



**WISCONSIN LEGISLATIVE AUDIT BUREAU
LETTER OF TRANSMITTAL**

January 29, 1998

**Senator Robert W. Wirch and
Representative Mary A. Lazich, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702**

Dear Senator Wirch and Representative Lazich:

Attached is a summary of the final report issued by MAXIMUS, Inc., a private company with which the Legislative Audit Bureau contracted for an evaluation of the Aid to Families with Dependent Children (AFDC) Two-Tier Benefit Demonstration Project, as required by statute. The demonstration project was implemented in Milwaukee, Kenosha, Racine, and Rock counties between July 1994 and February 1997. The project provided individuals who moved to Wisconsin from other states and applied for AFDC with benefits equal to those provided by their state of origin during their first six months of residence.

The January 1998 report represents the final document that is to be issued by MAXIMUS on the effects of the Two-Tier project. The report analyzes trends in AFDC caseloads by examining data on the number of families who moved to Wisconsin and were approved for AFDC within their first six months of moving. It also analyzes data from telephone surveys provided by individuals who moved to Wisconsin and were approved for AFDC.

Based on its study, which attempted to control for the influence of other welfare reform programs such as the Pay-for-Performance demonstration, MAXIMUS concludes that the Two-Tier project did dissuade some low-income individuals from moving to Wisconsin. Specifically, MAXIMUS estimates there were 2,783 fewer AFDC cases than expected during the 32 months the Two-Tier project was implemented. Milwaukee County accounted for 1,696 of these cases, representing 60.9 percent of the total decline.

An analysis of telephone survey responses resulted in similar findings, with declines in the percentage of individuals who reported they moved to Wisconsin for welfare-related reasons during the time the demonstration project was in effect. It should be noted, however, that respondents continued to report other reasons, such as family and jobs, as being more important in their decision to move to Wisconsin.

Since the completion of the Two-Tier demonstration, public assistance benefits for families have changed considerably with the implementation of Wisconsin Works, also known as W-2. The W-2 program was implemented statewide in September 1997 and will, by March 31, 1998, completely replace AFDC. Program requirements under W-2 are different from those imposed under AFDC or the Two-Tier demonstration. For example, to receive benefits under W-2, an individual must have resided in Wisconsin for at least 60 consecutive days prior to applying for assistance. Therefore, the relevance of the Two-Tier evaluation findings to W-2 must be considered with caution.

Copies of the entire MAXIMUS evaluation report are available from our office. If you have additional questions, please contact me.

Sincerely,

**Dale Cattanach
State Auditor**

DC/JF/mg

cc:

**Senator Joseph Wineke
Senator Brian Burke
Senator Peggy Rosenzweig
Senator Dale Schultz**

**Representative Carol Kelso
Representative John Gard
Senator Peggy Rosenzweig
Representative Doris Hanson**

**Linda Stewart, Secretary
Department of Workforce Development**

**Philip Richardson, Project Manager
MAXIMUS, Inc.**

[letter report](#)