



WISCONSIN COUNCIL ON

**children  
& families**

Raising Voices to Make Every Kid Count

---

## Improving the Assessment of W-2 Performance

Michael Pancook

The goal of the Wisconsin Works (W-2) program is “to provide necessary and appropriate services to prepare individuals to work, and to obtain and maintain viable, self-sustaining employment.” This is a summary of a more comprehensive paper (*Tracking What Matters: Using Improved Performance Measures to Gauge Success of W-2*) in which we examine Wisconsin’s efforts to improve its ability to assess whether W-2 is achieving that goal. Also included in the longer report, which is available on our website, is a look at the use of performance measures in a number of other states and how those efforts compare to what is done in Wisconsin.

Although there has been a great deal of interest across the nation in assessing the effects of welfare reform initiatives, over most of the decade since TANF’s enactment there has not been a systematic effort to collect data on a large range of participant outcomes. A number of evaluations of W-2 have been conducted, however, mostly by academic researchers attempting after the fact to gather data about what has happened to former program participants.

The Legislative Audit Bureau (LAB) has also completed comprehensive evaluations of the effects of W-2. The last of these LAB reports, released in April 2005, suggests that W-2 has not been fulfilling its goal of placing participants in sustainable work. Although W-2 agencies have succeeded in meeting the majority of their contract standards, the LAB evaluation revealed the following:

- Approximately one-third of individuals leaving W-2 during the last three months of years 1999 through 2002 experienced incomes above poverty one year after exit.
- The average annual next year earnings with the inclusion of tax credits ranged from \$10,407 to \$11,351.
- This inability to escape poverty persists over time. For participants leaving W-2 between October and December of 1999, less than half (42.1 percent) had an income above poverty in 2003 (even after tax credits are added to income).

This type of periodic evaluation conducted by the LAB is extremely valuable, but it does not substitute for a more routine system of monitoring program results for participants and former participants in a way that can inform agency and Department decision-making as well as inform the public and policymakers of program effectiveness.

To its credit, the Department of Workforce Development has included a limited number of performance goals in its contracts for a number of years. As the W-2 program has evolved, there has been an increased focus in the agency contracts on outcome-related measures. Whereas the initial contracts placed a strong emphasis on reducing caseloads and costs, the recent contracts include measures of administrative accountability, customer service, and participant outcomes. The 2006-2009 contracts continued this improvement by prioritizing job retention and job placement outcomes through incentive-earning measures for the largest agencies and creating the “Green Flag Report” to publish agencies’ performance.

A comparison of current W-2 performance measures against practices in other states, however, indicates there are areas in which Wisconsin can strengthen its standards. Improvements can and should be made in the following areas:

- **Track Welfare Recidivism:** Unlike Minnesota, Florida, and Washington, Wisconsin performance standards do not include the return rate of former welfare recipients. Measuring recidivism can indicate the long-term effectiveness of program and agency services.
- **Establish Wage Gain Measure:** Oregon, Florida, and Washington measure changes in wages after work placement. Tracking this information for at least the first year after exit would improve the understanding of W-2's ability to equip participants with the skills needed to obtain viable, self-sustaining jobs.
- **Improve Public Reporting System:** Building on the information contained in the Green Flag Reports, Wisconsin could develop a more accessible report modeled after Florida's Plain English Trend Reports, which organizes the data under questions regarding performance, such as "Do our customers get jobs?", and, importantly, tracks information over a number of years in order to show trends. This change would improve the ability of Wisconsin residents and policymakers to assess the impact of the W-2 program.
- **Enhance Measures of Self-sufficiency:** The benefit of the current job retention measure can be improved by lengthening the time period covered to four quarters past job placement as is done in Washington and Oregon. A broader collection of information offers greater insight into the ability of former participants to gain sustainable work. An alternative or addition to the job retention measure would be to track former recipients' earnings as Washington State does. A report is provided to policymakers there showing the percentage of former welfare recipients whose income is 100 and 200 percent of the federal poverty level at 12, 24, and 36 months after exit.
- **Strengthen Educational Measures:** The power of performance measures to focus agencies' efforts can be applied to educational outcomes. Monitoring improvement in skills after training or completion of the educational components of W-2 would be preferable to the current measure of participants merely *assigned* to education and training services.
- **Update the Critical Indicators Report:** The Department of Workforce Development currently produces a monthly report listing a number of W-2 outcomes or program/caseload characteristics, including numbers in paid placements, types of placements, length of stay, and sanction information. This tool can be greatly improved, however, by updating the measures included to match the most recent performance measure priorities as currently found in the contracts with administering agencies as well as the improved measures listed above.

Periodic evaluations by academic researchers and the Legislative Audit Bureau indicate that for many participants, the W-2 program's stated goal of helping participants reach self-sufficiency has not been achieved. Improved ongoing performance measuring in the ways mentioned above can help by spotting troubling – and positive – trends and can assist policymakers and administering agencies as they struggle to design and subsequently deliver services to W-2 participants in the most effective manner possible.