

2003 Joint Committee on Audit

Wisconsin Works

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State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

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April 30, 2003

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Roessler and Representative Jeskewitz:

As you requested, we have summarized the major findings from our audits of the Wisconsin Works (W-2) program. Our first report was issued in February 1999 and the most recent in December 2002.

Our audits identified a number of significant findings that have resulted in programmatic changes and recoupment of unallowable expenditures. For example, we found:

- basing contractor profits on the level of unspent funds rather than on contractor performance allowed contractors to receive, in total, more than \$30 million in profits under the first implementation contract period from September 1997 through December 1999;
- Maximus, Inc., a private contractor serving Milwaukee County, spent \$139,000 on unallowable costs, such as entertainment for employees and donations to not-for-profit and other organizations, and an additional \$276,000 in questioned costs for items that appeared to be excessive or unreasonable;
- Employment Solutions, Inc., another private contractor serving Milwaukee County, spent more than \$306,000 on unallowable costs, including unsuccessful efforts to acquire a contract for administration of Arizona's welfare-to-work program;
- 46.7 percent of former W-2 participants were above the poverty level based on their 1999 income when the value of state and federal earned income tax credits was included in their income; and
- from September 1997 through March 2001 W-2 agencies issued 614 inappropriate sanctions that resulted in underpayments of \$115,792.

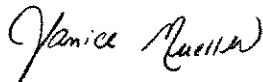
Our most recent report, which reviewed sanctions issued by W-2 agencies, recommended the Department of Workforce Development report to the Joint Legislative Audit Committee by

Senator Carol A. Roessler and
Representative Suzanne Jeskewitz, Co-chairpersons
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May 1, 2003, on its efforts to prevent the inappropriate sanctioning of W-2 program participants.
We are awaiting that report.

I hope you find this information helpful. Please let me or Paul Stuiber know if you have additional questions. Paul was the audit director in charge of our W-2 evaluations.

Sincerely,



Janice Mueller
State Auditor

JM/PS/bm

Enclosure

WISCONSIN WORKS (W-2)

W-2 is a time-limited employment assistance program that was created by 1995 Wisconsin Act 289 to help participants achieve economic self-sufficiency through employment. It replaced cash entitlements under Aid to Families with Dependent Children and took effect statewide in September 1997. W-2 participants, who are primarily women with dependent children, earn wages or receive cash grants and other program services based on their employment status. It was expected that caseloads would decline in the transition from Aid to Families with Dependent Children to W-2, but they did so much faster than had been projected. In three years, the decline was 50.9 percent, from 22,761 in September 1997 to 11,171 in September 2000.

To fulfill the requirement in s. 49.141(2g)(a), Wis. Stats., for a financial and performance audit of the W-2 program, we completed a series of reports begun in 1999. Our comprehensive report on the administration and effectiveness of W-2 was issued in April 2001. We also issued three unnumbered reports that reviewed administration of the program by 17 private and public agencies and the sanctioning of program participants by W-2 agencies. The following is a description of our major findings.

Wisconsin Works Expenditures (report 99-3)

In February 1999, we issued our first review of the W-2 program, which looked at first-year expenditures. W-2 is funded with federal grants and state general purpose revenue. During the first year of statewide program implementation, nearly half of the \$188.4 million in program expenditures funded cash benefits paid to W-2 participants working in community service and transitional jobs, employers who hired W-2 participants for subsidized trial jobs, and caretakers of infants 12 weeks of age or younger. Direct services accounted for 41.6 percent of program implementation expenditures, and administration accounted for 8.9 percent.

W-2 participants are placed in job categories based on their level of preparedness for employment. Most cash benefits were paid to participants in community service jobs, which are designed to improve employability and provide work experience and training. The monthly cash benefit for these jobs is \$673. Caretakers of infants 12 weeks of age or younger, who are not required to work outside the home, also receive benefits of \$673 per month. An additional 10 percent of cash benefit payments supported transitional jobs, which employ individuals who are unable to perform independent, self-sustaining work, and for which the monthly payment is \$628. Less than 1 percent of cash benefit payments supported trial jobs, for which employers receive subsidies and which may become permanent, unsubsidized positions.

W-2 contractors are responsible for providing program services to all eligible individuals, even if the cost of doing so exceeds contract values. In exchange, the State agreed to distribute any unspent funds to contractors as profits and as funds for community reinvestment. The \$188.4 million in reported first-year expenditures is 59.7 percent of the amount the State contracted to pay for program implementation. Contractors therefore earned a projected \$33.0 million in first-year profits, which they may use for any purpose, and \$47.2 million in community reinvestment funds, which must be used to provide additional services to low-income

individuals. The Department has the potential to retain \$47.2 million in program funds for use in any manner it determines appropriate in accordance with a state plan.

W-2 expenditures have been significantly lower than the contract budgets because caseloads have been significantly lower than anticipated. The contracts assumed 41,402 W-2 cases—which typically consist of a mother and one or more children—would receive cash benefits in September 1997; the actual statewide caseload of 23,182 was 56.0 percent of that amount. Twelve months later, in August 1998, W-2 caseloads were 28.7 percent of anticipated levels. They had declined by 55.2 percent statewide: outside Milwaukee County, the decline was 77.9 percent, while in Milwaukee County it was 46.7 percent.

Based on our findings, in future contracts the Department of Workforce Development amended the process by which contractors may financially benefit from program administration. Rather than basing bonus payments on the level of unspent funds, W-2 agencies must now meet a number of established performance objectives related to serving participants before they earn profits or community reinvestment funds.

Administration of W-2 by Selected Agencies (unnumbered reports)

In July 2000 we issued a report on the administration of the W-2 program by Maximus, Inc., and in February 2001 we issued a report on the administration of the program by Employment Solutions, Inc. (ESI), and 15 other W-2 agencies. These reviews were spurred by concerns raised by legislators and others about perceived inappropriate expenditures made by W-2 agencies. Of the 17 W-2 agencies we reviewed more closely, we found that two—Maximus and ESI—had made a substantial number of unallowable and questionable expenditures.

To address concerns about Maximus' administration of the W-2 program in Milwaukee, we reviewed time spent by its W-2 staff on projects outside of Wisconsin; its personnel practices; and the appropriateness of its W-2 program expenditures. We found that improved oversight of time reporting is needed, especially for Maximus staff who travel and work on out-of-state projects. From September 1997 through March 2000, 46 staff in the Milwaukee office also worked on other Maximus projects that were unrelated to W-2. In total, 724 hours for these staff were incorrectly billed to the W-2 program, resulting in overcharges of \$51,300.

In addition, we found that 72.7 percent of the selected accounting transactions we reviewed, which had resulted in charges of \$1.6 million to the W-2 program, lacked sufficient supporting documentation for reimbursement. We identified \$138,840 in unallowable costs and questioned an additional \$276,407 in expenditures charged to the W-2 program. In total, these costs represent 3.2 percent of all direct costs that were not related to staffing. Unallowable and questioned transactions include entertainment expenditures for Maximus employees; donations to various not-for-profit organizations; and expenditures that appear to be excessive or unreasonable. For example, we found that Maximus spent substantially more on advertising—\$1.1 million from 1997 through 1999—than other W-2 agencies did. At least some of these advertising costs appear to have promoted company interests rather than to have provided information to assist prospective W-2 program participants.

The Department of Workforce Development has provided inadequate guidance and oversight to Maximus and other W-2 agencies with which it has contracted. Therefore, our report included recommendations for the Department to improve its efforts in these areas. We also recommended that Maximus improve its accounting practices by better recording and documenting stated business purposes for W-2 expenditures.

In addition, we identified charges for out-of-state work and other unallowable and questioned expenditures by ESI that are similar to those we identified for Maximus. We identified \$270,268 in unallowable costs that were related to ESI's activities outside of Wisconsin but charged to the W-2 program. Most were related to unsuccessful efforts to acquire a contract for administration of Arizona's welfare-to-work program. Our findings suggest the extent of ESI's out-of-state activities was greater than the agency had indicated.

Among \$3.6 million in additional transactions for ESI, we identified \$35,899 in unallowable costs and questioned another \$61,234 in expenditures charged to the W-2 program. Unallowable and questioned transactions include expenditures for entertaining ESI employees, advertising, legal services, local hotel charges, and a variety of restaurant and other food charges.

We also reviewed staff performance incentives that were charged to the W-2 program by three agencies in 1999. ESI provided substantially higher incentives than the other agencies, partly because ESI had chosen to make a portion of employees' compensation contingent upon performance. ESI's incentives averaged \$9,635 each for the 84 employees receiving them. ESI's chief executive officer received a total of \$61,645 in 1999; that amount reflects incentive payments for performance in 1998 and 1999. Finally, we identified \$12,604 in unallowable costs and \$114,487 in questioned costs made by six other W-2 agencies.

As a result of these reviews, both Maximus and ESI were required to reimburse the State for the unallowable costs they charged to the W-2 program. In addition, ESI chose to discontinue its participation in the program beginning January 2002. The remaining four private W-2 agencies in Milwaukee have assumed responsibility for ESI's participant caseload.

Comprehensive Evaluation of the W-2 Program (report 01-7)

Our most comprehensive evaluation of the W-2 program was released in April 2001. It included a review of numerous aspects of the program, including success in assisting participants to become self-sufficient; the extent to which participants are returning to the program; and the number and amount of sanctions imposed on participants.

We reviewed the income of all participants who left the program in the first quarter of 1998 and matched this population with those who filed 1999 Wisconsin income tax returns. Of these 2,129 individuals, approximately two-thirds filed tax returns. Their reported incomes averaged \$11,988. When only this income is considered, 33.8 percent of these filers were above the federal poverty level for their respective family size, while 66.2 percent were below it. However, the incomes of many of those who filed 1999 tax returns were enhanced by receipt of state and federal earned income tax credits. If the value of these credits is included, 46.7 percent of former

W-2 participants were above the federal poverty level in 1999. Those who did not file tax returns presumably were not required to do so based on their limited incomes, because they were no longer Wisconsin residents, because they became eligible for Supplemental Security Income, or because they were supported by a spouse or other adult in the household.

Despite the significant decline in caseloads, there are indications that at least a portion of former participants are returning to W-2. By July 2000, 26.1 percent of the 2,129 former participants who had left the program during the first three months of 1998 participated again in reopened cases. Of the 555 cases that were reopened, 409, or 73.7 percent, returned in a subsidized job placement; 146, or 26.3 percent, returned in an unsubsidized placement in order to receive case management services.

In July 2000, when Milwaukee County accounted for 85.2 percent of all returning participants statewide, 42.4 percent of all Milwaukee County participants were returning participants. Two years earlier, only 2.7 percent of Milwaukee County participants had been returning participants.

W-2 agencies exercise considerable discretion in sanctioning participants' cash benefits if they miss work or fail to participate in a required activity without good cause. Overall, the percentage of participants sanctioned has decreased from 31.4 percent of the statewide caseload in October 1999 to 21.1 percent in December 2000. However, in Milwaukee County the sanction rate has consistently been approximately 10 percentage points higher than in the balance of the state, and four of the five agencies serving Milwaukee County sanctioned more than 20 percent of participants receiving cash assistance from October 1999 through December 2000.

Although W-2 was designed to provide flexibility in local program administration, the wide variation in the number and amount of sanctions imposed has raised concerns about the equitable treatment of participants. Further, we found several instances of sanctions being inappropriately applied: at least 35 participants who were new mothers were inappropriately sanctioned from July through December 2000 because of errors made by local W-2 agencies. Maximus and Employment Solutions, two private agencies that serve portions of Milwaukee County, issued the largest inappropriate sanctions against new mothers, which amounted to more than one-third of these participants' full monthly benefits of \$673.

We also identified a number of issues likely to affect the future success of the program, including developing strategies to increase former W-2 participants' incomes above the poverty level, addressing the needs of returning participants, and responding to the downturn in the economy. In addition, we identified several other issues that would warrant legislative consideration: whether to modify proposed performance standards for the next contracts with W-2 agencies; how best to address the needs of participants who are nearing the time limits established for receipt of services; how to ensure all contract funds are spent appropriately; and whether to consolidate contracts in Milwaukee County in order to improve performance and provide administrative efficiencies.

Sanctioning of W-2 Participants (unnumbered report)

Our last report, which was issued in December 2002, focussed on efforts to address the inappropriate sanctioning of W-2 participants. Specifically, we reviewed the processes used by the Department of Workforce Development and W-2 agencies to sanction W-2 program participants.

We reviewed statewide data on sanctions issued by W-2 agencies and found that the overall rate at which participants are sanctioned has declined from 31.4 percent of the statewide caseload in October 1999 to 20.0 percent in October 2002. However, Milwaukee County W-2 agencies continue to sanction at rates higher than other agencies.

We found the Department has taken reasonable and appropriate steps to remedy problems associated with the inappropriate sanctioning of W-2 participants. However, a significant number of errors persist. For example, although W-2 agencies identified 614 inappropriately sanctioned cases from September 1997 through March 2001 that resulted in underpayments of \$115,792, we estimate that W-2 agencies made errors in assessing the appropriateness of sanctions imposed for an additional 127 cases, which also resulted in underpayments. Furthermore, we estimate that sanction policy was applied incorrectly without resulting in underpayments for an additional 320 cases. The timeliness of W-2 agency reviews of inappropriate sanctions is also a concern. We found that W-2 agencies had not yet reviewed 168 of the 263 potentially inappropriate sanctions issued since April 2001; half of these were issued before November 2001.

Our report included a series of recommendations to address the ongoing problems we identified, including a recommendation for the Department to report to the Joint Legislative Audit Committee by May 1, 2003, on its progress in addressing these concerns.

Legislative Audit Bureau Recommendations
Wisconsin Works Program

Report 01-7
April 2001

However, to ensure that DWD has the authority to exercise meaningful discretion in awarding the right of first selection under future contracts, we recommend the Department of Workforce Development proceed as it has proposed and include provisions in all future contracts that allow it to revoke the right of first selection for any agency that fails to comply with established rules and regulations, including those specified in its financial and policy management manuals.

In order to ensure that the full extent of inappropriate sanctioning by W-2 agencies is known and remedied, and that actions are taken to ensure it will not happen in the future, we recommend the Department of Workforce Development report to the Joint Legislative Audit Committee by September 1, 2001, on:

- the results of its review related to all inappropriate sanctions imposed since the start of the W-2 program, including the number of participants sanctioned, the amounts of the sanctions imposed, and the agencies that imposed the sanctions;
- its plans to compensate participants who have been inappropriately sanctioned;
- the procedures it will employ to prevent W-2 agencies from imposing inappropriate sanctions in the future; and
- how it plans to monitor W-2 agencies to ensure that inappropriate sanctions have not been imposed or have been appropriately remedied if they were imposed.

DWD officials indicate that data concerning trial jobs are limited because the small number of W-2 participants in trial jobs made other data needs a higher priority. Nevertheless, the available data suggest that trial jobs may be an effective component of the W-2 program. In addition, if the economy slows, trial jobs may be needed to encourage private companies to provide job placements for W-2 participants. Therefore, we recommend the Department of Workforce Development:

- begin to collect and analyze data on the wages of all trial jobs participants;
- ensure that these individuals are being paid at least the minimum wage, as required by statute; and
- determine the wages paid to all former trial job participants when they first enter unsubsidized employment.

To ensure DWD requires W-2 agencies to meet relevant performance standards in order to receive any bonus funds that may be included under future contracts, and to further ensure that the standards developed are directly linked with the W-2 program's overall, long-term goal of enabling participants to become self-sufficient, we recommend the Department of Workforce Development report to the Joint Legislative Audit Committee by May 31, 2001, on:

- the extent to which it will incorporate all of the modifications suggested by the Co-chairs of the Joint Legislative Audit Committee into the next W-2 contract's performance standards;
- its rationale for not incorporating any of the suggested modifications it may choose not to adopt; and
- whether standards that better measure the extent to which those in unsubsidized jobs are successful in attaining self-sufficiency will be developed and implemented.

In addition, without this information neither DWD nor W-2 agencies can make informed decisions regarding requests for extension of program services. Therefore, we recommend the Department of Workforce Development revise its data collection procedures to ensure that:

- the type and severity of barriers to employment faced by individual participants are more completely documented; and
- these data are regularly compiled and reviewed by DWD staff.

Over the next several years, it is unclear how many individuals will be placed in the position of seeking extensions to their 60-month limit on lifetime eligibility. Although fewer than 225 participants are likely to be affected by this limit by the end of 2001, the manner in which the initial cases are addressed will establish the pattern for how others are dealt with. Therefore, we recommend the Department of Workforce Development report to the Joint Legislative Audit Committee by September 1, 2001, on:

- the number of participants for whom W-2 agencies have requested, or by the end of 2001 are likely to request, extensions to the 60-month time limit, as well as the W-2 agencies currently serving these participants;
- the characteristics of participants, or the specific circumstances they face, that have led to the requests for extensions;
- how individual W-2 agencies plan to assess and respond to these requests; and
- the procedures the Department will use in determining which requests for extensions it plans to review and whether it intends to provide guidance or set specific parameters for the length of time for which extensions will be granted.



WISCONSIN LEGISLATIVE AUDIT BUREAU AUDIT SUMMARY

Report 01-7

April 2001

WISCONSIN WORKS (W-2) PROGRAM

The Wisconsin Works program, more commonly known as W-2, was created by 1995 Wisconsin Act 289 to help participants achieve economic self-sufficiency through employment. It took effect statewide in September 1997. W-2 participants, who are primarily women with dependent children, earn wages or receive cash grants and other program services based on their employment status. Through September 2000, program costs—which are funded by state general purpose revenue and federal Temporary Assistance for Needy Families block grant funds—totaled \$710.4 million.

Program participants receive services from counties, private agencies, and tribes under the terms of contracts signed with the Department of Workforce Development (DWD). W-2 participants are assigned to either subsidized or unsubsidized placements, based upon their level of preparedness for employment, and are eligible to receive program services that are intended to assist them in finding or retaining employment, increasing their skills or wages, and overcoming barriers to employment.

The 1999 Incomes of Most Former Participants Were Below the Poverty Level

It was expected that caseloads would decline in the transition from Aid to Families with Dependent Children to W-2, but they did so much faster than had been projected. In three years, the decline was 50.9 percent, from 22,761 in September 1997 to 11,171 in September 2000.

We reviewed the income of all participants who left the program in the first quarter of 1998 and matched this population with those who filed 1999 Wisconsin income tax returns. Of these 2,129 individuals, approximately two-thirds filed tax returns. Their reported incomes averaged \$11,988. When only this income is considered, 33.8 percent of these filers were above the federal poverty level for their respective family size, while 66.2 percent were below it. However, the incomes of many of those who filed 1999 tax returns were enhanced by receipt of state and federal earned income tax credits. If the value of these credits is included, 46.7 percent of former W-2 participants were above the federal poverty level in 1999. Those who did not file tax returns presumably were not required to do so based on their limited incomes, because they were no longer Wisconsin residents, because they became eligible for Supplemental Security Income, or because they were supported by a spouse or other adult in the household.

Participants Are Returning to the Program for Assistance

Despite the significant decline in caseloads, there are indications that at least a portion of former participants are returning to W-2. By July 2000, 26.1 percent of the 2,129 former participants

-over-

who had left the program during the first three months of 1998 participated again in reopened cases. Of the 555 cases that were reopened, 409, or 73.7 percent, returned in a subsidized job placement; 146, or 26.3 percent, returned in an unsubsidized placement in order to receive case management services.

In July 2000, when Milwaukee County accounted for 85.2 percent of all returning participants statewide, 42.4 percent of all Milwaukee County participants were returning participants. Two years earlier, only 2.7 percent of Milwaukee County participants had been returning participants.

The Number and Amount of Sanctions W-2 Agencies Impose Vary Substantially

W-2 agencies exercise considerable discretion in sanctioning participants' cash benefits if they miss work or fail to participate in a required activity without good cause. Overall, the percentage of participants sanctioned has decreased from 31.4 percent of the statewide caseload in October 1999 to 21.1 percent in December 2000. However, in Milwaukee County the sanction rate has consistently been approximately 10 percentage points higher than in the balance of the state, and four of the five agencies serving Milwaukee County sanctioned more than 20 percent of participants receiving cash assistance from October 1999 through December 2000.

Although W-2 was designed to provide flexibility in local program administration, the wide variation in the number and amount of sanctions imposed has raised concerns about the equitable treatment of participants. Further, we found several instances of sanctions being inappropriately applied: at least 35 participants who were new mothers were inappropriately sanctioned from July through December 2000 because of errors made by local W-2 agencies. Maximus and Employment Solutions, two private agencies that serve portions of Milwaukee County, issued the largest inappropriate sanctions against new mothers, which amounted to more than one-third of these participants' full monthly benefits of \$673.

A Number of Issues Warrant Legislative Consideration

Developing strategies to increase former W-2 participants' incomes above the poverty level, addressing the needs of returning participants, and responding to a possible downturn in the economy will all be important to ensuring the future success of the W-2 program. In addition, several other issues will warrant legislative consideration: whether to modify proposed performance standards for the next contracts with W-2 agencies; how best to address the needs of participants who are nearing the time limits established for receipt of services; how to ensure all contract funds are spent appropriately; and whether to consolidate contracts in Milwaukee County in order to improve performance and provide administrative efficiencies.

Summary of W-2

- Created by 1995 Wisconsin Act 289, took effect statewide Sept. 1997
- Designed to help participants achieve economic self-sufficiency through employment
 - o Women, the primary W-2 participants, are not entitled to cash benefits as they would have been under AFDC
 - o Instead, women earn wages or receive cash grants and services based on employment status
 - o Participants receive services from counties, private agencies, and tribes if they meet these eligibility requirements:
 - Family gross income is at/below 115% of federal poverty level (\$16,825 for family of three)
 - Family's assets are at/below \$2,500 (excluding home and the combined equity of vehicles valued at up to \$10,000)
- Through Sept. 2000, W-2 program costs = \$710.4 million
 - o Funded by state general purpose revenue & TANF block grant funds
- This is 6th and last report in this series of W-2's effectiveness

W-2 Participant Placement

- Either subsidized/unsubsidized depending on their level of preparedness for employment

Subsidized placements:

- o Transitional placements for participants who cannot perform independent work
monthly cash grant \$628
- o Community service jobs for participants able to perform some job duties, expected to move into trial jobs/unsubsidized employment
monthly cash grant \$673
- o Trial jobs may become permanent and unsubsidized, worker earns at least state or federal min. wage
employer receives subsidy of \$300 or less for each full-time participant
- o Custodial Parents of infants 12 weeks or younger are not required to work
monthly cash grant \$673
- ✓ The caseloads declined from AFDC to W-2 faster than expected, from 1997-2000; the decline was 50.9%.
- ✓ The most significant decline has been in the subsidized job categories.

- Restricted profits “community reinvestment funds” = \$83.4 million spent on TANF eligible persons (income is below 200% of federal poverty level, \$29,260 for family of 3) by expanding services and supplementing agency budgets under current implementation contracts.

DWD's and Legislature's Response to Remaining Funds

- DWD developed seven performance standards for current contract period to ensure monetary incentives are related to performance rather than level of unspent funds.
- DWD and Legislature reduced funds in the current contract period due to the decline in expected caseloads.

Current W-2 Contracts (1/1/00-12/31/01) Total	\$369.3 million
Available for local agencies as performance bonuses	\$25.9 million

- ✓ (March 2001) DWD announced all but 2 agencies (Bayfield and Menominee counties) were meeting/exceeding base-level performance measures.

Evaluating W-2's effectiveness

- Reviewed income of all participants who left the program in the first quarter of 1998, and matched this population with those who filed 1999 WI income tax returns.

1998, first quarter of this group	2,129 participants left program
average income	64.7% filed 1999 tax returns
	\$11,988

(These figures do not include the 1/3 of participants who did not file):

Based on income alone (1999)
 66.2% were below federal poverty level
 33.8% were above federal poverty level

Including WI and federal income tax credits (1999)
 46.7% were above federal poverty level

- ✓ W-2 participants who received only case management services before obtaining unsubsidized employment reported the highest average incomes.

Participants Returning to W-2

- DWD officials say that the rate at which persons return to the program is not necessarily indicative of its success rate since the goal is to encourage employment.

However, returnees provide information that helps to assess program effectiveness. The profile of returnees may help address participant needs.

July 2000 26.1% of 2,129 former participants in first 3 months in 1998 participated again in reopened cases

- o 73.7% returned to a subsidized job placement.
- o 26.3% returned to unsubsidized placement to receive case management services

85.2% of all returning participants inhabit Milwaukee
(1998) 2.7% of Milwaukee's participants are returning participants
(2000) 42.4% of Milwaukee's participants are returning participants

Rest of state
Returning participants increased from 9.7% to 25%.

Sanctions Imposed on Participants

W-2 agencies sanction participants' cash benefits if they miss work or fail to participate in a required activity w/o a good cause.

- ✓ Statewide Sanctions have decreased
- 31.4% of caseload (Oct. 1999) to
21.1% of caseload (Dec. 2000)

In Milwaukee, the sanction rate has been 10 percentage points higher than in the balance of the state.

Concern: W-2 agencies have flexibility to modify services and the manner in which they are provided. There is a wide variation in the number of sanctions. Are participants being treated equally?

- 35 parents who were custodial parents of infants were inappropriately sanctioned due to W-2 agency errors (July-Dec. 2000)
- Maximus & Employment Solutions, serving Milwaukee and Brown counties, issued largest inappropriate sanctions to new mothers, representing more than 1/3 of these participants' monthly \$673.

Program Participants may follow a fact-finding and repeal process if they wish to have their eligibility or benefit decisions reviewed.

~50% are in the favor of agency

90% of fact-finding requests are issued by Milwaukee participants

Both the agency and the petitioner may file appeal a fact-finding decision.

69.9% of the time, the Department of Administration's Division of Hearings and appeals decided in favor of participant

78.7% were Milwaukee County cases found in favor of participant compared to 50.1% for state balance

✓ This may suggest that hearing officers believed fact-finding decisions have incorrectly favored the W-2 agencies more often in Milwaukee County than elsewhere in the state.

Time Limits

The action agencies were taking regarding participants who were approaching WI and federal time limits was investigated.

W-2 limits:

24-month period within the 3 types of job categories

60-month lifetime limit on program be

✓ Agencies varied on how widely they requested extensions for participants.
Milwaukee requested 13.6% extensions
Rest of WI requested 53.6% extensions

Challenges facing DWD and Legislature

- Overseeing the complex administration of the program in Milwaukee, which has the highest caseload and number of agencies providing services.

The PIC of Milwaukee County has been paid \$5.7 million to provide oversight services.

However, local agencies have been critical of its performance.

Until recently, DWD provided PIC with little direction in fulfilling its responsibilities.

The Governor's 2001-03 budget includes \$500,000 annually to continue to fund PIC's overseeing services, plus another \$500,000 annually for unspecified monitoring activities by the DWD or private contractors.

✓ The Legislature will need to determine the amount of funding it wishes to appropriate for monitoring and oversight responsibilities, and the role of the DWD in ensuring effective use of these funds.

Other Legislative Issues:

- ✓ Whether to modify proposed performance standards for the (Jan. 2002- Dec.2003) contracts with W-2 agencies, to effectively insure performance based bonuses.
- ✓ If the challenges posed by participants with barriers to employment (limited employment, substance abuse, ect.) are being adequately addressed.
- ✓ How to address needs of participants approaching the time limit
- ✓ Developing strategies to ensure all contract funds are spent appropriately
- ✓ Ensuring all participants are aware/ have access to other programs (food stamps, etc.)
- ✓ Determine if the contracts to administer W-2 in Milwaukee should be consolidated to improve performance and encourage efficiency.
- ✓ How to assist those who have entered the work force but remain in poverty to become fully self-sufficient.

TUESDAY
DECEMBER 16, 2003

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THE POST-CRESCENT

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AREA NEWS IN BRIEF

FROM P-C SERVICES

Shooting victim still in critical condition

A 41-year-old Neenah man who was accidentally shot by a deer hunter Sunday remains in critical condition.

Robert B. Keepers is being treated at Theda Clark Medical Center in Neenah. He was shot in the chest about 2:30 p.m. Sunday while he was cutting tree branches along Win-

The Associated Press

MADISON - The

number of people getting cash assistance from Wisconsin's welfare-to-work program hit 11,552 in October, the highest level since the program went started in 1998, state officials said Monday.

The Department of Workforce Development has asked the Legislature's budget committee to ap-

State agency asking for \$2M from Joint Finance

2003

prove an additional \$2 million in federal funds for the program to meet the caseload needs and cushion the blow of a reallocation of funds implemented earlier this year.

The Joint Finance Committee was expected to take up the request today. "As the economy has

gotten worse, our W-2 caseload has gone up," DWD spokeswoman Rose Lynch said.

W-2 requires adults to work or get job training in exchange for a check and subsidized child care. It has a five-year lifetime limit on receiving cash benefits. The state contracts with

counties, nonprofit agencies and other entities to implement the program at the local level.

W-2, which replaced the Aid to Families with Dependent Children program, is funded through a combination of state and federal money. It went into effect in April 1998 with a

caseload of 11,208, Lynch said. In January 2001, the W-2 cash assistance caseload was 6,679.

The two-year state budget, signed into law this summer, cut \$2.7 million from the program to help deal with the state's \$3.2 billion deficit.

January ..
February ..
March ..
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September ..
October ..

State panel nixes W-2 pilot funds

Self
PC
12-17

Initiative pegged \$19.8M for transitional job program

The Associated Press

MADISON — The legislative Joint Finance Committee voted Tuesday to yank funding for Wisconsin's experimental transitional job initiative, dealing a setback to Gov. Jim Doyle's plan for the state's pioneering welfare-to-work program.

The Republican-controlled committee voted 12-4 to approve a motion by committee vice-chair state Rep. Mike Huebsch to remove the \$19.8 million earmarked for pilot programs in Milwaukee and Fond du Lac counties.

Huebsch, R-West Salem, said the state can't afford to create a new bureaucracy to run the pilot programs when Wisconsin Works, or W-2, faces a \$100 million deficit in the state budget that begins July 1, 2005.

"It's just irresponsible to be spending this money," Huebsch said.

On Monday, the state Department of Workforce Development reported the number of people getting cash assistance from W-2 hit 11, 552 in October, the

WISCONSIN Budget

highest level since the program started in 1998.

The motion next goes to the governor for approval. He can veto all or part of it.



Huebsch
Committee
vice-chairman
says W-2
spending plan
is irresponsible

The 16-member finance committee can override the veto with 10 votes, said Don Nelson, communications director for Rep. Dean Kaufert, R-Neenah, committee co-chairman.

The governor should get the measure by early next week, Nelson said.

Doyle spokesman Dan Leistikow told the Milwaukee Journal Sentinel that the committee's action was short-sighted. He said officials would see if there was a way to keep the program on track for an April start.



DEC 23 2003

Senate Majority Leader
MARY E. PANZER

Wisconsin State Senate • 20th District

December 19, 2003

Senator Carol Roessler
Co-Chair
Joint Legislative Audit Committee
8 South, State Capitol
INTER-DEPARTMENTAL

Representative Sue Jeskewitz
Co-Chair
Joint Legislative Audit Committee
314 North, State Capitol
INTER-DEPARTMENTAL

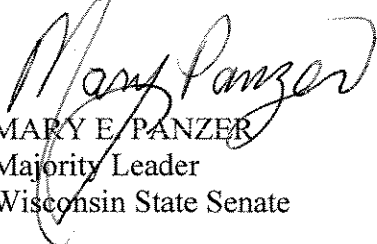
Dear Senator Roessler and Representative Jeskewitz,

I am requesting as Co-chairs of the Joint Legislative Audit Committee that you require a comprehensive audit of the Opportunities Industrialization Center of Greater Milwaukee (OIC) as it pertains to their dealings with the State of Wisconsin.

As you know, allegations have been launched that involve the OIC. The allegations include financial irregularities related to fees paid by OIC. As OIC is one of the major agencies operating the welfare-to-work program, I feel it is legitimate for the state to engage an audit into the organization.

If you have any questions regarding this request, please feel free to contact me.

Sincerely,


MARY E. PANZER
Majority Leader
Wisconsin State Senate

MEP/kmr

Wisconsin State Journal December 23, 2003

Lawmakers aim to keep jobs in U.S.

Two Democratic lawmakers proposed legislation Monday requiring state agencies to contract only for services performed in the United States.

State Sen. Judy Robson of Beloit and Rep. Mark Pocan of Madison dubbed their proposal the "American Jobs Act" and said it's aimed at preventing some job losses to foreign countries.

Citicorp Electronic Financial Services issues the Quest debit

cards that replaced food stamps in Wisconsin, Robson noted. Citicorp hired customer service representatives in India and Mexico to answer questions by telephone about the cards.

Pocan also pointed to Green Bay's loss of taxpayer-supported jobs last year when eFunds Corp. moved its call center to India. New Jersey contracts with eFunds to provide customer service for one of its state programs, he said.

"When the Legislature takes up regulatory reform in January, there will be talk of the importance of creating new jobs in Wisconsin," Pocan said. "The 'American Jobs Act' is not only about job creation, but also job retention."

"It is especially egregious," Robson said, "when the jobs being exported are government contract jobs that are paid for by taxpayers."

— Scott Milfred

Wisconsin State Journal December 30, 2003

Republican lawmaker Darling wants W-2 audit

By Todd Richmond
Associated Press

MADISON — A Republican lawmaker wants to launch a sweeping audit of Wisconsin Works, saying legislators need fresh data on the state's pioneering welfare-to-work program.

The last audit of Wisconsin Works, or W-2, was finished in April 2001, state Sen. Alberta

Darling said in a letter Monday to Joint Legislative Audit Committee co-chairs Sen. Carol Roessler and Rep. Suzanne Jeskewitz. The letter formally requests another review.

"Alberta just wants to make sure nobody's in the dark as to the success and failures of W-2," Darling spokesman Tom Petri said. "A new snapshot is what the senator is after."

W-2 has come under intense

criticism from Republican lawmakers in recent weeks.

Darling, a finance committee co-chair, said in her letter she wants the audit bureau to focus on several areas of W-2, including:

- ◆ Administrative spending.
- ◆ Cost and effectiveness of training participants.
- ◆ Whether DWD has prop-

erly penalized contractors who violate program rules.

◆ Whether contractors have properly penalized participants who break program rules.

◆ Caseload trends, including how successful DWD has been in reducing the number of people who receive cash assistance.

◆ Program management, including DWD oversight of contractor spending.

Alberta Darling
Wisconsin State Senator
Co-Chair, Joint Committee on Finance

DEC 29 2003

December 29, 2003

Honorable Senator Carol Roessler
Co-Chair, Joint Legislative Audit Committee
8 - South, State Capitol

Honorable Representative Suzanne Jeskewitz
Co-Chair, Joint Legislative Audit Committee
314 - North, State Capitol

Dear Senator Roessler and Representative Jeskewitz:

After various meetings, recent media coverage, and a review of other data, I am formally requesting an audit of the Wisconsin Works (W-2) program, which is administered by the Department of Workforce Development (DWD). Several years ago, the Legislative Audit Bureau conducted a series of audits on the W-2 program. The most recent was issued in April 2001. It has been almost three years since an objective external reviewer has evaluated the W-2 program. During that time, the program has undergone a number of significant changes, especially in Milwaukee County.

Given recent developments and the fact that reliable information on the W-2 program is now outdated, I believe an audit is warranted. Specifically, I would ask the Audit Bureau to focus its review on the following areas:

- State and local administrative costs, including a review of the level and appropriateness of these expenditures;
- Program sanctions, including the extent to which DWD has been successful in reducing the inappropriate sanctioning of W-2 participants;
- The cost and effectiveness of training program participants with the greatest barriers to employment;
- Trends in participant caseloads, including the extent to which DWD has been successful limiting cash assistance caseloads by assisting former participants to maintain their employment; and
- DWD's progress in implementing the Audit Bureau's prior recommendations to improve program management, including improving oversight of contractor spending.

I believe an audit focusing on these areas would be appropriate to address many of the concerns legislators may have with the operation of the W-2 program. Thank you for your time and attention to this matter. I look forward to working with each of you and I am happy to answer any questions that you may have.

Sincerely,


ALBERTA DARLING
State Senator

Capitol Office: P.O. Box 7882 • Madison, Wisconsin 53707-7882 • Phone: 608-266-5830 • Fax: 608-267-0588 • Toll-free: 1-800-863-1113

District Office: N88 W16621 Appleton Avenue • Menomonee Falls, Wisconsin 53051

Email: Sen.Darling@legis.state.wi.us • Web page: www.legis.state.wi.us/senate/sen08/news/

The Capital Times December 30, 2003

Audit of W-2 sought

GOP senator outlines topics

By Anita Weier

The Capital Times

State Sen. Alberta Darling, R-River Hills, has requested a state audit of the Wisconsin Works welfare reform program, also known as W-2.

"It has been almost three years since an objective external reviewer has evaluated the W-2 program," which has changed significantly since then, Darling said.



Darling

The state Department of Workforce Development administers the program. Rose Lynch, communications director for DWD, said Monday that the department would cooperate fully with an audit.

Darling — in a letter to the co-chairs of the Legislature's Joint Audit Committee — specifically asked that the Audit Bureau focus on:

- State and local administrative costs, including a review of the level and appropriateness.

- Program sanctions, including the extent to which DWD has been successful in reducing inappropriate sanction of program participants.

- The cost and effectiveness of training participants with the greatest barriers to employment.

- Trends in participant caseloads, including the extent to which DWD has been successful in limiting cash assistance caseloads by helping former participants stay employed.

- DWD's progress in implementing the Audit Bureau's prior recommendations to improve program management, including oversight of contractor spending.

"I believe an audit focusing on these areas would be appropriate to address many of the concerns legislators may have with the operation of the W-2 program," Darling wrote.

Several Republican legislators have criticized DWD Secretary Roberta Gassman, especially regarding a proposed pilot transitional jobs program that Assembly Speaker Rep. John Gard, R-Peshtigo, says subverts the intent of the program to shift people into full-time private sector work.

The Joint Finance Committee cut funding for that pilot program in December, because a shaky economy had the state facing a \$100 million gap in funding for temporary assistance for needy families programs — including W-2 — as of July 1, 2005.

Gassman, however, intends to provide more information to the Finance Committee in the hope that members will change their minds about the transitional jobs pilot program, which was scheduled to begin in April 2004.

"We don't consider transitional jobs to be out of the picture yet," Lynch said.

Other legislators have said Gassman did not take sufficient action on economic development and employment, and she was accused of sending a plan to Gov. Jim Doyle to increase the minimum wage without the approval of the Legislature.

Additionally, Sen. Dale Schultz, R-Richland Center; Rep. Steve Freese, R-Dodgeville; and Sheryl Albers, R-Reedsburg, asked Doyle to fire Gassman because she shifted millions of dollars of W-2 money from rural areas to Milwaukee, an allocation Gassman said was based on need.

E-mail: aweier@madison.com

New W-2 audit sought after program cuts

APC
12/30/03

Lawmaker calls for fresh look at welfare plan amid criticism

The Associated Press

MADISON — A Republican lawmaker wants to launch a sweeping audit of Wisconsin Works, saying legislators need fresh data on the state's pioneering welfare-to-work program.

The last audit of Wisconsin Works, or W-2, was finished in April 2001, state Sen. Alberta Darling said in a letter Monday to Joint Legislative Audit Committee co-chairs state Sen. Carol Roessler, R-Oshkosh, and state Rep.

Suzanne Jeskewitz, R-Menomonee Falls. The letter formally requests another review.

"Alberta just wants to make sure nobody's in the dark as to the success and failures of W-2," Darling spokesman Tom Petri said. "A new snapshot is what the senator is after."

W-2 has come under intense criticism from Republican lawmakers in recent weeks.

Several GOP legislators from southwestern Wisconsin demanded Gov. Jim Doyle fire Department Workforce Development secretary

Roberta Gassman in September after the agency decided to cut \$13.8 million from W-2 providers around the state and funnel \$11.2 million to Milwaukee contractors.

The legislative Joint Finance Committee in December transferred \$1.9 million in bonus federal funding to state contractors, ending the dust-up.

The committee that same day voted to end \$19.8 million in funding for W-2's ex-

On the Web

Department of Workforce Development

www.dwd.state.wi.us/default.htm

perimental transitional jobs program. The experimental project would have subsidized private employers for hiring program participants for six months. Committee vice-chairman state Rep. Mike Huebsch, R-West Salem, said the state could-

n't afford the project.

Roessler said the earliest she could meet with Jeskewitz to discuss Darling's request would be the end of January. The request depends on the audit bureau's workload, she said.

"I do think it has merit," Roessler said of Darling's request. "This is a constantly changing arena."

Rose Lynch, a spokeswoman for the Department of Workforce Development, which administers W-2, said the agency would welcome an audit.

"We will fully cooperate," she said.

W-2 was one of the first and most aggressive programs of its kind in the nation. It ended guaranteed cash assistance for poor families and required recipients to work in exchange for benefits. DWD contracts with counties and other agencies to run W-2 locally.



Darling



Roessler



Jeskewitz

Milwaukee Journal Sentinel January 7, 2004

W-2 firm under close watch

Fate of agency's contract lies in findings of state audit, monitor

By **STEVE SCHULTZE**
sschultze@journalsentinel.com

In an unprecedented move, the state has placed a private Milwaukee agency that helps administer the Wisconsin Works welfare-reform program under extra scrutiny to determine whether it can keep its \$79 million contract.

This week, the Opportunities Industrialization Center of Greater Milwaukee began operating under the daily on-site watch of Bettie Rodgers, who formerly administered the W-2 program for the state.

"The state has the right to feel comfortable about how its money is spent."

Richard Porter, chairman of the Opportunities Industrialization Center's board of directors

center funds through kickbacks from the center's attorney.

"The purpose of an auditor and a monitor is to make a decision on whether or not the contract should continue," said Dan Leistikow, a spokesman for Doyle.

The agency has not been accused of wrongdoing in connection with the George indictment, and center officials have denied any improprieties.

OIC became the state's largest W-2 provider this week, as its new \$79.2 million 2004-'05 contract took effect and the agency became responsible for a larger portion of the Milwaukee County caseload. For the first six years of the W-2 program, OIC had state contracts totaling \$247 million.

The agency operates a variety of social service and job-training programs, but its W-2 contract is by far OIC's largest funding source.

Rodgers headed the state division that oversees the W-2 program from last March through the end of 2003. An attorney and social worker by training, Rodgers was selected as OIC monitor because of her familiarity with W-2 and the Milwaukee community, said Richard.

Rodgers will serve as OIC monitor for at least one year. Her \$75,000 consultant fee will be paid by OIC, which will not get any additional state money to cover the cost, according to an amendment added to OIC's W-2 contract with the state. OIC also will use its W-2 money to pay for a special auditor, who will be selected in the next couple of months, Richard said.

The contract amendment requires OIC to cooperate in the state probe, as well as "any other government's investigation into issues including, but not limited to, payments to former Sen. Gary George, attorney Mark Sostarich and members of the George family." Federal prosecutors have continued their investigation of George.

Sostarich kicked back part of the fees he collected from OIC to George, who had been an advocate for the agency, according to the George indictment. Sostarich has agreed to plead guilty to a felony con-

...cont. next page

Milwaukee Journal Sentinel January 7, 2004

...cont. from prev. page

spiracy charge in connection with the kickback allegations, according to the indictment.

"The state has the right to feel comfortable about how its money is spent," said Richard Porter, chairman of OIC's board of directors.

W-2 is funded with a combination of federal and state money.

Porter said the center was used to having its work for the state scrutinized. "It's not new to us, and we are not afraid of it," Porter said. "The sooner people have the same sense of confidence (that OIC officials have in the agency), the better."

Porter also said he had no objection to another state audit of OIC that's been requested by several state legislators. That review, by the Legislative Audit Bureau, is all but certain to be approved, said Sen. Carol Roessler (R-Oshkosh), co-chairman of the Legislature's Joint Audit Committee.

Roessler and Rep. Sue Jeske-

witz (R-Menomonee Falls), the other committee co-chair, will meet later this month with state Auditor Jan Mueller to determine the timing and the scope of that review. It's likely to include a separate probe of OIC, as well as a broader review of the state's landmark welfare reform program, Roessler said.

Porter cautioned that having more than one audit going on simultaneously could create confusion.

"To a certain extent, the more the merrier," he said. "What that adds in costs and confusion, you can only imagine."

Senate Majority Leader Mary Panzer (R-West Bend) has called for a specific probe of all OIC state contracts, while Sen. Alberta Darling (R-River Hills) has requested a broad review of the W-2 program, including a review of OIC.

The last time the audit bureau examined the W-2 program was in 2001.

That review was prompted, in part, by allegations of improper spending of W-2 funds by two other Milwaukee agencies, Maximus Inc. and Employment Solutions. Maximus continues as a W-2 provider in Milwaukee County. Employment Solutions dropped out of the program at the end of 2001 after acknowledging having used \$500,000 in W-2 money to seek welfare reform contracts in other states.

The 2001 state audit found that only a small portion of W-2 clients had found jobs that paid more than poverty-level wages. It also faulted local W-2 agencies for inconsistency in imposing penalties on clients for program rule infractions.

The appointment of Rodgers as OIC monitor was praised by Kathleen Mulligan-Hansel, working families project coordinator for the non-profit Institute for Wisconsin's Future, a Milwaukee agency.

The state's move to appoint a monitor was critical to help maintain the credibility of the

program, in light of the kickback allegations, Mulligan-Hansel said.

The kickback scandal touching OIC adds evidence that using private firms to run W-2 in some areas may have been a mistake, she said.

But Assembly Speaker John Gard, a key legislative author of W-2 and champion of privatization, said the OIC kickback allegations shouldn't be used as an excuse to label W-2 privatization as a failure.

"I don't think you can pull out one problem and then label everyone who is a private organization as not acting in good faith," Gard said.

Milwaukee is one of several Wisconsin counties where private firms run W-2. County government runs the program in most parts of the state.

Rodgers was succeeded this week as administrator of the state's Division of Workforce Solutions by William R. Clingan, who had formerly headed the state's unemployment insurance program.

Milwaukee Journal Sentinel January 8, 2004

Kickback charges against George dredge up fight over redistricting

By **GRAEME ZIELINSKI**

gzzielinski@journalsentinel.com

After the 2000 census, the fight in federal court over new state legislative and congressional boundaries looked a lot like a full-employment plan for Wisconsin's politically connected law firms.

Both chambers of the Legis-

lature wrote a blank check, and taxpayers wound up paying more than \$2.4 million to the lawyers working to protect the power bases of their respective camps, be they Republican or Democrat.

Now comes the news that a slice of the pie related to the lawsuits, which were put to bed in 2002 after producing a

forest's-worth of paperwork, may have been part of a kickback scheme involving former state Sen. Gary George.

New federal charges against George say his attorney Mark Sostarich kicked back \$2,500 of the \$17,700 he was paid by the state Senate for his work on George's part of the redistricting fight.

Sostarich, a longtime George ally and former chairman of the Wisconsin Democratic Party, is now cooperating with federal prosecutors. George's five-count indictment says Sostarich was party to other kickback schemes that netted hundreds of thousands of dollars for the Milwaukee Democrat.

Sostarich, of South Milwaukee, has agreed to plead guilty later this month to separate mail fraud charges related to the other kickback schemes.

Other onetime allies, including former staffer Dave Begel and John Bowles, owner of Milwaukee construction busi-

nesses, also are cooperating in the case against George, according to prosecutors.

If convicted on all five counts, George faces up to 50 years in prison.

In the case of the redistricting lawsuit, Sostarich was brought in after George claimed in March 2002 that then-Senate Majority Leader Chuck Chvala had cut George out of strategy sessions for the Senate Democrats' redistricting suits.

U.S. District Judge Charles N. Clevert Jr. allowed George to break off from his colleagues, with whom George had disagreed on various policy issues and who may have been looking for political payback in the redistricting.

Chvala later blocked the payment for Sostarich's work, according to several Democrats. But the payment went through a few days before Christmas 2002 under Sen. Jon Erpenbach (D-Middleton) during a transitional period for Senate Democrats, according to Senate records.

There has been no official suggestion that, apart from the Sostarich money, any of the millions paid in legal fees was used improperly. But the allegation has brought new scrutiny to the litigious way in which Wisconsin sets its electoral boundaries.

"It was a gravy train for all the law firms involved," said Jay Heck, a spokesman for Common Cause in Wisconsin, a public-interest group. "This (charge) demonstrates that the redistricting process is in need of complete overhaul."

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Milwaukee Journal Sentinel January 8, 2004

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State Rep. Spencer Black (D-Madison) said he tried to cap the money paid in legal fees to \$600,000, the amount paid by taxpayers after the 1990 census. Black has introduced legislation that would establish a citizens commission to settle the boundaries, which he said would obviate the need for lawsuits.

"The sky was obviously the limit," Black said. "It pains me greatly to think how many seniors could have had their medicine paid for with that money."

After the recent round of lawsuits, firms that represented Republicans, led by Michael Best & Friedrich, were paid \$1,694,344, while those hired by Democrats,

led by Boardman Law Firm, were paid \$749,924, according to legislative records. The latter amount does not include the payments to Sostarich, who was a partner at Petrie & Stocking of Milwaukee at the time.

The suits, filed in early 2001, were first brought by Democrats worried, among other things, that a Wisconsin State Election Board plan for redistricting would dilute so-called "minority-majority" districts.

In March 2002, George broke with the Senate Democrats, claiming that his "interests were not being adequately represented," according to a motion George filed.

In September 2002, George requested that Clevert order the state to pay Sostarich for his time because Senate officials, then answering to Chvala, had not acted on George's request for payment.

George wrote to the judge that Sostarich was working at a relatively bargain rate because he had taken the case "out of respect for the clients he represented and as an act of civic responsibility."

Clevert denied George's request.

But shortly before the 2002 elections, Chvala was removed as majority leader after he was charged with extortion and other felonies related to the caucus scandal. The Republicans subsequently won control of the Senate, but for a few weeks, Erpenbach served as majority leader until his Republican counterpart Sen. Mary Panzer (R-West Bend) could be sworn in.

Erpenbach said in an interview that there were no political calculations in approving the payments to Sostarich. In a committee vote, Panzer signed off on the payment, according to Senate records, though state Sen. Alan Lasee (R-De Pere) voted no.

The full Senate approved the payment in a voice vote.

"The payment was approved because all senators were covered for their legal fees on redistricting," said Erpenbach, who is now the minority leader.

Erpenbach said that if it turns out that Sostarich was given the legal work in exchange for a kickback, "Then we have to have \$17,000 back."

Wisconsin State Journal January 8, 2004

Group seeks money from George

Police league tries to recoup thousands

By Todd Richmond
Associated Press

The Milwaukee Police Athletic League is trying to recoup thousands of dollars former state Sen. Gary George allegedly received in a scheme to defraud the organization, chairman Peter Pochowski told The Associated Press Wednesday.

The league also is investigating whether it spent too much

money to build a \$5 million activity center after George allegedly rigged the construction bids, Pochowski said.

Off-duty police officers run activities and sports for inner-city children through the league.

"You would think you wouldn't want to mess with cops' money," said Pochowski, a former Milwaukee police captain. "That lady who gave us \$5 wants to know her \$5 went to the kids. Whatever effort it takes for us to do that, we're going to do that."

George, who was a league board member and chairman, has been indicted on five federal counts, including charges connected with the alleged league scheme.

He did not return a message the AP left at his law office Wednesday. His home phone has been disconnected.

George's legal troubles are the latest chapter in his flame-out. The Milwaukee Democrat was kicked out of office in the fall in a recall over his support of a Republican plan seeking legislative oversight of tribal gambling compacts signed by the governor.

Pochowski said George took over as chairman of the league's board in January 2003. Within two months, board members knew something was wrong and were upset with him, Pochowski said. He wouldn't elaborate, saying he expects to be subpoenaed in the federal investigation.

A two-count indictment in November accused George of conspiring with attorney Mark Sostarich to defraud the league and a Milwaukee welfare provider. George got the board to hire Sostarich as a lawyer for the league. In return, Sostarich gave about \$50,000 of his legal fees to George, according to the indictment.

The other count alleges George and Sostarich defrauded Wisconsin Works welfare program provider Opportunities Industrialization Center of Greater Milwaukee in a scheme similar to the league allegations. The indictment said Sostarich gave George about \$270,000 in kickbacks.

Gov. Jim Doyle this week ordered daily state oversight of the welfare contractor and an

audit of the organization. The agency became the state's largest W-2 provider when its \$79.2 million 2004-05 contract took effect this week.

George has pleaded not guilty to both counts. Sostarich has agreed to plead guilty to one conspiracy count and is cooperating with investigators.

A federal grand jury indicted George on three more conspiracy and money laundering counts Tuesday. One of the charges alleges George had authority over the selection of a contractor to build the police athletic league's \$5 million activity center. He directed an aide to devise a scoring system that would ensure Central City Construction, won the contract, according to the indictment.

Wisconsin State Journal January 7, 2004

George faces new criminal charges

Indictment accuses him of bid rigging

By Phil Brinkman
State government reporter

A federal grand jury in Milwaukee on Tuesday added three charges to the indictment against former state Sen. Gary George, including bid rigging and money laundering.

The new charges carry with them considerably stiffer penalties. If convicted, George

could face up to 50 years in prison, up from 10 years under the earlier charges.

A longtime aide to George also has been granted immunity in exchange for testifying against his former boss, the U.S. attorney's office in Milwaukee said.

George, 49, was charged in November with two counts of conspiracy for allegedly bilking the state out of more than \$400,000 and taking kickbacks from a lawyer friend he helped hire to represent two federally funded organizations.

The charges came one day after the Milwaukee Democrat lost a recall election.

In allegations announced Tuesday, authorities said George also:

- ◆ Rigged bidding for construction of a \$5 million Milwaukee Police Athletic League activity center to ensure a friend got the contract;

- ◆ Received a kickback from the taxpayer-funded lawyer hired to represent George in a federal redistricting lawsuit;

- ◆ Used a Virgin Islands



George

television station controlled by the George family to launder some of the money.

As a member of the Police Athletic League board, George had influence over which company was picked to build a downtown Youth and Family Activity Center. Prosecutors say George directed his then aide, Dave Begel, to set up a scoring system guaranteeing Central City Construction got the contract.

The company is owned by John P. Bowles, a major donor to George's political campaigns and the recipient of more than \$800,000 in state contracts in the past four years.

Bowles, identified in the indictment only as "Businessman A," allegedly paid George \$15,000 to \$20,000 for helping him get state contracts. He also sent more than \$100,000 to Atlantic Broadcasting Corp., which owns a television station in the Virgin Islands partially controlled by George, according to the indictment.

Bowles hasn't been charged, and his attorney has denied the payments were kickbacks.

Tuesday, prosecutors said they were giving Begel immunity.

The amended indictment also alleges attorney Mark

Sostarich paid George a \$2,500 kickback for representing him in a 2002 legal challenge to proposed changes in legislative boundaries.

The Legislature paid Sostarich \$17,669 for the work in December 2002.

Sostarich previously agreed to plead guilty to one count of conspiring with George to provide about \$270,000 in kickbacks from legal fees paid by the nonprofit Opportunities Industrialization Center of Greater Milwaukee. The center is one of three private agencies that has a contract to

administer the Wisconsin Works, or W-2, welfare-to-work program in the Milwaukee area and gets federal money.

Sostarich also gave George \$50,000 for legal work he did for the athletic league, which also gets federal money, according to the original indictment.

The money-laundering charge concerns the alleged payments from Bowles to Atlantic Broadcasting. Prosecutors say George moved the money to another account under his own name.

In addition to the federal charges, the state Ethics Board recommended last month that George face state criminal charges, alleging he hid more than half a million dollars in income and illegally used his Senate staff for personal gain.

The Ethics Board also recommended state charges against Begel for allegedly using his state position to do campaign work for George and filing false time sheets.

Dane County District Attorney Brian Blanchard wouldn't say whether his office would bring charges, saying only the matter is "under review."

Begel also wouldn't comment.

Milwaukee Journal Sentinel January 7, 2004

George gets 3 new charges

Federal grand jury adds counts; total penalty could be 50 years

By **GRAEME ZIELINSKI**
gzzielinski@journal-sentinel.com

Former state Sen. Gary George was hit Tuesday with three new federal charges, including bid-rigging, money-laundering and participating in a newly disclosed kickback scheme involving money from the Legislature.

Also Tuesday, Dave Begel, the onetime newspaper columnist, car salesman and political operator, emerged as the latest loyalist to have turned on George, his benefactor and one of Wisconsin's most controversial politicians.

The three new counts



George: Investigation continues.



Begel: Turns on his benefactor.

against George, returned late Tuesday by a federal grand jury, follow the outline of already disclosed charges and raise his potential prison time from 10 to 50 years if he's con-

victed of all counts.

Begel, a colorful figure who once cultivated the limelight and exulted in rubbing elbows with political big wheels, has been granted immunity in this case in exchange for his cooperation, prosecutors said, though he still faces other charges related to his relationship with George.

In one of the new counts, Begel is said to have helped rig a bidding process for the construction of the troubled Police Athletic League — or PAL — facility at 2320 W. Burleigh St. in Milwaukee, at George's behest.

Begel joins Mark Sostarich,

a lawyer and former chairman of the Wisconsin Democratic Party, and John Bowles, a Milwaukee business mogul, as onetime confidants who are cooperating at one level or another with U.S. Attorney Steven M. Biskupic's unrelenting prosecution of George.

Begel served as chairman of George's failed 2002 bid for governor and also as George's chief legislative aide.

Begel's conduct in rigging

...cont. next page

SUMMARY

New charges against Gary George:

- Bid-rigging related to a Police Athletic League building.
- Kickbacks of tax money paid to pay George's attorney in redistricting lawsuit.
- Money-laundering of funds sent by contractor to Virgin Islands TV station.

Previous charges:

- Conspiracy to defraud state via kickbacks of legal fees paid by social service agency.
- Conspiracy to obtain kickbacks of legal fees paid by Police Athletic League.

Possible prison time: 50 years.

Milwaukee Journal Sentinel January 7, 2004

...cont. from prev. page

the PAL bid was described provisionally in a press release from Biskupic's office: "Begel did as he was told."

Sostarich was named in the second new count as having kicked back state Senate money to George. The cash, approved in 2002, was intended to pay Sostarich's legal fees relating to George's federal lawsuit challenging legislative redistricting.

Paid \$17,700 by the state, Sostarich kicked back \$2,500 to George, according to the indictment.

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Another longtime George ally, Madison criminal defense lawyer Bruce Rosen, withdrew from George's case earlier this month, citing George's inability to come up with cash.

George did not return phone calls Tuesday.

Biskupic demurred when asked Tuesday whether even more charges could be expected.

"The investigation is ongoing," he said.

Whoever takes George's case will have the added complications of Tuesday's charges, and the fact that some of the pillars of his inner circle have been cooperating with prosecutors — and with the FBI, the state Ethics Board and the IRS, on whose investigations the current charges were

based.

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Brian Blanchard, the Dane County district attorney to whom the recommendations were referred, said his office had come to no decision on whether to issue new charges against George or Begel.

The once-loquacious Begel, in a brief telephone interview, declined all comment on the troubles swirling about him.

"I have nothing to say, all right?" he said.

Begel, a North Shore native, has been a reporter, including at The Milwaukee Journal. He worked in public relations — including for Milwaukee Public Schools — as a Toyota salesman, and as a spokesman for New York City schools.

Steve Schultze of the Journal Sentinel staff contributed to this report.

Appleton Post-Crescent January 3, 2004



State must regularly audit W-2 program

For the first time in recent memory, former state Sen. Gary George has helped his old district, albeit inadvertently.

U.S. Rep. Jerry Kleczka, D-Wis., wants a federal investigation into whether public funding for the Wisconsin Works welfare reform program, W-2 for short, went for illegal kickbacks George allegedly took.

Also, state Sen. Alberta Darling, R-River Hills, wants the state Legislative Audit Bureau to look at, among other things, administrative costs for the program.

The organization with which \$270,000 in alleged kickbacks to George originated is one of the contractors that runs W-2 in the Milwaukee area. It has received about \$147 million in W-2 payments through the state since 1997.

That's only one reason to look at W-2 agencies. The others include their failure to put even 35 percent of their clients to work. W-2 costs twice as much per case as the old cash program. At the same time, however, contracting agencies' CEOs earn up to \$205,000 and administrative expenses account for 63 percent of the program's cost.

Governments can't just turn over public programs to private organizations and say, "Here, deal with it." They have to monitor their performance to make sure tax dollars are well-spent and citizens are well-served.

Yet, it's been almost four years since the state's audit bureau took stock of the program, which is much too long, considering the stakes. In the spectrum of privatized programs, W-2 is the granddaddy. It cost the state almost \$313 million in 2002 and 2003. It is supposed to help poor people get and keep jobs so they can be independent of the state.

Regular audits should become a staple of W-2, not because we want to see it fail, but because it must succeed.

Carol should send the early notice to the district media.
-K

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Posted Jan. 03, 2004

Editorial: State must regularly audit W-2 program

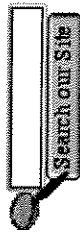
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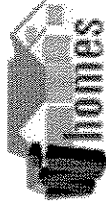
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NEWS

George faces new criminal charges

11:44 PM 1/06/04

Phil Brinkman State government reporter

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A federal grand jury in Milwaukee on Tuesday added three charges to the indictment against former state Sen. Gary George, including bid rigging and money laundering. <

The new charges carry with them considerably stiffer penalties. If convicted, George could face up to 50 years in prison, up from 10 years under the earlier charges. <


A longtime aide to George also has been granted immunity in exchange for testifying against his former boss, the U.S. attorney's office in Milwaukee said. <

George, 49, was charged in November with two counts of conspiracy for allegedly bilking the state out of more than \$400,000 and taking kickbacks from a lawyer friend he helped hire to represent two federally funded organizations. <

The charges came one day after the Milwaukee Democrat lost a recall election. <

In allegations announced Tuesday, authorities said George also: <

- Rigged bidding for construction of a \$5 million Milwaukee Police Athletic League activity center to ensure a friend got the contract <
- Received a kickback from the taxpayer-funded lawyer hired to represent George in a federal redistricting lawsuit <

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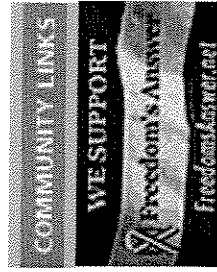
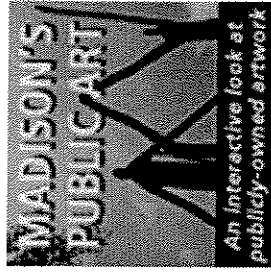
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- Used a Virgin Islands television station controlled by the George family to launder some of the money. <

As a member of the Police Athletic League board, George had influence over which company was picked to build a downtown Youth and Family Activity Center. Prosecutors say George directed his then aide, Dave Begel, to set up a scoring system guaranteeing Central City Construction got the contract. <

The company is owned by John P. Bowles, a major donor to George's political campaigns and the recipient of more than \$800,000 in state contracts in the past four years. <

Bowles, identified in the indictment only as "Businessman A," allegedly paid George \$15,000 to \$20,000 for helping him get state contracts. He also sent more than \$100,000 to Atlantic Broadcasting Corp., which owns a television station in the Virgin Islands partially controlled by George, according to the indictment. <

Bowles hasn't been charged, and his attorney has denied the payments were kickbacks. <
 Tuesday, prosecutors said they were giving Begel immunity. <

The amended indictment also alleges attorney Mark Sostarich paid George a \$2,500 kickback for representing him in a 2002 legal challenge to proposed changes in legislative boundaries. <

The Legislature paid Sostarich \$17,669 for the work in December 2002. <

Sostarich previously agreed to plead guilty to one count of conspiring with George to provide about \$270,000 in kickbacks from legal fees paid by the nonprofit Opportunities Industrialization Center of Greater Milwaukee. The center is one of three private agencies that has a contract to administer the Wisconsin Works, or W-2, welfare-to-work program in the Milwaukee area and gets federal money. <

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Sostarich also gave George \$50,000 for legal work he did for the athletic league, which also gets federal money, according to the original indictment. <

The money-laundering charge concerns the alleged payments from Bowles to Atlantic Broadcasting. Prosecutors say George moved the money to another account under his own name. <

In addition to the federal charges, the state Ethics Board recommended last month that George face state criminal charges, alleging he hid more than half a million dollars in income and illegally used his Senate staff for personal gain. <

The Ethics Board also recommended state charges against Begel for allegedly using his state position to do campaign work for George and filing false time sheets. <

Dane County District Attorney Brian Blanchard wouldn't say whether his office would bring charges, saying only the matter is "under review." <

Begel also wouldn't comment.

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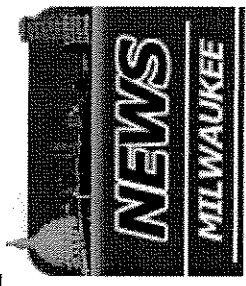
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George gets 3 new charges

Federal grand jury adds counts; total penalty could be 50 years

By GRAEME ZIELINSKI
gzielinski@journal sentinel.com

Posted: Jan. 6, 2004

Former state Sen. Gary George was hit Tuesday with three new federal charges, including bid-rigging, money-laundering and participating in a newly disclosed kickback scheme involving money from the Legislature.

Also Tuesday, Dave Begel, the onetime newspaper columnist, car salesman and political operator, emerged as the latest loyalist to have turned on George, his benefactor and one of Wisconsin's most controversial politicians.

Gary George

The three new counts against George, returned late Tuesday by a federal grand

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jury, follow the outline of already disclosed charges and raise his potential prison time from 10 to 50 years if he's convicted of all counts.

Begel, a colorful figure who once cultivated the limelight and exulted in rubbing elbows with political big wheels, has been granted immunity in this case in exchange for his cooperation, prosecutors said, though he still faces other charges related to his relationship with George.

In one of the new counts, Begel is said to have helped rig a bidding process for the construction of the troubled Police Athletic League - or PAL - facility at 2320 W. Burlleigh St. in Milwaukee, at George's behest.

Begel joins Mark Sostarich, a lawyer and former chairman of the Wisconsin Democratic Party, and John Bowles, a Milwaukee business mogul, as onetime confidants who are cooperating at one level or another with U.S. Attorney Steven M. Biskupic's unrelenting prosecution of George.

Begel served as chairman of George's failed 2002 bid for governor and also as George's chief legislative aide.

Begel's conduct in rigging the PAL bid was described prosaically in a press release from Biskupic's office: "Begel did as he was told."



Photo/File

Former state Sen. Gary George appears outside Milwaukee's federal courthouse after his arraignment on felony conspiracy charges.

Related Coverage

State audit: W-2 firm under close watch

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Summary

NEW CHARGES against former state Sen. Gary George:

- ▣ Bid-rigging related to a Police Athletic League building.
- ▣ Kickbacks of tax money paid to pay George's attorney in redistricting lawsuit.
- ▣ Money-laundering of funds sent by contractor to Virgin Islands TV station.

PREVIOUS CHARGES:

- ▣ Conspiracy to defraud state via kickbacks of legal fees paid by social service agency.
- ▣ Conspiracy to obtain kickbacks of legal fees paid by Police Athletic League.

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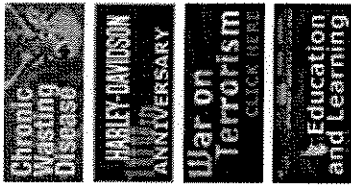
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"I have nothing to say, all right?" he said.

Begel, a North Shore native, has been a reporter, including at The Milwaukee Journal. He worked in public relations - including for Milwaukee Public Schools - as a Toyota salesman, and as a spokesman for New York City schools.

Steve Schultze of the Journal Sentinel staff contributed to this report.

From the Jan. 7, 2004 editions of the Milwaukee Journal Sentinel

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W-2 firm under close watch

Fate of agency's contract lies in findings of state audit, monitor

By STEVE SCHULTZE
sschultze@journalsentinel.com

Posted: Jan. 6, 2004

In an unprecedented move, the state has placed a private Milwaukee agency that helps administer the Wisconsin Works welfare-reform program under extra scrutiny to determine whether it can keep its \$79 million contract.

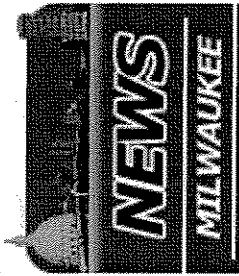
This week, the Opportunities Industrialization Center of Greater Milwaukee began operating under the daily on-site watch of Bettie Rodgers, who formerly administered the W-2 program for the state.

In addition, the state will soon hire an auditor to provide extra detail on the firm's use of W-2 money, said JoAnna Richard, a top official

Quotable

“The state has the right to feel comfortable about how its money is spent.”

- Richard Porter,



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with the state Department of Workforce Development.

Those actions were ordered by Gov. Jim Doyle, after a federal indictment of former state Sen. Gary R. George (D-Milwaukee), who is accused of receiving about \$270,000 in industrialization center funds through kickbacks from the center's attorney.

"The purpose of an auditor and a monitor is to make a decision on whether or not the contract should continue," said Dan Leistikow, a spokesman for Doyle.

The agency has not been accused of wrongdoing in connection with the George indictment, and center officials have denied any improprieties.

OIC became the state's largest W-2 provider this week, as its new \$79.2 million 2004-'05 contract took effect and the agency became responsible for a larger portion of the Milwaukee County caseload. For the first six years of the W-2 program, OIC had state contracts totaling \$247 million.

The agency operates a variety of social service and job-training programs, but its W-2 contract is by far OIC's largest funding source.

Rodgers headed the state division that oversees the W-2 program from last March through the end of 2003. An attorney and social worker by training, Rodgers was selected as OIC monitor because of her familiarity with W-2 and the Milwaukee community, said Richard.

Rodgers will serve as OIC monitor for at least one year. Her \$75,000 consultant fee will be paid by OIC, which will not get any additional state money to cover the cost, according to an amendment added to OIC's W-2 contract with the state. OIC also will use its W-2 money to pay for a special auditor, who will be selected in the next couple of months, Richard said.

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The contract amendment requires OIC to cooperate in the state probe, as well as "any other government's investigation into issues including, but not limited to, payments to former Sen. Gary George, attorney Mark Sostarich and members of the George family." Federal prosecutors have continued their investigation of George.

Sostarich kicked back part of the fees he collected from OIC to George, who had been an advocate for the agency, according to the George indictment. Sostarich has agreed to plead guilty to a felony conspiracy charge in connection with the kickback allegations, according to the indictment.

"The state has the right to feel comfortable about how its money is spent," said Richard Porter, chairman of OIC's board of directors.

W-2 is funded with a combination of federal and state money.

Porter said the center was used to having its work for the state scrutinized. "It's not new to us, and we are not afraid of it," Porter said. "The sooner people have the same sense of confidence (that OIC officials have in the agency), the better."

Porter also said he had no objection to another state audit of OIC that's been requested by several state legislators. That review, by the Legislative Audit Bureau, is all but certain to be approved, said Sen. Carol Roesler (R-Oshkosh), co-chairman of the Legislature's Joint Audit Committee.

Roesler and Rep. Sue Jeskewitz (R-Menomonsee Falls), the other committee co-chair, will meet later this month with state Auditor Jan Mueller to determine the timing and the scope of that review. It's likely to include a separate probe of OIC, as well as a broader review of the state's landmark welfare reform program, Roesler said.

Porter cautioned that having more than one audit going on simultaneously could create confusion.

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"To a certain extent, the more the merrier," he said. "What that adds in costs and confusion, you can only imagine."

Senate Majority Leader Mary Panzer (R-West Bend) has called for a specific probe of all OIC state contracts, while Sen. Alberta Darling (R-River Hills) has requested a broad review of the W-2 program, including a review of OIC.

The last time the audit bureau examined the W-2 program was in 2001.

That review was prompted, in part, by allegations of improper spending of W-2 funds by two other Milwaukee agencies, Maximus Inc. and Employment Solutions. Maximus continues as a W-2 provider in Milwaukee County. Employment Solutions dropped out of the program at the end of 2001 after acknowledging having used \$500,000 in W-2 money to seek welfare reform contracts in other states.

The 2001 state audit found that only a small portion of W-2 clients had found jobs that paid more than poverty-level wages. It also faulted local W-2 agencies for inconsistency in imposing penalties on clients for program rule infractions.

The appointment of Rodgers as OIC monitor was praised by Kathleen Mulligan-Hansel, working families project coordinator for the non-profit Institute for Wisconsin's Future, a Milwaukee agency.

The state's move to appoint a monitor was critical to help maintain the credibility of the program, in light of the kickback allegations, Mulligan-Hansel said.

The kickback scandal touching OIC adds evidence that using private firms to run W-2 in some areas may have been a mistake, she said.

But Assembly Speaker John Gard, a key legislative author of W-2 and champion of privatization, said the OIC kickback allegations shouldn't be used as an excuse to label W-2 privatization as a failure.

"I don't think you can pull out one problem and then label everyone who is a private organization as not acting in good faith," Gard said.

Milwaukee is one of several Wisconsin counties where private firms run W-2. County government runs the program in most parts of the state.

Rodgers was succeeded this week as administrator of the state's Division of Workforce Solutions by William R. Clingan, who had formerly headed the state's unemployment insurance program.

From the Jan. 7, 2004 editions of the Milwaukee Journal Sentinel

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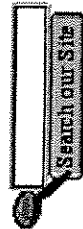
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OPINION

Posted Jan. 09, 2004



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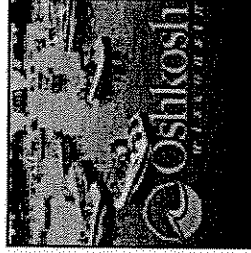
Editorial: Roessler has extra responsibility in ordering W-2 audit

Fate handed state Sen. Carol Roessler a bitter irony by positioning one of the architects of the Wisconsin Works welfare program in a position to approve a Legislative request for an audit.

The Oshkosh Republican made the right decision to say the inquiry is likely to be approved, in her role as co-chairwoman of the Wisconsin Legislature Joint Audit Committee. She won't conduct the audit. That task will fall to the non-partisan Legislative Audit Bureau. But she showed integrity as co-chair with state Rep. Sue Jeskewitz, R-Menomonee Falls, for their Joint Audit Committee to call for the inquest of Wisconsin Works, or "W-2."

Wisconsin Works was hailed as a national model for other states that they may overhaul their welfare systems.

But W-2 has not been immune to problems. An earlier state audit of W-2 exposed \$500,000 being spent by a private



provider of Wisconsin Works in Milwaukee to recruit similar business in other states.

The latest developments include a federal charge that former state Sen. Gary George, D-Milwaukee, accepted \$270,000 in kickbacks from a private agency that runs a W-2 program in Milwaukee. Gov. Jim Doyle has asked the former administrator of W-2 to monitor the Milwaukee agency. He also wants an independent auditor hired.

Two Wisconsin state senators - Sens. Alberta Darling and Mary Panzer - have called for other audits of W-2.

Confusing as all of these calls for audits may be, these matters don't point to the end of W-2. Rather, these matters reflect a maturing process at work. Not every agency must become the victim of corruption in order to improve. But a bet could be won that the changes that come to W-2 will inhibit future tampering.

There also will continue to be changes that the Legislature will enact, outside of the audit process. There are necessary changes that should happen in the transition from being unemployed to employed that can enhance the incentive of people getting work. These types of changes will continue to be made in years ahead, too.

The bad news of this week doesn't weaken the goals of W-2. It will arrive from these audit calls a much stronger program.

That may be the most important message: W-2 may no longer shine like it once did but the agency is a far cry better than what this state had for a welfare program.

The present challenges to the integrity of W-2 and Roesler's willingness to comply with several legislators' request for an audit can only make the program stronger. As an architect of the program, Roesler has an additional responsibility to help ensure the promise of welfare to work is being realized.

The Final Thought: State officials are right to demand answers and order an audit of the W-2 Wisconsin Works program.

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