



## Improving the Assessment of W-2 Performance

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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.”<sup>1</sup> In this paper we briefly examine Wisconsin’s efforts to improve its ability to assess whether W-2 is achieving that goal. A much more comprehensive WCCF paper about performance monitoring of welfare reform is posted on our website.

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 outcomes. Most of the evaluations have been done by academic researchers attempting after the fact to gather data about what has happened to former program participants, rather than from regular monitoring of performance measures by the state or local welfare reform agencies.

In Wisconsin, the most comprehensive evaluations of the effects of W-2 have been reports by the Legislative Audit Bureau. The last of those 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 1999 through 2002 experienced incomes above poverty one year after exit.
- The average annual next year incomes 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).

The 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. Only by making that a regular part of W-2 monitoring can we hope to learn which types of services and assistance are most effective, so we can maximize the returns on the sizeable amounts being spent by W-2 agencies.

To its credit, the Department of Workforce Development has included some performance goals in its contracts for many 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 contract 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 and creating the “Green Flag Report” to publish agencies’ performance.

<sup>1</sup> This quote is from the Wisconsin Department of Workforce Development’s *Wisconsin Works (W-2) Background, Philosophy and Goals* webpage (<http://dwd.wisconsin.gov/dws/w2/background.htm>).



However, a comparison of current W-2 performance measures against practices in other states indicates areas in which Wisconsin can strengthen its standards:

- *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 tracks information over a number of years. 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 the tracking of former recipients' earnings. Washington provides a report to policymakers tracking 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.
- *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 improves the understanding of W-2's ability to equip participants with the skills needed to obtain viable, self-sustaining jobs.
- *Track Welfare Recidivism:* Unlike Minnesota, Florida, and Washington, Wisconsin standards do not include the return rate of former welfare recipients. Measuring recidivism can indicate both the agency's and the policy's ability to enable participants to achieve self-sufficiency. In constructing this standard, program managers should control for the threat of local agencies manipulating acceptance procedures in a way that prioritizes positive performance over serving needy families.
- *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 assigned to education and training.

One concern with the use of measured outcomes to assess performance is the threat of gaming. As pressure to perform better on measured outcomes increases, so does the threat of limited access for applicants perceived to be the least likely to succeed. Existing performance measures are unable to identify if such actions are taking place, except possibly by tracking sudden changes in participation rates. To control for this threat, program managers should continue to use traditional accountability systems such as audits, administrative rules, site visits, and other monitoring tasks. Although measured outcomes can be an important component of tracking the performance, they are not a panacea.

**Conclusion:** Until recently, Wisconsin did not make a systematic effort to assess W-2 by tracking the outcomes for participants who leave the program. The new contracts with W-2 agencies, which took effect in January 2006, mark a significant improvement. Nevertheless, there is considerable room for progress, as the state continues to tackle the difficult job of assessing how well W-2 is working and which local agencies are having the most success. A few other states have used performance measures that could help Wisconsin develop a more effective system for monitoring outcomes. Although the development of a more comprehensive and effective evaluation system will not be easy, it is an essential step if the state is going to learn what types of W-2 services are most effective and how to stretch the finite funding for W-2 programs.