

AFDC vs. W-2

A rectangular box containing a handwritten signature in cursive script, which appears to read "Pamela S. Kelly".

Approved _____

Paper Advisor

Date: 11-14-2008

ABSTRACT

The issue in this research paper was to address whether or not the transition from AFDC to W-2 was a necessary one and how this change has affected Wisconsin families. A brief review of literature on the history of AFDC and W-2 was conducted. Secondly, a review of literature related to research, studies and anecdotal evidence of AFDC and W-2 was evaluated. Through the review of literature, it is apparent that the transition to W-2 was necessary and as a result Wisconsin families have developed higher levels of self esteem by supporting their families through employment.

AFDC vs. W-2

A Seminar Paper

Presented to

The Graduate Faculty

University of Wisconsin-Platteville

In Partial Fulfillment of the

Requirement for the Degree

Master of Science

in

Education

by

Anna M. Gunn

2008

TABLE OF CONTENTS

APPROVAL PAGE.....	i
ABSTRACT.....	ii
TITLE PAGE.....	iii
TABLE OF CONTENTS.....	iv

CHAPTER	PAGE
I. INTRODUCTION.....	1
Statement of the Problem	
Delimitations of the Research	
Method of the Approach	
II. REVIEW OF LITERATURE.....	6
Toward work stability and career advancement – the next stage of reform	
Wisconsin works: meeting the needs of harder to serve populations	
The correlates of work in a post-AFDC world: The results from a longitudinal state-level analysis	
III. CONCLUSIONS AND RECOMMENDATIONS.....	13
IV. REFERENCES.....	20

FIGURE

FIGURE 1.....	4
W-2 Ladder	
FIGURE 2.....	15
Revised W-2 Ladder	

TABLE

TABLE 1.....	18
Comparison of Total AFDC and W-2 Caseload Size: Racine, Kenosha, and Dane Counties	
TABLE 2.....	19
Wisconsin: Total AFDC and W-2 Monthly Average Caseload Size	

CHAPTER I

INTRODUCTION

Before government assistance there has always been some sort of help available to people with low incomes. Reliance was mostly on the shoulders of family, friends, churches and local organizations to help those in need. As our country and government began to grow, the shift to help those in need has fallen in the laps of government-supported programs. The pass of the Social Security Act of 1935 derived a program called Aid to Families with Dependent Children (AFDC) (Kaplan, 1998).

The AFDC program was established to assist those with little or no income and was an entitlement. Guidelines and eligibility were outlined. As long as there were dependent children, and the income and assets were below a certain amount, the recipient could receive government cash assistance each month. A household that consisted of one parent and one child received \$440 per month. In addition to the cash assistance, the AFDC households could receive assistance from supplemental programs, such as, Medicaid and Food Stamps (which recently changed its name to: Food Share). The AFDC monthly amount would increase solely based on the number of children within that household. The more children the recipient had, the greater the AFDC payment was (Kaplan, 1998).

The AFDC program did not require anything in return. It had no expectations of the recipient to move forward towards financial stability and self-sufficiency (Kaplan, 1998). However AFDC did not stop a recipient from moving forward towards financial stability, if that was what they desired. If an AFDC recipient chose to go to school, whether for their General Equivalent Degree (GED), High School Equivalent Degree

(HSED), to obtain an associate's degree or even a bachelor's degree, this was not prohibited. The recipient could go to school and receive child care assistance in order to attend classes. The recipient could even receive federal and state grants to pay for school in full. The AFDC program had no time restraints. A recipient could receive AFDC for an unlimited amount of time, as long as they continued to meet the program eligibility requirements (Kaplan, 1998).

It was decided that AFDC needed to be eliminated due to reasons that will be discussed later in this paper. In 1996 President Bill Clinton signed into law a new welfare reform program called the Personal Responsibility and Work Opportunity Reconciliation Act (PRWORA) (Wall, 2004). This new act eliminated AFDC as we knew it. The PRWORA act provided each state with block grants. The states have control to use the monies as they see fit and help those families in need (Wall, 2004). The PRWORA act established time limits and recipients can only receive benefits under this program for a maximum of 60 months (Wall, 2004).

The block grants are known to many as Temporary Assistance to Needy Families (TANF). The state legislature of Wisconsin developed a new program called Wisconsin Works (W-2) which is funded through TANF monies. The W-2 program was implemented on September 1, 1997. With the elimination of AFDC the state had to make changes to current programs and even developed new programs to help with the transition to W-2. The AFDC recipients that could not be transitioned to W-2 were either closed, moved to Kinship Care or the Caretaker Supplement program (Kaplan, 1998).

Compared to the AFDC program, the focus and goals of W-2 took a 180 degree turn in its philosophy. The W-2 program is a work based program and pushes the

recipient towards self-sufficiency. The W-2 program has been set up to represent the working world as much as possible. No longer could a recipient sit at home and just collect a check. The W-2 program is not considered an entitlement and requires full participation and engagement in order to receive the W-2 grant monies or services. Eligibility is not based on financial criteria alone; it is also based on the individual's job readiness. In some cases a recipient may be eligible for W-2 services but receive no cash assistance. Lastly, W-2 is a time limited program. A recipient can only receive W-2 for a maximum of five years or sixty months. In some instances an extension can be granted, but it is only on a case by case basis (Wisconsin Works Manual, 2008).

The easiest way to visualize W-2 is to see it as a ladder. There are four rungs of the W-2 ladder and they are, from the bottom: W-2 Transition (W-2 T), Community Service Job (CSJ), Trial Job (TJ), and lastly Unsubsidized Employment (Wisconsin Works Manual, 2008). The rung of the ladder the recipient was placed, determines the amount of the W-2 grant. The higher the recipient is on the ladder the higher the grant or income will be. No longer will a grant amount change based on the household size, it is the same amount for everyone. It is the goal of the W-2 program that all participants move to the top of the ladder reaching Unsubsidized Employment and self-sufficiency (Wisconsin Works Manual, 2008).

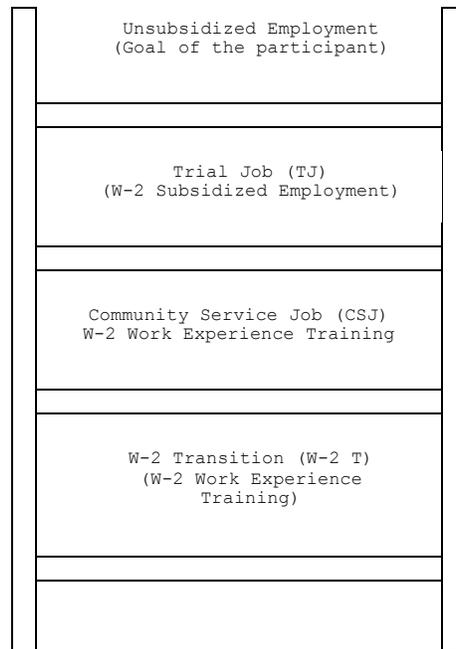


Figure 1: W-2 LADDER
(Wisconsin Works Manual, 2008)

The two bottom rungs of the W-2 ladder provide cash assistance. If a participant is assessed and placed towards the bottom of the ladder usually it is because they have more barriers to overcome in order to be considered job ready. The two top rungs of the ladder do not provide cash payments but offer case management services. The payment that is received in return in the two top rungs is received through employment (Wisconsin Works Manual, 2008).

Statement of the Problem

The AFDC program was becoming acceptable and a way of life for many struggling families. The W-2 program has been put in place to establish a new standard and expectation on families that receive government assistance through TANF monies. Has this change impacted Wisconsin families in a positive manner? Additionally, was the shift from AFDC to W-2 necessary?

Delimitations of the Research

The research was conducted through the resources available at the Wisconsin Department of Workforce Development Website, Institute for Research on Poverty Publications Database: Wisconsin Studies and the Karmann library (University of Wisconsin-Platteville) over a period of sixty-three (63) days. Primary searches will be conducted via Internet through EBSCO Host with ERIC and Academic Search Elite. Key search topics will include “Wisconsin Works,” “AFDC,” and “TANF.”

Method of Approach

A review of literature related to research and studies of the history of AFDC, W-2, and the impact that these program shifts have had on Wisconsin families, was conducted. As with any new program there is always room for change and improvements to enhance the program philosophies. The findings are summarized and recommendations made.

CHAPTER II

REVIEW OF RELATED LITERATURE

There are a few reasons for the shift from AFDC to W-2. The AFDC caseloads were very high and on the rise (see Table 1 and Table 2). There was concern for the recipients of AFDC that they would lose all interest in work. It was also found that AFDC was becoming a generational pattern, and that AFDC did not encourage or promote a work ethic. It was believed by welfare reform advocates that AFDC was a trap to keep people in poverty (Lewis, 2005).

The AFDC program was developed in order to help families during their times of need. The AFDC program was established to provide assistance when adults were in between jobs or to help sustain them if they were not able to work due to circumstances out of their control. It was designed to be used temporarily, not as a long-term support system. The AFDC program was becoming comfortable for many struggling families. Recipients of AFDC learned to manage and get by with the bare minimum. For many, AFDC was becoming an acceptable way of life (Lewis, 2005).

The AFDC program was not a supporter of two-parent families. If a recipient resided with their mate, or married their mate, they would no longer qualify for AFDC. They could also potentially lose eligibility for other support programs such as Earned Income Tax Credit (EITC), due to the added income. If a couple decided not to marry or report that they lived with their mate, there would be two incomes within the household, one income from AFDC and the other from the mate. Between the two incomes their ability to financially support their families was greater.

Another discouraging fact of AFDC was that it fostered dependency, crippling the recipient from obtaining employment. Continuing to collect a welfare check with no expectations attached was debilitating in many ways. The recipient was not building upon their basic work ethic or developing the soft skills needed in order to obtain and maintain employment. Soft skills could include getting to work on time, scheduling appointments outside of their scheduled work hours and even returning from breaks on time. They were lacking in areas such as communication, time management, organization and interpersonal skills. Their self-esteem was also beginning to fall apart (Lewis, 2005).

Poverty

With sixty years under its belt AFDC was believed by welfare reform advocates as becoming generational. There was a pattern that was beginning to surface within low-income families, and that was reliance on AFDC. In the book Bridges Out of Poverty written by Dr. Ruby Payne, there are two forms of poverty, generational poverty and situational poverty. Dr. Payne defines generational poverty as having been in poverty for at least two generations. Situational poverty is defined by Dr. Payne, as a lack of resources due to a particular event, such as a death, chronic illness, divorce, etc. Based on these two definitions, it is easy to say that AFDC was becoming a generational problem. Dr. Payne, the author of Bridges Out of Poverty also believes that each of the two types of poverty carry a different attitude. The attitude of those from generational poverty is the belief that society owes them a living. With this ongoing belief among a family, it was necessary to shift the gears of AFDC.

In order to change the premises of AFDC it could no longer be an entitlement program. It also had to be time limited in order to shut down the generational patterns.

AFDC was becoming too comfortable and was bringing down the stamina of the community. Due to the lack of expectation on the AFDC recipient, they had no reason to pursue employment (Lewis, 2005).

In most cases each of the AFDC families had at least two or more barriers to overcome or deal with (Mikelson, 2001). Barriers included lack of education, no motivation, physical and mental limitations, lack of child care, lack of transportation, disabled children, and alcohol and other drug abuse (AODA) issues. A lot of these individuals did not possess the necessary skills to cope with these different issues. It is very difficult to try to get a person to focus on the next level such as employment and education when they are faced with the daily concerns of not knowing how their basic needs will be met (Goble, 1970).

Welfare Reform

Wisconsin was one of the first states to actively participate in welfare reform before it was mandatory (Corbett, 2001). When talk began about changing AFDC, state legislatures volunteered to participate as a pilot for many of the new programs that were introduced in order to help with the transition to W-2. The state legislatures realized the consequences of AFDC and wanted to help reshape aid to low income families. Due to the passive nature of AFDC, the state legislatures also realized the recipients were stuck in a rut and were digging further and further away from the current job market (Corbett, 2001).

Noticing all along the issues that were arising from AFDC, Wisconsin lawmakers decided there was nothing to lose. Beginning in the mid 80's the state began to implement programs to encourage work. The programs that derived from the federal

JOBS legislation included: Pay-for-Performance, Children First, Work First, Self-Sufficiency First, and Work-not-Welfare (Corbett, 2001). According to Denise Price (Personal communication, February 20, 2008) a TANF case manager for over fourteen years, states each of these programs was voluntary and they did what they could to help the parent get closer to self-sufficiency. These programs offered incentives such as child care and transportation assistance. Case managers were readily available for the recipients in order to help link them to different community resources. The apparent issues here were the programs were voluntary and did not make recipients participate. Only the recipients who wanted to climb out of their situations are the ones who participated and took advantage of these programs for their benefit.

According to Tables 1 and 2 it is quite apparent the AFDC caseloads were high. Table 1 shows the total monthly average caseload sizes from 1991-2008 between three comparable counties: Racine, Kenosha and Dane. Table 2 shows the total monthly average caseload sizes of Wisconsin from 1991-2008. It is interesting to see that each of the counties reflected very similar decreases in caseload sizes as with the state of Wisconsin.

In the mid 90's shortly after the passing of the PRWORA act the AFDC average caseload size dramatically decreased over the next few years. According to Table 2, in 1995 Wisconsin had a monthly average AFDC caseload size of 65,917 families compared to 2008 the monthly average W-2 caseload size is now 9,221 families. This reflects an 86% decrease in the monthly average caseload size for Wisconsin. A significant number of the recipients that have left government assisted programs are making a satisfactory

living for themselves and their families (Lewis, 2005). This is not to say that all families have benefited from this shift.

There are still families that continue to bounce back and forth between government reliance and self-sufficiency (Lewis, 2005). Some of these families are finding it difficult to land decent jobs in order to make a satisfactory living wage to supply those basic needs. Some families are struggling to become stable households within the five year time limit and are now requesting an extension on their receipt of TANF benefits. The sad reality is the few families that have not been able to secure and maintain steady employment may continuously struggle with the system requirements and expectations.

Road to Self-Sufficiency

A person is shaped by experience and examples. If a child grows up in a household where they see family members continuously relying on government assistance, it can breed the attitude of generational poverty as mentioned before by Dr. Payne. If the program does not change then the participants most likely will not change, unless they are rooted with a deep desire and motivation to move forward.

The heart of the problem is lack of motivation and education. According to Elisabeth Harney, in order to be motivated, an individual has to have a vision and then set realistic goals in order to see the vision come to life (Harney, personal communication, November 11, 2005). To be motivated means to endure the hard times that will arise. Maintaining motivation requires sacrifices in order to get to what is on the other side. When a person is motivated, they have the ability to see what they want and will do what

it takes to get there. Most people will maintain that motivation when they want something badly enough (Harney, personal communication, November 11, 2005).

Harney advises professionals to sit down with their customers and show them step by step how to get where it is they want to go. Professionals should help their customers set realistic attainable goals and walk through the steps with them on paper. They should give their customers the directions they may need in order to attain their goals. A lot of times individuals do not attain their goals because first, they have not set them and second, because it is hard for some people to see how they will get from point A to point B (Harney, personal communication, November 11, 2005).

Once a person has been motivated, it is necessary to consider further education. In order for a person to make a livable wage they may have to further their education. There are some instances where a person can work their way up within a company without furthering their education, but in today's world this is not a reliable way to plan out a future. It is not realistic to expect a person to go out and obtain a job that will sustain their family with less than an associate's degree, let alone no high school diploma.

It is necessary that W-2 recipients land jobs where they are making more than just minimum wage. Making minimum wage on a full-time basis is not enough to live off of and support a family. If a person was working 40 hours per week at \$6.50 per hour they would gross \$260 per week and after taxes they will be lucky to bring home \$221 per week. If you multiply this by four weeks they will bring home \$884 per month. This is hardly enough to pay for rent and utilities alone. Add up all of the other expenses that are a necessity and the person is back to square one and will feel as though they are working for nothing.

According to Cristina Ayech, a TANF case manager for over six years believes that W-2 is supposed to be a work-based program but it should offer more activities to help the participants become employed sooner (Cristina Ayech, personal communication, February 20, 2008). The case manager believes W-2 should offer more on the job training in order for the recipients to obtain employment with higher pay (Personal Communication, February 20, 2008). This would offer chances for greater self-sufficiency.

The Workforce Development Center in Racine County currently offers a Computer Numerical Control (CNC) boot camp. The boot camp runs for 16 weeks 40 hours per day. The boot camp consists of both classroom instruction and hands on experience with a local employer. In order to get accepted into the boot camp interested candidates must meet various up-front requirements before applying for the program. The candidates are required to have a valid driver's license, complete a basic math and literacy test. Once accepted into the program the participants work closely with a case manager in order to help address any issues or concerns that may arise.

The shift from AFDC to W-2 was a big transition for many families and agencies. There are underlying factors that play into effective welfare reform that may not have been considered. Some things look easier on paper but when the reality of it all is put into play other things develop, such as: livable wages, education, training, and motivation of the recipients. Even the approach of the agency and case manager has to be different. The stride the government has taken to implement welfare reform was a big leap. With some additional enhancements and improvements welfare reform could be very effective and self-fulfilling for the families and all affected by the changes.

CHAPTER III

CONCLUSIONS AND RECOMMENDATIONS

The goals and philosophies of the W-2 program are sincere and very well thought out. They are outlined in the first chapter of the Wisconsin Works Manual. The first principle basically says that everyone wants to support their families; they desire to be self-sufficient and active members of the workforce. The W-2 manual also states that Wisconsin's residents are its most valuable resource. This shows that elected officials view W-2 recipients as potential assets. It is encouraging to see that elected officials and policy writers are in support of the residents becoming economically stable.

To enhance the program goals and philosophies, the W-2 program needs to support and encourage further education. The program should provide more job training to help its participants develop a skill or trade within a competitive field and that is of interest to the participant. This option should be available for those that may be unable to make a long-term commitment to school. If the W-2 program were to assist in these two areas it would greatly benefit the participant, their families, and the community.

If the W-2 program supported education, it would allow the participant to make a better living wage. If the participant were going to school to further their education, it would provide them with a sense of hope for a more promising future. Thus, there should be additional rungs added to the W-2 ladder; it should not end with unsubsidized employment. When the program goals are explained to the participant it shows the participant that the program just wants them to get out there and get a job. The program is not showing the participant that it is concerned for their economic future growth. This

puts a hidden limit on the participant. One of the rungs should be entitled Subsidized Education with Unsubsidized Employment.

The W-2 program should allow a participant to go to school if they choose. If the participant chooses to go school it would be an expectation that they finish school as well as maintain employment. As in the real world most individuals who want to further their education have to maintain employment and go to school at the same time. As long as the participant continues to go to school, they could receive a supplement from W-2 in addition to their wages from their unsubsidized job.

Another rung that should be added to the W-2 ladder is, Subsidized Jobs Skills Training. This rung of the ladder would offer actual instruction to learn new trades and skills to make the participant more marketable. The Subsidized Jobs Skills Training would offer short-term classroom instruction with recognized certificates to show the employers that participants are marketable and have mastered this new skill. The new and improved W-2 ladder should look like this:

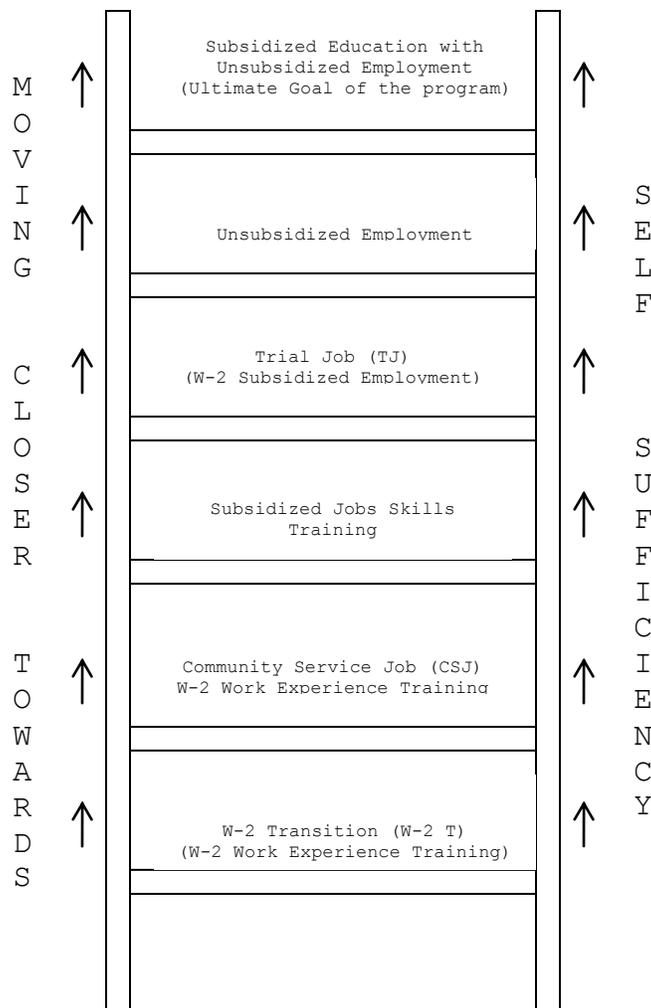


Figure 2: REVISED W-2 LADDER

Some of the programs and training certificates that could be offered include, Certified Nursing Assistant (CNA) Training, Computerized Numerical Control (CNC) Training, Basic Accounting Principles, Certified Daycare Assistant, Construction, Security, Computer Technician, and Administrative Assistants. The CNC Boot Camp in Racine is a great example of what Subsidized Job Skills Training would look like. This program has been very successful, and upon completion of the program, the participants are obtaining full-time employment at decent, livable wages.

The Subsidized Jobs Skills Training could be funded partially through W-2 monies and through the Workforce Investment Act (WIA) program (Wisconsin's WIA State Plan, 2005). The W-2 monies would pay for the monthly subsidy received by the W-2 participant. At contract renewal the agency could work this into the W-2 budget and earmark a certain amount of the monies for this rung of the ladder. The training aspect of this rung would receive funding through the WIA program. The WIA program has been established to help pay for training and educational costs.

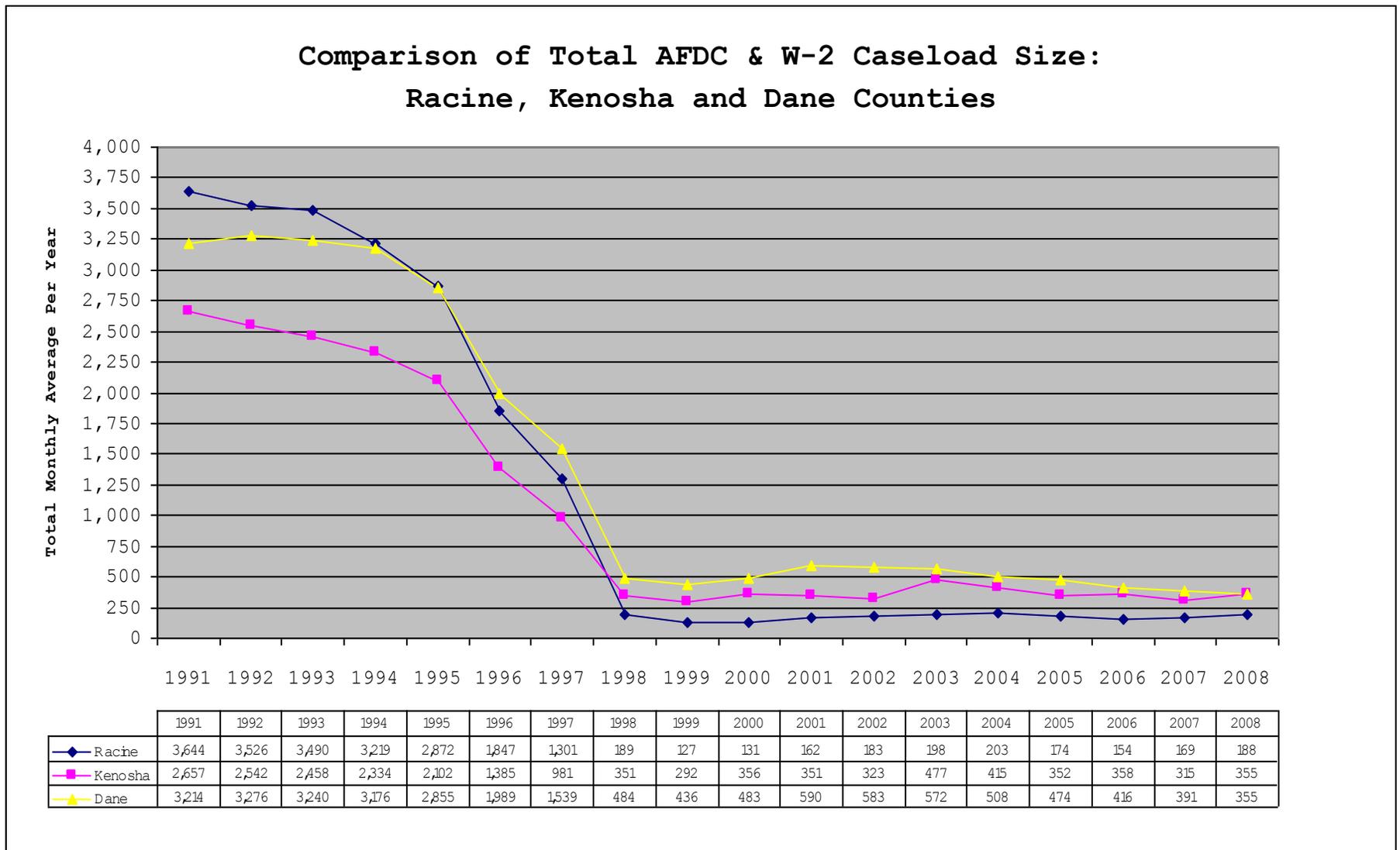
This rung of the ladder could be easily incorporated into the current W-2 program. It would take coordinating efforts with the local technical colleges to help pull this off. Offering participants an opportunity to obtain these training certificates is a simple way to help them get onto the right path to self-sufficiency. It is a way for them to build upon their experiences and skills to make them more marketable for jobs that offer livable wages.

The most complicated and expensive rung to add to the W-2 ladder would be the Subsidized Education with Unsubsidized Employment. This would require more extensive planning and funding. However in the long run, this course of action would be the most beneficial. When a participant obtains a degree, it is a measuring tool that they will have forever; it is also a resource that they could fall back on in case of a job loss.

In conclusion, as a participant gets further away from government assistance they continue to grow and expand within their community. The more a participant can support their family, the greater their self-esteem becomes. The shift from AFDC to W-2 was necessary. The caseloads were very high, and it was becoming an issue that needed to be addressed. It was important for the state legislatures of Wisconsin to take a stand as it did.

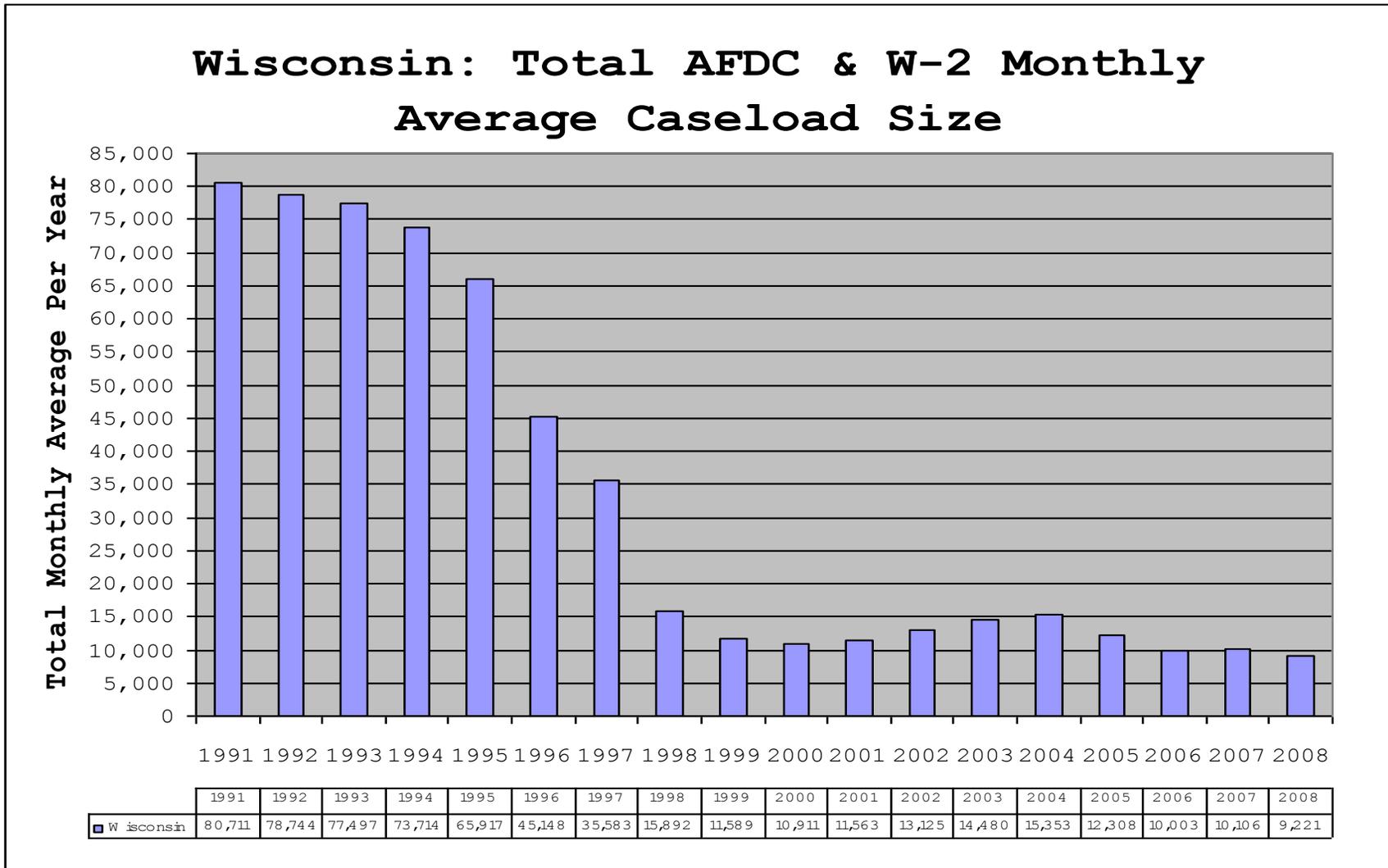
The state legislatures are letting the participants know that it is imperative that they do what they can to support their families.

Table 1



Data obtained from Department of Workforce Development Website: <http://dwd.wisconsin.gov/>

Table 2



Data obtained from Department of Workforce Development Website: <http://dwd.wisconsin.gov/>

REFERENCES

- Corbett, T., & Weber, R. (2001). Toward work stability and career advancement - the next stage of reform. *Institute for Research on Poverty*, Retrieved June 1, 2008, from http://dwd.wisconsin.gov/dws/w2/pdf/corbett_weber_paper.pdf
- Goble, F. (1970, Nov). *The third force: the psychology of Abraham Maslow*. New York, NY: Penguin, USA.
- Kaplan, T. (1998, Sept). Wisconsin's W-2 program: welfare as we might come to know it. *Institute for Research on Poverty*. Discussion Paper no. 1173-98. Retrieved June 1, 2008, from <http://www.irp.wisc.edu/publications/dps/pdfs/dp117398.pdf>
- Lewis, D., Konstantopoulos, S., & Altenbernd L. (2005, June). The correlates of work in a post-AFDC world: The results from a longitudinal state-level analysis. IZA Discussion Paper No. 1626. Retrieved June 5, 2008, from <http://ftp.iza.org/dp1626.pdf>
- Mikelson, K. S. (2001). Wisconsin works: meeting the needs of harder to serve populations. *The Urban Institute*, Retrieved June 1, 2008, from http://dwd.wisconsin.gov/dws/w2/pdf/mikelson_exec_summary.pdf
- Payne, Ph.D., R., DeVol, P., & Dreussi-Smith, T. (2001). *Bridges out of poverty: strategies for professionals and communities*. Highlands, TX: aha! Process, Inc..
- Wall, J. R. (2004). Tax cuts, welfare reforms create huge gaps for the poor. *JS Online: Milwaukee Journal Sentinel*. Retrieved May 30, 2008 from <http://www.jsonline.com/news/editorials/nov04/278741.asp>
- Wisconsin Works Manual. (2008). Retrieved May 30, 2008, from Wisconsin Department of Workforce Development Web site: http://dwd.wisconsin.gov/dws/manuals/w-2_manual/first_page.htm
- Wisconsin's WIA state plan. (2005). Retrieved June 5, 2008, from Wisconsin Department of Workforce Development Web site: http://dwd.wisconsin.gov/dwdwia/PDF/state_plan2005.pdf