

SUMMARY OF THE AID TO FAMILIES WITH DEPENDENT CHILDREN TWO-TIER BENEFIT DEMONSTRATION PROJECT EVALUATION

As required by s. 49.19(11m)(e), Wis. Stats., the Legislative Audit Bureau contracted with a private firm for a federally required evaluation of the Aid to Families with Dependent Children (AFDC) Two-Tier Benefit Demonstration Project. The project was implemented in Milwaukee, Kenosha, Racine, and Rock counties and operated from July 1994 to February 1997. It was created through a waiver obtained from the federal government that authorized the Department of Workforce Development to provide individuals who moved to Wisconsin from other states and applied for AFDC with benefits similar to those provided by their state of origin during their first six months of residence. The Audit Bureau entered into a five-year, \$449,311 contract with MAXIMUS, Inc., to conduct the evaluation.

The primary goal of the evaluation was to analyze the extent to which AFDC benefit levels induced families to move to Wisconsin from other states. This summary provides an overview of the final report issued by MAXIMUS in January 1998.

Demonstration Project Objectives

Historically, Wisconsin has provided higher AFDC benefits than most other states. For example, in 1993 a family of three that was eligible for AFDC benefits and had no other income received \$516 per month in Wisconsin, compared to \$367 in Illinois. The AFDC Two-Tier Benefit Demonstration project was designed to attempt to determine whether the relatively high level of AFDC benefits induced low-income families to move to Wisconsin. Through waivers granted by the federal government, new AFDC applicants moving from another state to Kenosha, Milwaukee, Racine, and Rock counties were provided, for their first six months of Wisconsin residence, with AFDC benefits that were based on the level of benefits they would have received in their previous state of residence.

The methodology used in assessing the effect of the Two-Tier demonstration project included an analysis of:

- trends in AFDC caseloads, which examined data on the number of persons who moved to Wisconsin and were approved for AFDC within six months of moving; and
- telephone surveys of persons who moved to Wisconsin and were approved for AFDC within six months of moving.

The analysis of the trends in AFDC caseloads focused on the changes in migration levels in the four demonstration counties, as well as several other counties, including Brown, Dane, Green, Jefferson, Ozaukee, Sheboygan, Walworth, Washington, and Waukesha. With the exception of Brown County, which was included in the study because it is a population center with Wisconsin's third-largest number of residents, all of the other counties were selected for study because of their location, which was either adjacent to or near one of the four demonstration counties. These additional non-demonstration counties were included in the review because one hypothesized effect of the Two-Tier demonstration was that it would encourage low-income persons to move to counties other than those in which their benefits would have been affected. The telephone surveys were conducted to allow MAXIMUS to determine why AFDC recipients moved to Wisconsin and whether the reasons they gave for moving changed after the Two-Tier demonstration was implemented. Specifically, it was hypothesized that if the demonstration project were having an effect, fewer respondents would report that they came to Wisconsin to obtain better welfare benefits.

Analysis of Trends in AFDC Caseloads

To compare how the migration to Wisconsin of out-of-state, low-income families may have been affected by the Two-Tier demonstration project, MAXIMUS developed models of out-of-state migration patterns for the six-year period prior to the project's implementation. Separate models were developed for the demonstration and non-demonstration counties. These models were then used to predict what the level of new AFDC approvals for out-of-state residents would have been if the Two-Tier demonstration had not been implemented.

Using these models and a statistical analysis of AFDC caseloads through December 1996 that attempted to control for the influence of other programs such as the Pay-for-Performance demonstration, MAXIMUS concluded that the number of new AFDC approvals actually observed in the demonstration counties was smaller than would have been expected had the demonstration project not been affecting the decisions of out-of-state families to move to Wisconsin. However, the study also found no evidence that the number of out-of-state families moving to one of the nine non-demonstration counties increased as a result of the demonstration project. This suggests that the Two-Tier project had the effect of discouraging out-of-state families from moving to Wisconsin, rather than simply encouraging them to move to counties in which their benefits would not be affected.

The numbers of new AFDC recipients in three of the four demonstration counties were too small to provide meaningful results when analyzed separately. Therefore, while data for Milwaukee County were analyzed independently, data for Kenosha, Racine, and Rock counties were combined.

For Milwaukee County, MAXIMUS found that the average number of new AFDC cases during the Two-Tier demonstration was 43 percent less than would have been expected in the absence of the demonstration project. Specifically, MAXIMUS estimated there were 1,696 fewer AFDC cases in Milwaukee County during the 32 months of the demonstration. For Kenosha, Racine, and Rock counties, MAXIMUS found the average number of new AFDC cases during the demonstration was 63 percent less than would have been expected in the absence of the demonstration project. MAXIMUS estimates that there were 1,087 fewer AFDC cases in these three counties during the 32 months of the demonstration. The firm also concluded that to the extent the Two-Tier demonstration project was responsible for a decline in the number of new AFDC cases, the data suggest the effect of the project increased over time, and it took at least one year after project implementation before the full effects of the demonstration were apparent.

MAXIMUS concluded it was not possible to develop meaningful estimates of the potential savings to Wisconsin from the reduced number of AFDC approvals for either group. Reasons included an inability to determine average benefit levels for families who did not come to Wisconsin, as well as an inability to determine how long recipients would have received benefits had they come to Wisconsin.

The potential influence of AFDC benefit levels on interstate migration has been the subject of long-standing debate among social scientists. Therefore, despite the findings reported by MAXIMUS, it is likely the effects of the Two-Tier project will be questioned by some researchers who will want to examine the statistical model and research methodology the firm used to arrive at its conclusions. The Legislative Audit Bureau will work with the Department of Workforce Development to ensure that the relevant information is made available to individuals and groups interested in reviewing these data in greater detail.

Analysis of Telephone Surveys

Telephone surveys were administered by MAXIMUS to individuals who moved to Wisconsin from other states and who applied for AFDC within six months of moving. The surveys were designed to collect information on the reasons respondents moved to Wisconsin and to obtain data on prior receipt of welfare, employment history, knowledge of Wisconsin's public assistance programs, and demographics. MAXIMUS compared telephone survey data from two post-implementation time periods—July 1, 1994 through December 31, 1995, and January 1, 1996 through December 31, 1996—with telephone survey data collected from AFDC recipients who moved to Wisconsin during the six months prior to the implementation of the Two-Tier project, which is known as the baseline period.

The total number of respondents was 3,909. The sample size for the baseline period was 772, and the sample sizes for the post implementation periods were 1,776 and 1,361, respectively.

Because the data obtained were based on oral responses to a telephone survey, it is important to note that responses to questions about factors that affected respondents' decisions to move to Wisconsin may not have been entirely candid, especially because respondents may believe moving across state lines to obtain higher welfare benefits will be regarded as a negative reason for moving. Despite these limitations, MAXIMUS believes that the information collected through its telephone surveys supports the findings and conclusions drawn from its caseload trend analysis.

States of Prior Residence

An analysis of the survey responses showed that there were few changes in the rates at which individuals from other states moved to Wisconsin and applied for AFDC benefits. In fact, statistically significant changes were observed

for only three states. Specifically, the percentage of individuals coming from Colorado fell from 1.8 percent of those coming to Wisconsin in the six months before implementation to 0.8 percent during the first 18 months after implementation. During the same period the percentage coming from Texas increased from 3.9 percent to 5.9 percent, and the percentage coming from California increased from 7.0 percent to 12.2 percent. The only statistically significant difference during the second post-implementation period—that is, between January 1996 and December 1996—was in the percentage of individuals coming from California, which remained statistically higher than during the baseline period.

As shown in Table 1, the largest number of respondents during the baseline period, as well as during both post-implementation periods, came from Illinois, Minnesota, and California. In fact, more than one-half of all respondents during each of these time periods came from one of these three states. The only significant change in the number of individuals who reported they came from one of these three states is an increase from the baseline period in the number of individuals coming from California, which is a high-benefit state. Despite the perception among some individuals that welfare migration was primarily an issue related to low-income persons moving to Wisconsin from Illinois, the telephone survey results found no statistically significant decline in the number of individuals moving to Wisconsin from Illinois. Furthermore, the second two most common states from which low-income individuals moved to Wisconsin—Minnesota and California—provided higher AFDC benefits than did Wisconsin.

Table 1
States from Which Respondents Moved to Wisconsin

<u>State</u>	<u>Benefit Group</u>	<u>Percentage of Respondents Moving During Baseline Period</u>	<u>Percentage of Respondents Moving 7/1/94 to 12/31/95</u>	<u>Percentage of Respondents Moving 1/1/96 to 12/31/96</u>
Illinois	Medium	34.6%	32.2%	30.8%
Minnesota	High	9.1	8.4	10.9
California	High	7.0	12.2**	10.9**
Michigan	Medium	5.3	4.7	6.2
Indiana	Low	4.1	3.5	3.3
Texas	Low	3.9	5.9*	4.4
Mississippi	Low	2.7	2.9	1.7
Florida	Low	2.5	2.5	2.9
New York	High	2.5	1.5	1.5
Iowa	Medium	2.1	2.4	2.3
Colorado	Medium	1.8	0.8*	1.2
All others	Varies	<u>24.4</u>	<u>23.0</u>	<u>23.9</u>
Total		100.0%	100.0%	100.0%

* Statistically significant at the .05 level.

** Statistically significant at the .01 level.

Source: MAXIMUS, Inc.

MAXIMUS defined high-benefit states as those offering a family of three, in 1993, AFDC benefits of more than \$475 per month. Medium-benefit states were defined as those offering benefits between \$325 and \$475 per month,

and low-benefit states as those offering less than \$325 per month. At \$517 per month for a family of three, Wisconsin qualifies as a high-benefit state under the MAXIMUS classification. MAXIMUS found that during the baseline and both post-implementation periods, approximately one-half of respondents moved to Wisconsin from medium-benefit states, one-fourth from high-benefit states, and one-fourth from low-benefit states.

As shown in Table 2, of the leading ten Wisconsin counties to which respondents moved from other states, the drop in the percentage moving to Milwaukee, and La Crosse counties was statistically significant and could be attributed to something other than chance, as was the increase in the percentage moving to Brown County.

Table 2

Counties to Which Survey Respondents Most Frequently Moved

<u>County</u>	<u>Percentage of Respondents Moving During Baseline Period</u>	<u>Percentage of Respondents Moving 7/1/94 to 12/31/95</u>	<u>Percentage of Respondents Moving 1/1/96 to 12/31/96</u>
Milwaukee	34.8%	33.4%	25.9%**
Dane	8.4	7.1	7.1
Kenosha	5.1	6.0	6.8
Brown	4.4	4.7	6.8*
Racine	3.9	2.9	3.2
Rock	3.8	4.6	3.8
Douglas	2.1	2.5	2.9
La Crosse	1.6	0.6*	0.0**
Marathon	1.3	2.1	1.9
Eau Claire	1.3	0.8	1.2
All Others	<u>33.3</u>	<u>35.3</u>	<u>40.4</u>
Total	100.0%	100.0%	100.0%

* Statistically significant at the .05 level.

** Statistically significant at the .01 level.

Note: Demonstration counties are shown in bold type.

Source: MAXIMUS, Inc.

Reasons for Moving to Wisconsin

On a three-point scale, survey respondents were asked to rate potential reasons for their move to Wisconsin as being either “very important,” “a little important,” or “not important.” More than one-half of respondents in the baseline and two post-implementation periods cited each of three reasons as being either “very important” or “a little important” in their decision to move to Wisconsin. These reasons included:

- because they already had family living in Wisconsin;

- because they believed jobs would be easier to find; and
- because they perceived schools to be better.

As shown in Table 3, the reasons given for moving to Wisconsin were fairly consistent between the baseline and the two post-implementation groups. Overall, there were no major differences between the baseline and the post-implementation periods in the percentage of individuals citing non-welfare reasons for moving to Wisconsin. The only statistically significant decline was in the percentage of persons citing family as one reason for moving. However, the differences related to all three questions about welfare benefits were statistically significant. Specifically, a lower percentage of individuals during the two post-implementation periods indicated that they moved to Wisconsin: 1) because welfare was too low in their previous state of residence, 2) to obtain higher welfare benefits, and 3) to obtain better medical assistance benefits. MAXIMUS concludes that these findings are consistent with its AFDC caseload trend analysis, which shows that the Two-Tier project had the effect of dissuading some low-income individuals from moving to Wisconsin and applying for AFDC benefits.

Table 3

Reasons Cited as “Very Important” or “A Little Important” in Moving to Wisconsin***

<u>Reason</u>	<u>Percentage of Respondents Citing in Baseline Period</u>	<u>Percentage of Respondents Citing 7/1/94 to 12/31/95</u>	<u>Percentage of Respondents Citing 1/1/96 to 12/31/96</u>
Have family in Wisconsin	58.2%	58.9%	53.0%*
Schools better	52.1	52.6	52.6
Jobs easier to find	50.3	52.2	51.2
Less crime	47.5	47.1	46.8
To avoid a bad family or home situation	44.1	44.8	40.3
Cheaper to live in Wisconsin	36.3	36.1	33.9
Housing better or cheaper	32.9	32.4	32.1
Have friends in Wisconsin	29.7	34.1*	29.3
Medical Assistance better in Wisconsin	25.3	21.9*	19.9**
Welfare too low in previous state	23.0	17.8**	14.8**
To get higher welfare benefits	22.1	18.6*	16.5**

* Statistically significant at the .05 level.

** Statistically significant at the .01 level.

*** Respondents could cite more than one reason as important.

Source: MAXIMUS, Inc.

Among respondents who cited “family” as a reason for moving, 36.0 percent indicated during the baseline period that their family member was receiving AFDC benefits in Wisconsin. That percentage declined to 25.8 percent in the first post-implementation period and to 17.3 percent in the second. Although this difference is statistically significant, the data presented do not permit an analysis of whether family members living in Wisconsin were aware of the two-tier benefit policy and, therefore, discouraged their relatives from moving to Wisconsin.

When they listed more than one reason as being “very important” in their decision to move to Wisconsin, respondents were also asked to rank their reasons. As shown in Table 4, when respondents’ most-often cited reasons for moving to Wisconsin are ranked, the rankings generally parallel those cited as either “very important” or “a little important.” The four reasons most commonly cited as being most important include family, schools, jobs, and to avoid a bad

home or family situation. In analyzing the responses of the four most important reasons, MAXIMUS found a statistically significant decline in the percentage of individuals reporting that they moved to Wisconsin for welfare-related reasons.

Table 4

Reasons Cited as Being Among the Four Most Important in Moving to Wisconsin***

<u>Reason</u>	<u>Percentage of Respondents Citing in Baseline Period</u>	<u>Percentage of Respondents Citing 7/1/94 to 12/31/95</u>	<u>Percentage of Respondents Citing 1/1/96 to 12/31/96</u>
Have family in Wisconsin	44.8%	48.8% *	39.4% *
Schools better	32.4	38.4**	38.4**
To avoid a bad family or home situation	29.9	29.5	23.7**
Less crime	29.2	31.7	31.3
Jobs easier to find	28.8	35.7**	34.8**
Housing better or cheaper	17.3	19.4	15.9
Cheaper to live in Wisconsin	14.2	15.6	13.5
Have friends in Wisconsin	11.8	20.2**	12.4
Medical Assistance better in Wisconsin	11.3	12.3	8.4*
To get higher welfare benefits	8.3	8.2	5.1**
Welfare too low in previous state	5.3	3.5**	1.6**
Other reasons	43.7	29.5**	37.8

* Statistically significant at the .05 level.

** Statistically significant at the .01 level.

*** Respondents could cite more than one reason as important.

Source: MAXIMUS, Inc.

MAXIMUS concludes that the results of the telephone survey analysis are consistent with the finding of the caseload trend analysis in that they suggest Wisconsin's comparatively high level of AFDC benefits may have influenced some low-income individuals from other states to move to Wisconsin. However, it should be noted that most individuals continue to report other reasons as being more important in their decision to move to Wisconsin. Specifically, having family in Wisconsin, avoiding a bad family or home situation, and obtaining jobs were cited as among the three single most important reasons for moving to Wisconsin during the baseline period as well as both post-implementation periods. Because it is likely that other researchers will wish to analyze data from the telephone surveys more closely and draw their own conclusions, we will work with the Department of Workforce Development to ensure that these data are also made available to interested parties.
