash grants are not based on family size and can be reduced by the minimum hourly wage for every hour a participant does not attend an activity.
- The private sector was encouraged to play a significant role in the W-2 reforms. While most W-2 agencies continue to be county public human service agencies, some W-2 agencies are private companies.
- W-2 recognized the importance of child care as a work support. Wisconsin was one of a few states in this study that did not have a waiting list for child care subsidies at the time of our visit. Some staff suspected, however, that many eligible families in the state either did not know about subsidies or knew about them but did not apply.
- Wisconsin is also one of a few states to treat all low-income working families identically in its provision of child care subsidies. Welfare families do not receive special subsidies. Wisconsin also does not provide a transitional period for subsidies after the recipient leaves welfare because welfare families' eligibility or priority for care is no different than that of other low-income families. Wisconsin was one of a few states in this study to eliminate this concept of a transitional period.
- Wisconsin is one of the only states in this study to offer relatives caring for children a kinship care payment through the child welfare system in place of the child-only grant usually offered by the welfare office. This new payment channels a new source of funding to child welfare agencies, but also requires agencies to assess these families although they are not officially child welfare cases.

Given the scope, depth, and innovation of Wisconsin's welfare reforms, many will be watching to find out how low-income families fare under the state's policies.

Endnotes

1. The counties surveyed included Brown, Crawford, Green, Iron, Marquette, Ozaukee, Pierce, Portage, Sawyer, Sheboygan, Waushera, and Winnebago.

2. Wisconsin Department of Commerce on Wisconsin's Business Climate, citing a 1997 plant expansion/relocation study conducted by Grant Thornton LLP (http:///www.commerce.state.wi.us).

3. Wisconsin Department of Commerce release, October 17, 2000 citing report from the Corporation for Enterprise Development's Economic Development Report Card of the States (http:///www.commerce.state.wi.us).

4. At the time this research was being conducted, Tommy Thompson served as governor of Wisconsin. In January 2001, Thompson was appointed by President George W. Bush to serve as the United States' Secretary of Health and Human Services.

5. Analysis of Food Stamp and Medical Assistance Caseload Reductions in Milwaukee County: 1995-1999, report by the University of Wisconsin-Milwaukee, January 2000 (http://www.uwm.edu/Dept/ETI/barriers/fsma-sum.htm).

6. Data from the Department of Workforce Development (http://www.dwd.state.wi.us/des/childcare/wishares/scbag.htm)

7. Data from the Department of Workforce Development (http://www.dwd.state.wi.us/des/childcare/wishares/scbag.htm)

8. In February 2001, Governor Thompson announced that Wisconsin's Division of Workforce Excellence (DWE) and the Division of Economic Support (DES) would be consolidated into a new division of integrated workforce programs tentatively named the "Division of Workforce Solutions." The purpose of the merger, according to administrators, is to create a single work-based division within the Department of Workforce Development to focus on key workforce issues.

9. A second set of contracts was awarded in late 1999, with very few changes in providers.

10. Mental health and substance abuse programs, and, except in Milwaukee County, child welfare, are also still under the purview of the counties.

11. The Institute for Wisconsin's Future. 1998. "Transitions to W-2: The First Six Months of Welfare Replacement." Working Paper from IWF.

12. Steve Schultze. 2000. "New W-2 Director Talking Tough," *Milwaukee Journal Sentinel,* 14 September.

13. The Institute for Wisconsin's Future. 2000. "Following the Money" in *W-2 Connection,* Winter. (IWF Newsletter).

14. Thomas Kaplan. 1998. *Wisconsin's W-2 Program: Welfare as We Might Come to Know It.* Institute for Research on Poverty. Discussion Paper 1173-98.

15. DWD One Stop Implementation Grant Quarterly Report, February 6, 1998 (http://www.dwd.state.wi.us/dwepfe/one%2Dstop%20grant/fourth.htm).

16. The name of the PIC changed slightly to reflect the change to a workforce development board—it is now called the Private Industry Council of Milwaukee County, a Workforce Development Board.

17. The Institute for Wisconsin's Future. 1998. "Transitions to W-2: The First Six Months of Welfare Replacement." Working Paper from IWF.

18. Wiseman, Michael. 1999. *In the Midst of Reform: Wisconsin in 1997.* Washington, D.C.: The Urban Institute. *Assessing the New Federalism* Discussion Paper 99-03.

19. DWD memorandum (http://www.dwd.state.wi.us/waa/Events/Qtrreportmemo.htm).

20. Data from the Department of Workforce Development (http://www.dwd.state.wi.us/des/childcare/wishares/scbag.htm).

21. This information comes from Administration for Children and Families Office of Financial Services' Web site (http://www.acf.dhhs.gov/programs/ofs/data/q499/index.html).

22. All states are required to conduct a market rate survey to determine the rates charged by child care providers in their communities. If the maximum rate a state will pay is set at the 75th percentile of the market rate, this means that the state reimbursement rate will be sufficient to pay the rates charged by three-quarters (75 percent) of the providers in the community. States will then pay the amount the provider charges to private-paying parents, or the maximum rate, whichever is less.

23. Rachel Carabell. 1999. *Milwaukee Child Welfare Services,* Informational Paper #53, Wisconsin Legislative Fiscal Bureau.

24. Child welfare caseload data on substantiated investigations for 1998 was not available for Wisconsin due to the state's takeover of Milwaukee's child welfare agency.

25. For additional information about these changes, see Rob Geen, Shelley Boots, and Karen Tumlin. 1999. *The Cost of Protecting Vulnerable Children.* Washington, D.C.: The Urban Institute. *Assessing the New Federalism* Occasional Paper No. 20.

26. Based on data provided by the state in response to the Urban Institute 1999 Child Welfare Survey.

27. "Milwaukee Child Welfare Services, Informational Paper #53," Wisconsin Legislative Bureau, January 1999, prepared by Rachel Carabell.

28. Joanne Simpson, Kelsie Doty, and Rachel Carabell. 1999. "Wisconsin Works: W-2" Informational Paper #45, Wisconsin Legislative Bureau. January.

Table 1 Notes

a. U.S. Bureau of the Census. "State Population Estimates: Annual Time Series, July 1, 1990, to July 1, 1999." http://www.census.gov/population/estimates/state/st-99-3.txt. [date accessed: October 2000].

b. U.S. Bureau of the Census. "State and County Quick Facts." http://quickfacts.census.gov/qfd/states/55000.html. [date accessed: October 2000].

c. U.S. Bureau of the Census, Population Estimates Program, Population Division. "States Ranked by Hispanic Population, July 1, 1999." http://www.census.gov/population/estimates/state/rank/hisp.txt. [date accessed: October 2000].

d. U.S. Bureau of the Census, Population Estimates Program, Population Division. "States Ranked by Black Population, July 1, 1999." http://www.census.gov/population/estimates/state/rank/black.txt. [date accessed: October 2000] National population percentages are as of July 1, 1999, from U.S. Census Bureau. "Resident Population Estimates of the United States by Sex, Race, and Hispanic Origin." http://www.census.gov/population/estimates/nation/intfile3-1.txt. [date accessed: October 2000]

e. Urban Institute estimates based on a three-year average of data in the 1997, 1998, and 1999 March Supplements to the Current Population Survey, a joint project between the Bureau of Labor Statistics and the Bureau of the Census.

f. U.S. Bureau of the Census. 1999. *Statistical Abstract of the United States: 1999* (119th edition). Table 42. Washington, D.C.

g. U.S. Bureau of the Census. Population Estimates Program, Population Division. "Percent Change in Population for U.S. States: 1990 to 1999." http://www.census.gov/population/www/estimates/stmap03.html. [date accessed: February 2001].

h. U.S. National Center for Health Statistics. March 28, 2000. *National Vital Statistics Report.* 48(3). Tables B, 10, and 19.

i. Urban Institute estimates based on two sources: (1) U.S. National Center for Health Statistics. April 29, 1999. *National Vital Statistics Report.* 47(18). Table 10. (showing total number of births in each state and the US, 1997) (2) Child Trends. 1999. *CTS. Facts At A Glance.* Table 1. (showing number of births to mothers ages 15 to 19 and percentage of teen births to unmarried mothers). Washington, D.C.: Child Trends, December.

j. U.S. Department of Commerce, Bureau of Economic Analysis, News Release September 12, 2000: *1999 State Per Capita Personal Income Revised.* Table 1: Per Capita Personal Income, by State and Region, 1995–1999 (Dollars). http://www.bea.doc.gov/bea/newsrel/spi0900.htm. [accessed: February 2001] Note: Percent change calculated in inflation-adjusted dollars by the Urban Institute based on the CPI-U as published in the *Economic Report of the President.* 2000. Table B-60. Washington, D.C.: U.S. Government Printing Office, February.

k. U.S. Department of Labor, Bureau of Labor Statistics. 2000. "State and Regional Unemployment, 1999 Averages." Released February 2000. http://stats.bls.gov/newsrels.htm. [date accessed: February 2001]

l. Zedlewski, Sheila. 2000. "Family Economic Well-Being." In *Snapshots of America's Families II: A View of the Nation and 13 States from the National Survey of America's Families.* Washington, D.C.: The Urban Institute.

m. U.S. Department of Labor, Bureau of Labor Statistics. 1999. Current Population Survey. Data extracted February 10.

n. Vandivere, Sharon, Kristin Anderson Moore, and Martha Zaslow. 2000. "Children's Family Environment." In *Snapshots of America's Families II: A View of the Nation and 13 States from the National Survey of America's Families.* Washington, D.C.: The Urban Institute.

o. Zedlewski, Sheila. 2000. "Family Economic Well-Being." In *Snapshots of America's Families II: A View of the Nation and 13 States from the National Survey of America's Families.* Washington, D.C.: The Urban Institute. Percent change in poverty rates (1996-1998) calculated by the Labor and Social Policy Center, The Urban Institute.

p. The National Governors' Association. 2000. "The Governors, Political Affiliations, and Terms of Office 2000." http://www.nga.org/Governor/GovMasterList.htm. [date accessed: February 2001].

q. National Conference of State Legislatures. 1999. "Directory of State Legislatures, Online. Partisan Composition of State Legislatures House and Senate." D indicates Democrat; R indicates Republican; I indicates Independent; other indicates Other; and V indicates Vacant. http://www.ncsl.org. [Date accessed February 2001].

Table 2 Notes

a. U.S. Congress, House Committee on Ways and Means. 2000. *2000 Green Book.* Table 7-7: Maximum Combined AFDC/TANF Benefits for a Family of Three (Parent with Two Children), July 1994-January 2000. Washington, D.C.: U.S. Government Printing Office. January.

b. Two Urban Institute calculations: (1) Average monthly number of AFDC 1996 recipient children divided by number of children in poverty 1996: U.S. Department of Health and Human Services. Administration for Children and Families. 1997. *Characteristics and Financial Circumstances of AFDC Recipients FY 1996.* Table 18. "Percent Distribution of AFDC Recipient Children by Age (October 1995-September 1996)"; (2) Average Monthly Number of TANF 1998 Recipient Children divided by Number of Children in Poverty 1998: U.S. Department of Health and Human Services. Administration for Children and Families. 1999. *Second Annual Report to Congress August 1999.* Table 9:22. "Percent Distribution of TANF Recipient Children by Age Group (October 1997-September 1998)." The numbers of children in poverty in 1996 and 1998 are Urban Institute calculations from the *National Survey of America's Families II.*

c. Kenney, Genevieve, Lisa Dubay, and Jennifer Haley. 2000. "Health Insurance, Access, and Health Status of Children: Findings from the National Survey of American Families." *Snapshots of America's Families II: A View of the Nation and 13 States from the National Survey of America's Families.* Washington, D.C.: The Urban Institute.

d. Based on three sources: (1) Urban Institute's TRIM [Transfer Income Model]; (2) Vernon K. Smith. 1999. "Enrollment Increases in State CHIP Programs: December 1998 to June 1999": Health Management Associates, July; (3) Urban Institute analysis of *1999 SCHIP [State Children's Health Insurance Program] Annual Report.* Rules for 1996 and 1998 are policies in place the majority of the year. Rules for 2000 represent plans approved as of January 1, 2000.

e. In 1996, the thresholds represent the state Medicaid thresholds for poverty-related eligibility or AFDC-related eligibility. Higher thresholds for separate state-financed programs (such as in New York) are not represented here.

f. In 1998, some states' thresholds represent Medicaid eligibility, and others are either Medicaid expansions or stand-alone programs enacted under the SCHIP legislation.

g. In 2000, all states covered at least some children through SCHIP; certain groups in some states are eligible only through Medicaid.

h. Data for 1998 are from January 1, 1998, compared with 1997 federal poverty level (FPL). Gina Adams, Karen Schulman, and Nancy Ebb. 1998. *Locked Doors: States Struggling to Meet the Child Care Needs of Low-Income Working Families.* Table A1. Washington, D.C.: Children's Defense Fund, March. Data for 1999 are from June 1999, compared with 1999 FPL. The 1999 data are calculated using state agency information and information from Helen Blank and Nicole Oxedine Poersch. 1999. *State Developments in Child Care and Early Education.* Table 1. Washington, D.C.: Children's Defense Fund. The Urban Institute calculated 1998 and 1999 U.S. median income eligibility level as a percentage of state median income (SMI) and FPL.

Wisconsin has reported that they made policy changes during 1999 (as described in the State-by-State Details section of *State Developments in Child Care and Early Education*). Depending on the timing of implementation for relevant changes, this table may or may nor reflect the new policies. Only policies that were in effect as of June 1, 1999, are reflected in the table; policy changes that went into effect after June 1, 1999, are not reflected.

About the Authors

Jennifer Ehrle is a research associate with the Urban Institute's Population Studies Center, where she specializes in research on abuse, neglect, and the child welfare system and other policy issues related to the well-being of children and families.

Kathleen Snyder is a research associate in the Urban Institute's Population Studies Center. Her research focuses on child care–related issues, and she is currently working on a project examining the interconnections between state child care and welfare systems.

Kristin S. Seefeldt is a senior research associate at the University of Michigan's Program on Poverty and Social Welfare Policy within the School of Social Work. She has conducted research on a variety of social policy issues, primarily focusing on implementation analysis and field research of welfare's interaction with employment and training policies and programs.

Patricia McMahon is a senior research analyst at the American Institutes for Research. She has been an evaluator, researcher, director, trainer, reviewer, and consultant with Head Start, early intervention, state pre-kindergarten, migrant, and child care programs.

THE URBAN INSTITUTE
2100 M Street, N.W.
Washington, D.C. 20037

Nonprofit Org.
U.S. Postage
PAID
Permit No. 8098
Mt. Airy, MD

Address Service Requested

For more information,
call Public Affairs:
(202) 261-5709
or visit our Web site,
http://www.urban.org.
To order additional copies
of this publication, call
(202) 261-5687
or visit our online bookstore,
http://www.uipress.org.

This state update is a product of *Assessing the New Federalism,* a multiyear project to monitor and assess the devolution of social programs from the federal to the state and local levels. Alan Weil is the project director. The project analyzes changes in income support, social services, and health programs. In collaboration with Child Trends, the project studies child and family well-being.

In 1996 and 1997, the Urban Institute conducted case studies in 13 states that provided a baseline for understanding changes emerging from welfare reform. This set of state updates describes changes occurring between 1996-97 and 1999-2000 based on a second set of case studies completed in 1999 and 2000. Programs covered include income support through the Temporary Assistance for Needy Families program, employment and training supports for low-income welfare and non-welfare families, child care, and child welfare. It also looks at interactions among these programs.

The project has received funding from The Annie E. Casey Foundation, the W.K. Kellogg Foundation, The Robert Wood Johnson Foundation, The Henry J. Kaiser Family Foundation, The Ford Foundation, The David and Lucile Packard Foundation, The John D. and Catherine T. MacArthur Foundation, the Charles Stewart Mott Foundation, The McKnight Foundation, The Commonwealth Fund, the Stuart Foundation, the Weingart Foundation, The Fund for New Jersey, The Lynde and Harry Bradley Foundation, the Joyce Foundation, and The Rockefeller Foundation.

THE URBAN INSTITUTE
2100 M Street, N.W.
Washington, D.C. 20037

Phone: (202) 833-7200
Fax: (202) 728-0232
E-mail: pubs@ui.urban.org

The authors would like to thank all of the government and program officials whose willingness to share their time and expertise have contributed to this state update.