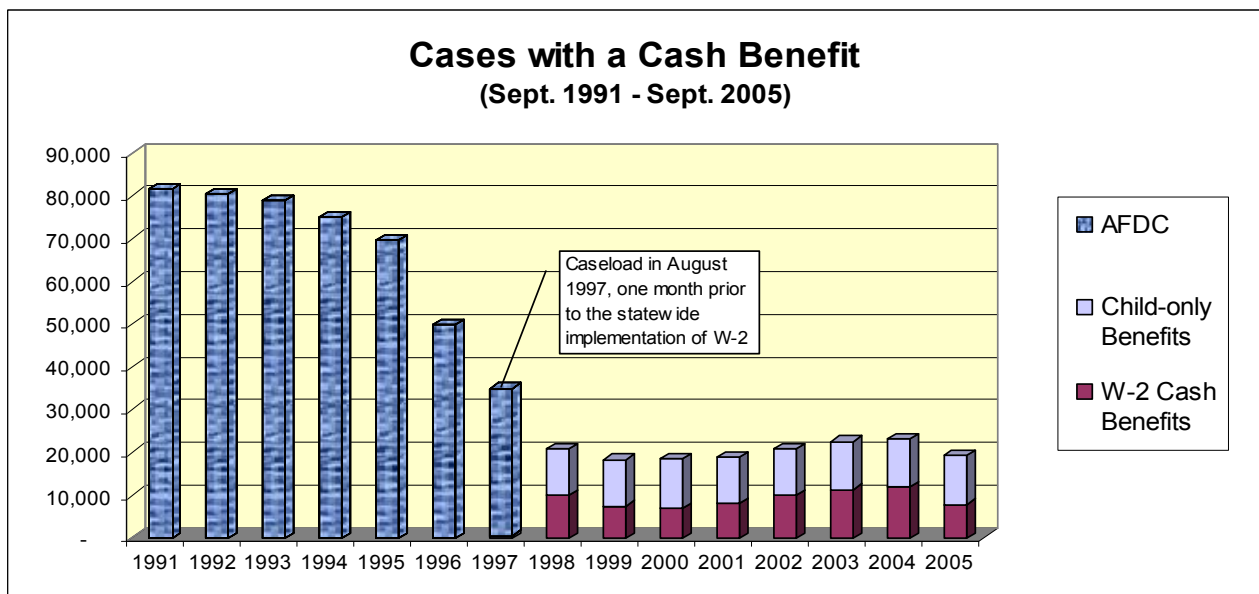


## Cash Caseload Trends

Jon Peacock, August 2006

Welfare Reform measures are often judged by their effect on the number of recipients of cash benefits. Before examining the trends in those figures, it is important to note that these changes are a deficient standard because a reduction in the number of people who receive cash benefits is not necessarily correlated with an increase in those who obtain employment or are able to escape poverty. Nevertheless, for many policymakers cash caseload trends seem to be the preferred welfare reform measure.

Figure 1 illustrates the sharp drop in the welfare cash caseload in Wisconsin since the early 1990s. It includes both the number of families receiving W-2 cash benefits for participating in work placements and the child-only cases (kinship care and caretaker supplement cases).<sup>1</sup> When comparing cash assistance caseloads before and after the implementation of W-2, care needs to be consistent in either including or excluding the child-only cases.<sup>2</sup>



Our analysis of the figures reveals the following:

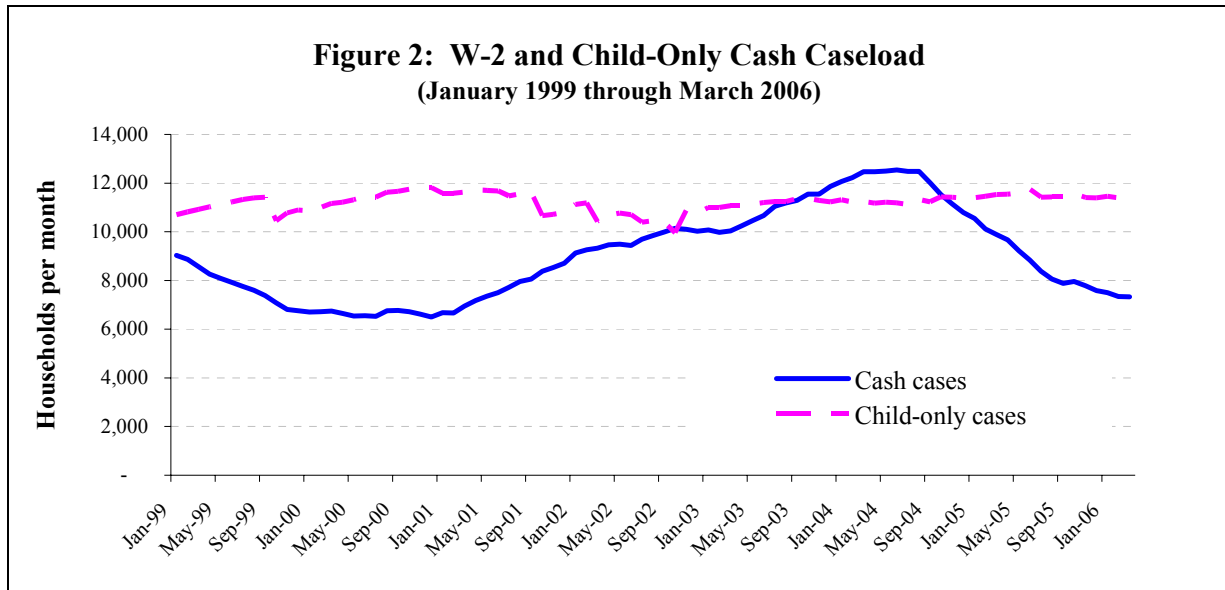
- The current number of families receiving W-2 cash benefits (7,136 in June 2006) is about 90 percent lower than the comparable Aid to Families with Dependent Children caseload (even after subtracting a rough estimate of the AFDC equivalent of the current child-only cases).
- The total cash caseload – including both the W-2 and child-only cases – declined by nearly 63,000 families, or 77 percent, from September 1991 to March 2006.
- Nearly three-fourths of that drop occurred before W-2 was implemented statewide in September 1997.

<sup>1</sup> For a description of the various types of W-2 placements and the two types of child-only cases, see “A W-2 Overview.”

<sup>2</sup> During the early years of W-2, the caseload drop was often exaggerated because the W-2 cash cases (excluding child-only cases) were compared to enrollment in the previous AFDC program, which included child-only cases. Nevertheless, regardless of how one slices the numbers, the caseload drop has been dramatic.



Figure 2 focuses on the caseload trend lines since January 1991. It demonstrates that the child-only cases have been relatively unchanged, whereas the W-2 cash caseload has fluctuated over the years. The number of families participating in W-2 work programs and receiving W-2 cash benefits increased substantially from 2001 through mid-2004, before reaching about 12,500 in the second quarter of 2004. Much of the increase followed closely on the heels of rising unemployment during the economic downturn, though other factors may have also contributed.<sup>3</sup>



Since mid-2004, DWD has been pushing W-2 agencies to reduce the cash assistance caseload, and it dropped to 7,138 in June 2006. Governor Doyle’s plan for balancing the state’s TANF spending and revenue in the 2005–2007 biennium was premised on reducing the W-2 cash assistance cases to an average of 7,500 from January 1, 2006, through June 30, 2007. The Department of Workforce Development (DWD) contended that the reduction could be achieved by placing W-2 participants in unsubsidized jobs more quickly and with the help of an improving economy. In addition, DWD has been seeking earlier identification of individuals with disabilities and better advocacy to help them receive Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) benefits.

Over the first half of 2006, the W-2 cash caseload averaged slightly less than 7,300, which indicates that DWD and the W-2 agencies are surpassing the case reduction assumptions used in the biennial budget. That is good news for the very tight W-2 and TANF budget, but advocates are concerned that reduced caseloads can be achieved by the agencies in many ways that do not necessarily increase the number of people being moved into appropriate, unsubsidized jobs.

### Implications of the Caseload Trends

- With the current W-2 cash caseload now about 90 percent below the 1991 AFDC participation (excluding child-only cases in both instances), the small number of remaining recipients of W-2 cash assistance tend to have substantially more barriers to employment.
- Even a modest increase in the cash assistance caseload during another recession (such as the increase from 2000 to 2004) could put significant strains on the budget for TANF-funded programs, since all the available state and federal funding is already stretched very thin.
- As we discuss in another paper in this series, far more people are benefiting from other forms of TANF spending than from the spending for W-2 cash assistance and child-only benefits.
- We do not currently have sufficient measures to determine to what extent the families who have been diverted from the cash caseload are working and becoming self sufficient.

<sup>3</sup> For example, it may have also resulted in part from a decrease in the assignment of new W-2 applicants to the “job ready” category, which tends to suppress the cash assistance caseload.