

*Assembly*

**Committee Report**

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The committee on **Children and Families**, reports and recommends:

**Assembly Bill 128**

Relating to: exempting certain income earned by a dependent or developmentally disabled child from consideration in determining financial eligibility for Wisconsin works.

By Representatives Plouff, Jeskewitz, Black, Gronemus, Huber, Kedzie, Klusman, Kreibich, Kreuser, Krug, La Fave, Lassa, J. Lehman, Meyer, Miller, Morris-Tatum, Musser, Pocan, Powers, Riley, Ryba, Schneider and Staskunas; cosponsored by Senators Moore, Jauch, Darling, Erpenbach, Grobschmidt and Robson.

PASSAGE RECOMMENDED, Ayes 10, Noes 0, Absent 0

Ayes: (10) Representatives Ladwig, Jeskewitz, Kreibich, Freese, Grothman, Kestell, Miller, Coggs, Colon and Sinicki

Noes: (0) None

Absent: (0) None

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Representative Bonnie Ladwig  
Chair



April 1, 1999

**EXECUTIVE SESSION**

Present: (10) Representatives Ladwig, Jeskewitz, Kreibich,  
Freese, Grothman, Kestell, Miller, Coggs,  
Colon and Sinicki

Absent: (0) None

Moved by Representative Freese, seconded by Representative  
Jeskewitz, that **Assembly Bill 128** be recommended for passage.

Ayes: (10) Representatives Ladwig, Jeskewitz, Kreibich,  
Freese, Grothman, Kestell, Coggs, Colon and  
Sinicki

Noes: (0) None

Absent: (0) None

**PASSAGE RECOMMENDED, Ayes 10, Noes 0, Absent 0**

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Janine Stippich  
Committee Clerk

Tommy G. Thompson  
Governor

Linda Stewart, Ph.D.  
Secretary

J. Jean Rogers  
Division Administrator



ECONOMIC SUPPORT  
201 East Washington Avenue  
P.O. Box 7935  
Madison, WI 53707-7935  
<http://www.dwd.state.wi.us/>

State of Wisconsin

Department of Workforce Development

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March 25, 1999

The Honorable Bonnie Ladwig, Chair  
Committee on Children and Families  
Wisconsin Assembly  
113 West, State Capitol  
P.O. Box 8952  
Madison, WI 53708

Dear Representative Ladwig:

Enclosed is a copy of the testimony the Department presented at the March 24 Committee on Children and Families hearing on 1999 Assembly Bill 128, relating to exempting certain income earned by a dependent or developmentally disabled child from consideration in determining financial eligibility for Wisconsin Works.

Please feel free to contact me at 266-0988 if you have questions regarding the testimony.

Sincerely,

*Dianne E. Reynolds*  
Dianne E. Reynolds

Enclosure

cc: Ann Agnew, AO  
J. Jean Rogers, AO

**TESTIMONY ON AB 128**  
**EXEMPTING CERTAIN INCOME EARNED BY A DEPENDENT CHILD OR**  
**DEVELOPMENTALLY DISABLED CHILD FROM THE W-2 INCOME TEST**

March 24, 1999

Good morning, Chairperson Ladwig and committee members. I am Dianne Reynolds with the Division of Economic Support, Department of Workforce Development. With me today is Margaret McMahon, also with the Division of Economic Support, Department of Workforce Development.

The Department of Workforce Development is testifying for information only on Assembly Bill 128, which would exempt income earned by a dependent child of a Wisconsin Works (W-2) applicant or participant or by the W-2 applicant or participant's developmentally disabled child who is under the age of 22 when determining financial eligibility for W-2.

The W-2 income eligibility determination was designed to be a very simple calculation. Currently, all earned and unearned income of all the W-2 group members is considered in determining the 115 percent gross income test for W-2 unless specifically discounted by federal law. If the group passes the 115 percent test, for example, a W-2 group with 3 members which has monthly income of less than \$1308 is income eligible, the W-2 group's income does not affect the amount of the W-2 payment. The payment amount is based solely on the employment position (trial job, community service job, or W-2 Transitions) in which the adult is participating.

W-2 group members include custodial parents, their spouses, nonmarital coparents, and all children under the age of 18. Those 18 year olds who are full-time students at a secondary school or a vocational or technical equivalent and are expected to complete the program before attaining the age of 19 are also included in the group. However, 18-year old children who are not full-time students or who are not expected to complete the school program before age 19 would not be included in the group. Children 19 years and older are not included in the group regardless of whether they are developmentally disabled or are attending elementary, secondary, or technical school. Individuals who are not in the W-2 group do not have their income considered in determining income eligibility under the 115 percent gross income test.

We will be happy to answer any questions you might have.



"For these are all our children . . .  
we will all profit by, or pay for,  
whatever they become." James Baldwin

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Assembly Committee on Children and Families

Testimony on AB128  
March 23, 1999

Carol W. Medaris  
Wisconsin Council on Children and Families

The Council supports exempting the earnings of dependent students in determining eligibility for W-2 benefits. Although not likely to happen terribly often, it would be a shame if a family were to risk the loss of vital support because a teen family member sought to gain some independence and work experience through a job.

The Council would also support exempting a child's SSI income in W-2 cases. We have seen cases where a child's SSI income caused ineligibility for the child care supplement when added to a mother's minimum wage earnings. We expect that to come up in a separate bill, and it is our hope that this committee will view that exemption with approval, as well.

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**ST. CROIX VALLEY DISABILITY COALITION**  
P. O. Box 161, Woodville, WI 54028 (715) 698-2382  
P. O. Box 185, Frederic, WI 54738 (715) 327-4233

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March 18, 1999

Representative Joe Plouff  
322 W Capitol Bldg.  
P. O. Box 8953  
Madison, WI 537008

Dear Representative Plouff:

The St. Croix Valley Disability Coalition is in complete accord with the principles described in AB 128.

We wish to express our support for this bill, as it certainly affects many families with which we work.

Sincerely,



Donna Fortin, Secretary  
St. Croix Valley Disability Coalition



State of Wisconsin  
Department of Public Instruction

Mailing Address: P.O. Box 7841, Madison, WI 53707-7841  
125 South Webster Street, Madison, WI 53702  
(608) 266-3390 TDD (608) 267-2427 FAX (608) 267-1052  
Internet Address: [www.dpi.state.wi.us](http://www.dpi.state.wi.us)

John T. Benson  
State Superintendent

Steven B. Dold  
Deputy State Superintendent

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March 23, 1999

Representative Joe Plouff  
P.O. Box 8953  
Madison, WI 53708

Dear Representative Plouff:

I have reviewed your proposed bill regarding school-sponsored work experience programs and its impact on W-2 family income determination.

The intent of the proposal is clear. I concur that families should not be penalized because their son or daughter is participating in a school-sponsored work experience program.

Please feel free to list the Department of Public Instruction as endorsing 1999 Assembly Bill 128.

Sincerely,

A handwritten signature in cursive script that reads "John T. Benson".

John T. Benson  
State Superintendent

# Joe Plouff



State Representative - 29th Assembly District

## Testimony in Support of AB 128

### Assembly Committee on Children & Families

March 24, 1999

Thank you Chairperson Ladwig and members of the Assembly Children and Families Committee for holding a public hearing today on AB 128. As you know, this bill exempts certain income earned by dependent or developmentally disabled children from consideration when determining financial eligibility for Wisconsin Works.

A constituent brought the need for this legislation to my attention late last session. My constituent had a W-2 waiver so she could attend to one of her three children, a six-year-old medically fragile child. At that time, my constituent's (other) 16-year old son was employed through a school-based work study program. In other words, the child was enrolled in school coursework that required his participation in the workforce.

Under current law, that child's income was counted as family income. As a result of the son's minimal earnings, this family's W-2 benefits would have been reduced by over \$600 per month. The situation forced the child to quit his job, as his income did not begin to approach that, which was lost. Thus, the child was penalized for wanting to work.

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Toll-free: 1-888-529-0029 • E-mail Address: Rep.Plouff@legis.state.wi.us  
Web Site: <http://www.legis.state.wi.us/assembly/asm29/asm29.html>

I introduced a bill last session (AB 848) to address that situation. That legislation was similar to AB 128, but narrower in scope, applying only to dependent children in school-based work programs.

AB 128 would exempt income earned by dependent children under the age of 18 and developmentally disabled children who are attending elementary, secondary or technical school when determining W-2 eligibility. In addition, this bill applies to all employment, rather than just employment within a school-sponsored work program

This bill will correct an unintended consequence. The basic purpose of W-2 is to encourage work values. No child should face the dilemma of harming his or her family economically by working.

Secondly, W-2 was designed to allow for a family's basic economic needs. Rarely do middle-class families require their children to work to help pay for food, rent and utility bills.

When my daughter Abbie gets her first job at the local grocery store or fast food restaurant, she will use her earnings to purchase items for herself. Yes, Madam Chair, Abbie will acquire the shade of lipstick the color of which has yet to be invented. She will then acquire that loud, unforgiving music that I as a parent will not even begin to understand. But she would have done so using her own money. In doing so, she will reinforce within herself the basic value of work.

Madam Chair and members of the Committee, my daughter Abbie, coming from a middle class family, will not be required to assist her family in meeting basic family needs. This legislation allows other children to have that same type of economic freedom. AB 128 allows a child an opportunity to earn money for casual spending, or if they choose, to help with family budgetary expenses. That is the incentive of work that all people need, regardless of their economic level. Children will learn the value of work.

In summary, AB 128 removes an unintended penalty on dependent or developmentally disabled children that wish to work. It also helps reinforce the value of work, which is central to the Wisconsin Works program.

I thank the committee for considering AB 128 and ask that you act favorably on this proposal. I will try to answer any questions that the committee members may have at this time.

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**DUNN COUNTY TRANSITION COUNCIL**

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March 23, 1999

State Representative Joe Plouff:  
State Capitol P.O. Box 8953  
Madison, WI 53708

Dear State Representative Plouff:

Thank you for contacting the Dunn/Pepin Transition Council in regard to your introduction of Assembly Bill 128 which exempts certain income earned by a dependent or developmentally disabled child from consideration in determining financial eligibility for Wisconsin Works (W-2).

As chair of this council, I contacted all of our members and have received only support for this legislation. It is obvious that by including the wages of the above-mentioned population in determining eligibility for programming, that the state is actually creating a disincentive for these individuals to work. However, by encouraging employment for dependent children, you will be promoting the development of a strong work ethic, self-sufficiency, and greater potential for earning potential.

We wish you success in passing this important legislation. We support your efforts on the behalf of W-2 families.

Sincerely,



Lavonne Solem, Chair  
Dunn/Pepin Council Transition Council

Milwaukee Journal Sentinel April 6, 1999

## Bill would exempt minors from welfare income rules

BY STEVEN WALTERS  
of the Journal Sentinel staff

Madison — The 16-year-old boy with a learning disability earned only about \$200 a month working in a Menomonie grocery store in a work-study job set up through his school and encouraged by school officials.

But even that small income jeopardized about \$600 in monthly W-2 benefits to his family, so the teenager had to quit his job.

That incident prompted a state lawmaker to sponsor a bill, which has started making its way through the Legislature, that would stop counting any money earned by minor children against a family's benefits.

Rep. Joe Plouff (D-Menomonie) said Monday he introduced the bill too late in the last legislative session for it to be acted upon. But a new version has already been approved by an Assembly committee this year, which gives it a better chance of becoming law.

**W-2  
WORK  
OR ELSE**

Plouff said the boy's situation was unique because his mother had been given a waiver that exempted her from W-2's work requirement so she could care for a younger child with a critical respiratory illness.

"I believe it's an unintended consequence of W-2," Plouff said of current rules that can penalize adult participants in Wisconsin Works, the state's work-based alternative to welfare, if their children under 18 work.

State officials said that as of December, only about 94 dependents of W-2 participants worked, and most did not earn enough to jeopardize family benefits.

The change being pushed by Plouff would cost the W-2 program about \$125,400 per year.

Plouff said teenagers who work should have a chance to spend what they earn on what they want, instead of having to give it to the parent or adult who cares for them as family income or to offset lost W-2 benefits.

"The basic purpose of W-2 is to encourage work values," the legislator said. "No child should face the dilemma of harming his or her family economically by working."

Sen. Gwendolynne Moore (D-Milwaukee) has promised to help push the bill in the state Senate, if it is passed by the state Assembly, Plouff said.

To become law, the bill must be approved by the Legislature's Joint Finance Committee, Assembly and Senate and by the governor. It was recommended on a 10-0 vote by the Assembly's Children and Families Committee, Plouff said.