

**WOMEN AND POVERTY
PUBLIC EDUCATION INITIATIVE**

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FEB 10 2004

February 6, 2004

TO: Members of the Audit Committee
FROM: Jean Verber, Director *J.V.*
RE: W-2 Audit – Hearing testimony

I wish to submit this letter in lieu of my testimony in person since I am not able to be present at the public hearing scheduled for February 11th.

I have worked with welfare issues for the past nine years in Milwaukee as Director of the Women and Poverty Public Education Initiative. Our organization has been involved in thousands of contacts, surveys, interviews with women struggling through the process from AFDC through W-2 and after when their time limits have been met.

We applaud the initiative to do a broad performance-based audit. We feel it is long overdue. We join the many other advocates and participants in the Milwaukee community who share serious concerns about how the W-2 program has been operating. While state statutes direct policy and program development and implementation, we have serious doubt about both the effectiveness and efficiency of the operation. The fallout is evident in the many reports documenting the lived experience of W-2 participants, as well as that of the service providers running shelters and food pantries.

It is time for an in-depth audit to demonstrate how tax dollars are spent and how people's lives have been impacted. We need this kind of tool (audit) to provide a sense of accountability of the system.

Media rhetoric often has not matched the real experience of those involved, despite efforts of advocates to see it incorporated and publicized. Even with documentation by researchers and accounts from the testimony of participants, voices have not been heard. The recent report on the plight of families living only on food stamps is an example of how a growing, though invisible crisis is dismissed despite the fact that the data shows that the number of such families has tripled in the last couple years due, in large part to the lack of job opportunity in central city Milwaukee. In addition to the lean job market, however, the W-2 program itself has been shown to be deeply flawed in servicing the most needy families in our community.

We believe the growing resultant crisis must be exposed with a course correction to assure adequate service for those involved. Unauthorized practices of diversion like

'job ready' and frequent sanctioning does not, we believe, reflect legislative intent. Likewise, access to education and screening for barriers has been virtually absent from the program.

Performance-based contracts allow ample criteria for an audit to measure results. This measurement will demonstrate for the Legislature and taxpayers if indeed what was intended in the legislative policy making matches the reality of expected outcomes.

We support the audit process and look forward to meaningful recommendations for improving the W-2 program and delivery of services. In addition, the audit provides an excellent starting point to engage bipartisan effort toward action to improve current welfare policy in Wisconsin.



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

For Immediate Release

February 11, 2004

For More Information Contact:

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Co-Chairs Jeskewitz and Roessler Announce Approval of W-2 and Economic Development Programs Audits

(Madison) Today - The Joint Legislative Audit Committee, co-chaired by Suzanne Jeskewitz (R-Menomonee Falls) and Senator Carol Roessler (R-Oshkosh), unanimously authorized motions calling for major audits of the Wisconsin Works (W-2) program and Economic Development programs in the state.

Senator Alberta Darling requested in January that the Audit Committee review and approve an audit of the W-2 program. The Legislative Audit Bureau (LAB) completed an audit of the W-2 program approximately three years ago.

"W-2 has largely met its original goals of work first and connecting low income people to employment," said Roessler. "Clearly we need to further our work on trial jobs. As originally crafted, trial jobs have not worked. As with anything that's not working, it's time to move forward with program refinements which make this tier on the jobs ladder work for W-2 participants and employers. Our goal remains self-sufficiency and long-term employment of W-2 participants."

The W-2 audit scope is broad and will offer an analysis of expenditures, new cases, returning cases due to loss of employment, program sanctions and improvements to further achieve our goals of working families.

"Our expectation is that the expert auditors at the Legislative Audit Bureau will identify areas where anticipated outcomes have not been achieved and will make valuable recommendations to improve the program and participant outcomes where necessary," Roessler added.

"I look forward to finding out exactly how the W-2 program has improved since the last audit in 2001 and where the problem areas remain," remarked Jeskewitz. "Since coming to the Legislature in 1997, I have worked hard to ensure that W-2 clients receive the services the Legislature intended them to have, in order to move them towards self-sufficiency. I spent a lot of time in Milwaukee County in my early years in the Legislature shadowing clients, listening to their concerns, and working to effect positive change."

"Of particular concern to me is that, of the 14,997 cases as of November 2003, 11,716 (78%) cases are in Milwaukee County," stated Jeskewitz. "Milwaukee County is driving the caseload numbers and new concerns over the last several years have surfaced because of the tremendous loss of manufacturing jobs in this area."

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Last year, Representative Lorraine Seratti requested an audit of economic development programs within the Department of Commerce. In other committee action, the Co-Chairs expanded on Seratti's request, by including all state agencies that provide economic development programs.

"Economic development is a common theme this legislative session," said Jeskewitz. "The information gleaned from this LAB analysis will be essential as we decide where to best spend resources to expand and retain businesses in Wisconsin both now and in the future."

Roessler added, "This important audit will include an inventory of economic development programs, geographic distribution of funds, statutory requirements being met for grants and loans, and comparisons with other states."

The next Joint Legislative Audit Committee is scheduled for Friday, February 13. The Committee will discuss the Comprehensive Annual Financial Report (CAFR) and the Family Care Program.

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Milwaukee Journal Sentinel February 14, 2004

Refund sought for work at athletic league

State says \$270,000 in energy upgrades were not done on building

By **AMY RINARD**
arinard@journalssentinel.com

Madison — State officials said Friday that they would demand reimbursement for as much as \$270,000 allocated to a construction firm for energy improvements that were not done as promised at Milwaukee's Police Athletic League building.

"Clearly here, something slipped through the cracks," said Marc Marotta, secretary of the Department of Admin-

istration.

"All we know is grant money got paid out for work that wasn't done and now we've got to recover it."

Marotta asked Attorney General Peg Lautenschlager for assistance in obtaining the reimbursement and to take appropriate action against the construction firm or any of its subcontractors.

Lautenschlager's office has turned the matter over to the Milwaukee County district attorney's office for action.

Work at the league building and the \$773,396 grant to John P. Bowles' Central City Construction company came under scrutiny by state officials late last year after the project



Bowles: Company received state grant.

was linked to charges contained in the federal indictment of former state Sen. Gary George (D-Milwaukee).

George, who has pleaded guilty to one conspiracy count, is awaiting sentencing.

He was charged with receiving more than \$400,000 in kickbacks, including \$50,000 linked to the league project.

At the time the energy-im-

provement grant was made, George was chairman of the league's board and had close links to Bowles.

The grant to Bowles was the largest in the history of the state's Focus on Energy program. Previous grants had generally been for \$40,000 or less.

The PAL grant was approved under the administration of former Gov. Scott McCallum over the objections of some engineers and program managers — one of whom called the grant an "appalling" waste of money.

Full payment of the grant was made last year under the administration of Gov. Jim Doyle.

The money was to have been used to make a number of energy-saving improvements at the PAL building, including the installation of energy-efficient lighting, heating and cooling systems and additional windows and reflectors to let in more daylight.

In January, state officials

launched an investigation into whether the improvements at the league building at N. 21st St. and W. Burleigh St. were done as promised and functioning properly.

On Friday, Marotta said the investigation showed the amount of work that had not been done or remained unfinished was "significant."

Structural improvements, glazing and windows that were supposed to be incorporated into the building were unfinished or missing, he said.

The state says about \$270,000 in work was not done.

Marotta has ordered Hugo Heyns, a Milwaukee School of Engineering program manager who runs the Focus on Energy program, to demand reimbursement of any misused or misappropriated grant funds.

Heyns did not return a phone call Friday.

Bowles also did not return phone calls.

Marotta expressed frustration that the uncompleted work came to the attention of

state officials only because they initiated an investigation almost 18 months after the first grant money had been allocated.

"The question I have is, how did this happen? What is wrong with the monitoring process internally?" he said.

"We're working hard to improve the monitoring process for this and all other state programs."

He said his department is reviewing the arrangement the state has with MSOE to determine whether that is the best way to administer and monitor the energy program.

But Marotta said there was no suggestion of any malfeasance by MSOE in the oversight of the energy program.

"We do have some questions about why this didn't come to us before now," he said of the unfinished work.

The budget for the Focus on Energy program was about \$67 million in fiscal 2002, but was trimmed to about \$34 million a year in the current budget. The program operates on surcharges collected on electricity bills in Wisconsin.

The Capital Times February 14, 2004

State wants funds back from grant involving George

By Jenny Price

Associated Press

A construction company that secured a grant with help from former state Sen. Gary George failed to do as much as \$270,000 in work the money was intended to pay for, according to documents released Friday.

Central City Construction Inc. and the Milwaukee Police Athletic League won the \$773,000 grant from a state energy savings program in April 2002 to make energy improvements to the league's new facility.

Administration Secretary Marc Marotta said Friday he asked the Milwaukee School of Engineering, which administered the grant for the state program, to seek reimbursement for the cost of work that was not completed.

"Grant money was paid out for work that wasn't done," Marotta told The Associated Press Friday.

Marotta also sent a letter to Attorney General Peg Lautenschlager asking her office to investigate and assist, if necessary, in recouping the funds from Central City Construction. Lautenschlager referred the matter to Milwaukee County District Attorney E. Michael McCann.

McCann did not immediately return a message Friday from the AP.

John P. Bowles, who owns the construction company, has cooperated with federal prosecutors who charged George with rigging bids for the construction of the league's \$6.2 million activity center.

Prosecutors allege George directed an aide to devise a scoring system that would ensure Central City won the building contract, according to the indictment.

George, ousted from office in a recall election last fall, pleaded guilty last month to conspiracy to defraud the gov-

ernment. He agreed to cooperate in investigations against him and related matters under the plea agreement he reached with prosecutors.

Prosecutors recommended a sentence of no more than five years and dropped four other charges against George.

Bowles hasn't been charged. His attorney, Tom Brown, did not return a message the AP left Friday at his law office.

Marotta said the state began reviewing state grants connected to Central City and George after federal charges were filed against George.

The November indictment said Bowles sent more than \$100,000 to a U.S. Virgin Islands TV station with a bank account controlled by George. In return, George helped Bowles get \$800,000 in state contracts, the indictment said.

The indictment doesn't mention which contracts, and it's unclear whether the energy grant or a \$1 million state construction grant awarded to the league in 2001 are under federal investigation.

The energy program, funded by a surcharge on utility bills, gives grants to residents and businesses.

Marotta's letter to the attorney general said a preliminary examination of the completed league facility found some improvements that were supposed to be incorporated into the structure "were not completed or were missing altogether."

He said preliminary estimates of the amount of work not included in the structure but funded by the grant could total approximately \$270,000.

The Wisconsin State Journal reported in December that the grant was approved by then Administration Secretary George Lightbourn, over the objections of program administrators.

Hugo Heyns, director of the Milwaukee School of Engineering program, declined comment and referred questions to Marotta.

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MAY 04 2004

April 26, 2004

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Representative Suzanne Jeskewitz
Co-chair, Joint Legislative Audit Committee
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Dear Senator Roessler and Representative Jeskewitz:

Thank you again for the opportunity to appear before the Joint Legislative Audit Committee to discuss the audit of the Wisconsin Works (W-2) program. There were a number of questions asked regarding the W-2 Program which required follow up. Enclosed is the information that was requested from the Department of Workforce Development (DWD).

1. 2004-2005 W-2 Contract Performance Standards – The current contract standards are attached (Attachment A).

To meet the DWD's performance standard benchmark for having participants that don't have a high school diploma in educational activities (job skills training, basic education, GED, HSED, Regular High School, Literacy Skills, or English as a Second Language), W-2 agencies must have 66% of all participants enrolled in one of these educational activities. The statewide average is 86.6% of all participants without a High School Diploma. There is currently no way to measure job gains or earning gains based on completion of these activities.

In regard to the individuals who are not engaged in educational activities, these are most likely individuals who are restricted due to their disabilities, part-time employed or just new to W-2 in the last few weeks and haven't had the opportunity to begin educational activities because they are in the first two weeks of motivational training.

2. Barrier Screening Tool (BST)

What happens when the BST is declined?

The BST Agreement form was developed to explain to the participants the purpose of the BST, how completing it can help them in the W-2 program and the right to decline any or all of the questions asked. The participants must sign the agreement and check one of two boxes indicating whether or not they agree to complete the BST.

If participants indicate that they choose not to complete the BST, there are no direct repercussions. However, problems may arise if the participant claims to have a barrier to employment but refuses to cooperate with efforts to obtain a formal assessment of the barrier and identify the services and accommodations needed to overcome the barrier. DWD staff worked with DWD's legal counsel to determine how the W-2 agencies should proceed to work with the participant in these circumstances and developed the following policy:

The participant's self-report of a barrier or a physician's statement as to the inability to participate must be considered as part of the process of assessing for barriers. However, this information is not sufficient by itself to confirm the existence of a barrier. The agency must use this information in conjunction with a formal assessment and other substantiating information (for example, behavioral cues, low Test of Adult Basic Education (TABE) score, pattern of non-participation without good cause) to make a factual determination of a barrier. If participants refuse to cooperate with obtaining a formal assessment or having their physicians complete the Medical Capacity form, and there are unresolved factual issues as to the participants' barrier, the W-2 agency should proceed to work with the individuals as though they do not have that barrier.

This policy was communicated to the W-2 agencies in Operations Memo 03-71 (<http://www.dhfs.wisconsin.gov/em/ops-memos/2003/pdf/03-71.pdf>).

What are the completion/decline rates?

Implementation of the BST was rolled out across the state between May and July 2003. By January 2004, 15,573 participants had been offered the BST. Of these, 45% completed the BST and 55% declined it. The actual decline rates vary considerably from one geographic region to the next. DWD is continuing to evaluate the decline rates and monitor W-2 agencies to ensure that the BST is offered to participants in an appropriate manner.

3. Dispute resolution – DWD previously committed to pursuing restoration of a fair hearing process. Attached is correspondence/background material regarding the DWD's intention to restore a fair hearing process in W-2 (Attachment B).
4. Teen moms – Teen moms (18 and 19 year olds) and minor teen parents (under age 18) may be eligible for Wisconsin Shares (subsidized) child care to assist them in attending school. In January 2004, 448 minor teen parents and 1,927 teen parents received a child care subsidy. Minor teen parents who are subject to the Learnfare requirements have no child care co-pay. Non-Learnfare minor teen parents must be determined eligible based on their parents' income; once determined eligible, they have a minimum co-pay (for example, for one child in licensed child care the amount is \$5/week). Teen moms who are engaged in educational activities (who may or may not be in a W-2 cash placement) also have a minimum co-pay.

Teen moms who are in a W-2 cash placement (CSJ or W-2 T) who have not completed high school or obtained a GED may fulfill their work participation requirement, in whole or in part, by attending school or pursuing their GED.

5. Steps necessary to combine regions in Milwaukee – The current W-2 contract period (Calendar Year 2004-2005) provides for six geographical regions in Milwaukee; there are 3 (reduced from 4 in the 2002-2003 W-2 contract period) contracted W-2 agencies (MAXIMUS, OIC and UMOS) managing those regions.

Milwaukee County was divided into the six geographical regions in 1996 so that contractors could concentrate on smaller caseloads, better develop neighborhood identities and collaborations, and make closer attachments to community businesses and civic organizations in order to strengthen the social environment.

The only way to reduce the number of regions in Milwaukee before the end of the current 2004-2005 contract period would be to agree on contract amendments with MAXIMUS and OIC which would merge Regions 5 and 6 into one region served by MAXIMUS and merge Regions 1, 3 and 4 into one region served by OIC. Changing boundaries in this way would cause some serious concerns, because the resulting regions would differ greatly in size. Under the current contract, it would be more practical to leave the boundaries in place but ensure that MAXIMUS and OIC are avoiding unnecessary management duplication in the multiple regions that they serve.

DWD could change the number of regions in Milwaukee County for the Calendar Year 2006-2007 contract period (later if the current W-2 contracts are extended). Under s.49.143(6), Stats., the department is to establish the geographical areas; the DWD can do this administratively as we are not required to do this through administrative rule. There would be no "right of first selection" issues because the statutes provide that, if DWD changes geographical areas, the new contracts are to be awarded on a competitive basis.

DWD would need to devise a method to determine revised geographical areas in Milwaukee. The method must ensure client access, designate the number of geographical regions, and the boundaries of each region. In 1996 the Private Industry Council of Milwaukee County worked with John Pawasarat, Employment and Training Institute, UW-Milwaukee to come up with a method using CARES administrative data and census tract data that distributed somewhat equal types of cases across the regions (i.e., that would not give one geographical region all of the hardest to serve cases). Performing this type of an analysis and any automated systems changes as a result of changes in the number and boundaries of the geographical areas will have cost implications.

Any changes in the Milwaukee County geographical regions would have to be included in the next Request for Proposal for W-2 Contracts which would have to be issued in mid-2005 (later if the current W-2 Contracts are extended). Once the contractors are determined, DWD would also have to allow for a transition period and ensure that services to clients are maintained during that transition period. Even with a transition period, there would probably be additional costs due to the changes (worker cost, increased caseload, facility costs and information technology costs).

Please let me know if you need additional information.

Sincerely,



Roberta Gassman
Secretary

Attachments

cc: Bill Clingan, Administrator, Division of Workforce Solutions
JoAnna Richard, Executive Assistant

*Best to you
always great to
work with
you!*

Appendix B: Performance Standards**Wisconsin Works (W-2) and Related Programs Contract
For the period January 1, 2004 through December 31, 2005****PERFORMANCE STANDARDS FOR THE 2004-2005 W-2 AND RELATED PROGRAMS CONTRACT**

The Performance Standards have been established to measure appropriate and quality services being provided to W-2 and FSET participants. Performance Standards are organized by required criteria, bonus criteria, and criteria used for information only.

This chart shows the required Performance Standards for:

1. Base Contract compliance;
2. Right of First Selection for the next W-2 Contract (Contract Period 2006-2007) (Notes: 1. Right of First Selection status under this provision may be revoked if the W-2 agency fails to comply with contract requirements and 2. RFS will be revoked if the W-2 contract is terminated.); and
3. Performance Bonuses.

Information will be measured for the period of January 1, 2004 through December 31, 2005. (Right of First Selection will be measured for the period January 1, 2004 through December 31, 2004) Performance Standards are measured Contract-to-Date or Point-in-Time. Those designated as Contract-to-Date are cumulative beginning January 1, 2004 through the last working day of the report month. Those designated as Point-in-Time are measured on the last working day of each calendar month and an average for all months will be calculated to determine if the criteria have been met.

One Case Credit

In order to recognize that in agencies, especially those with small caseloads, one case can make a significant difference in the calculation of the Performance Standards benchmarks, a One Case Credit is established. The One Case Credit will be reflected in the numerator.

A One Case Credit will apply when:

- a) The Department makes the final determination of whether a W-2 agency meets a benchmark level for a Performance Standard criteria;
- b) The W-2 agency does not meet a Benchmark for one or more of the following criteria: Entered Employment Placement Rate; Basic Education Activity; Attainment of Degree or Certificate; Literacy and Numeracy Gains Skills; Customer Satisfaction Survey; Timely and Complete Processing of 24 and 60-Month Extension Cases; Assessment for Appropriate W-2 Placement and Extension;
- c) At least one of the W-2 agency's cases does not meet one of more of the benchmarks for the criteria in b) above; and
- d) The one case credit will not be applicable to the Performance Bonus Levels.

Zero Case Credit

The Department will apply a special Zero Case Credit to any W-2 agency with no cases for a Performance Standard (if there are any W-2 agencies with zero cases at the time of the Department's Performance Standards calculations). The Zero Case Credit will result in any W-2 agency with no cases meeting the Base

Appendix B: Performance Standards

Contract Compliance Benchmark and Right of First Selection (RFS) Benchmark, but not meeting the Performance Bonus Benchmark. In order to be eligible for a Performance Bonus, the W-2 agency must have at least one case for the Performance Standard.

Worker Error Adjustment

The Worker Error Adjustment process outlined in BWSP Operations Memo 00-72, which was developed to address unusual or non-recurring events, will remain in effect for the 2004-2005 Contract Period. To request consideration, a W-2 agency must submit a written request in accordance with the Department's Policies and Procedures. Adjustments will be reflected in the numerator.

Risk Protection Adjustment

A W-2 agency that is not a tribal agency may ask the Department to lower its Entered Employment right of first selection benchmark by applying a Risk Protection Adjustment designed to take account of an exceptionally high local unemployment rate. The agency must request this Risk Protection Adjustment before January 31, 2005.

The Department will calculate and apply this adjustment as follows:

- 1) The Department will establish a baseline for each county based on that county's average weekly continuous unemployment insurance (UI) benefits claims for calendar years 1997 through 1999.
- 2) A county's continuous UI claims level for subsequent periods will be "indexed" in relationship to that baseline. That is, the baseline will be defined as 1.00 and subsequent years will be calculated as a multiple of that 1.00 baseline. *For example, unemployment levels 25% greater higher than the 1997-1999 average would have an indexed value of 1.25, while unemployment levels 10% lower than the 1997-1999 average would have an indexed value of 0.9.*
- 3) Any county for which the indexed weekly continuous UI claims for calendar year 2004 average out to greater than 1.5 will be eligible for the Risk Protection Adjustment.
- 4) For each tenth of a point by which the indexed average weekly continuous unemployment claims for that county for calendar year 2004 exceeds 1.5, the Entered Employment performance standard benchmark will be lowered by one percent. *For example, if a county's indexed 2004 unemployment claims were to equal 2.5, the Entered Employment rate required to earn Right of First Selection would be lowered by 10% of 35% (or 3.5%), to 31.5%.*

Appendix B: Performance Standards

Performance Standards – Required Criteria

Performance Expectation	Indicator	Definition	Base Contract Compliance Benchmark	RFS for future W-2 Contract Benchmark
Meet Priority Outcomes for Participants	Entered Employment Placement Rate (Contract-to-Date)	<p>For W-2 and FSET Participants: The percentage of the total participants served by the agency for whom an Entered Employment placement meeting the relevant criteria is reported, as follows:</p> <ul style="list-style-type: none"> For the Base Contract Compliance and RFS for future contract measures, all full and part time jobs expected to last 30 days or more, as reported for participants in FSET and W-2 participants in subsidized employment (W-2 T, CSJ, and Trial Jobs) and case management positions. 	35%	35%
	Basic Education Activities (BEA) (Point-in-Time)	<p>For W-2 Participants only: The percentage of adults in W-2 subsidized employment positions (excluding CMC placements) who are not designated as high school graduates on CARES (ANSE screen), are assigned to appropriate educational and training activities which include GED (GE), HSED (HE), adult basic education (BE), literacy skills (LS), English as a Second Language (EL), regular high school (RS), and job skills training (JS).</p>	66%	66%
	Literacy and Numeracy Gains	<p>For W-2 Participants only: The percentage of participants who are:</p> <ol style="list-style-type: none"> enrolled in Basic Education, Literacy Skills, or English as a Second Language, and who record a sustained, measurable increase in literacy or numeracy skills during the contract period. <p>Gains must be measured by acceptable testing tools, applying the same test at both the starting point and the ending point. Allowable activities include Basic Education (BE), Literacy Skills (LS), and English as a Second Language (EL)</p>	45%	45%
	Attainment of Degree or Certificate (Contract-to-Date)	<p>For W-2 Participants Only: The percentage of W-2 participants who enter and complete an educational activity, job skills training, or technical college activity. A participant is counted once during the two-year contract period, regardless of the number of times the participant entered and completed any one or more of the following activities: GED (GE), HSED (HE), regular high school (RS), job skills training (JS), and Technical College (TC).</p>	45%	45%

Appendix B: Performance Standards

Performance Expectation	Indicator	Definition	Base Contract Compliance Benchmark	RFS for future W-2 Contract Benchmark
	Customer Satisfaction Survey	<p>For W-2 and FSET Participants:</p> <p>Customer Satisfaction refers to the delivery of services by the W-2 agencies with the aim of satisfying its customers.</p> <p>Each agency must achieve an average score on each item as indicated or greater on a 10-point scale on each of the following items:</p> <ol style="list-style-type: none"> 1. Your W-2/FSET worker clearly explained what programs and services were available to you and your family and what you had to do to get services under the W-2/FSET program. 2. Staff returned phone calls within 2 business days. 3. Staff set up meeting times that fit into my work schedule. 4. Overall, considering all these things, you are satisfied with the service you received from the ENTIRE W-2/FSET staff in the past two months. 	<p>The score should be at or greater than:</p> <p>Question 1 – 7.4 Question 2 – 7.0 Question 3 – 7.3 Question 4 – 7.4</p>	<p>The score should be at or greater than:</p> <p>Question 1 – 7.4 Question 2 – 7.0 Question 3 – 7.3 Question 4 – 7.4</p>
	Assessment for Appropriate W-2 Placement (Point-in-Time)	<p>For W-2 Participants Only:</p> <p>The percentage of W-2 participants who, when placed in unsubsidized or subsidized employment placements, receive assessment services as described below:</p> <ol style="list-style-type: none"> a. For participants who are placed in a W-2 placement (either initially or as movement from one placement to another) the percentage for whom an informal assessment is completed and documented in CARES within 30 calendar days from the date of placement (includes all W-2 positions paid or unpaid with the exception of CMC) b. For participants who are placed in W-2 Transition (W2T) for whom a formal assessment is initiated and documented in CARES within thirty (30) calendar days of placement into W2T. This formal assessment must be by a medical or mental health/AODA health professional, Division of Vocational Rehabilitation (DVR) counselor or similar qualified assessing agency or business <p>Note: Both a. and b. must be met.</p>	<p>a. At least 80%</p> <p>b. At least 80%</p>	<p>a. At least 80%</p> <p>b. At least 80%</p>
	Timely and complete processing of 24 and 60-month extension requests (Contract-to-Date)	<p>For W-2 Participants Only:</p> <p>The percentage of extension information entries, including extension denials by the W-2 Agency or DWD as well as extension approvals, that are entered into CARES in a timely manner. Timely CARES documentation is described in policy and includes proper notification to the participant of extension decisions.</p>	<p>At least 95%</p>	<p>At least 95%</p>

Appendix B: Performance Standards

Performance Expectation	Indicator	Definition	Base Contract Compliance Benchmark	RFS for future W-2 Contract Benchmark
	Contract Performance	<p>Agencies must meet the following for the entire contract period – If at any time the agency fails to meet this standard within the 2 year contract period the Right of First Selection may be revoked.</p> <p>Agencies must meet Contract Compliance. This means an agency has implemented the W-2 and related programs under the 2004-2005 W-2 and Related Programs Contract and is not and has not been made subject by the Department to a Corrective Action Plan for substantial non-compliance as determined by the Department. Right of First Selection may be revoked for failure to comply with contract requirements. Right of First Selection will be revoked if the W-2 contract is terminated.</p> <p>The Department's records of which agencies have been made subject by the Department to a Corrective Action Plan for substantial non-compliance will be taken to account when determining whether this standard has been met.</p> <p>Agencies must meet Financial Management under the performance standards for the 2004-2005 W-2 and Related Programs Contract means an agency must have submitted timely audits as required by the Contract and must have no significant audit findings as determined by the Department in its Single Agency Audits, or any audits conducted by the Legislative Audit Bureau (LAB) or the Department.</p> <p>Both the amount of dollars involved in an audit finding and the nature of the audit finding will be considered by the Department in determining if the finding is "significant".</p> <p>An annual listing of agencies that meet this standard will be provided.</p> <p>Agencies will need to maintain an acceptable level of performance on the Entered Employment, Job Retention and Earnings Gain based on UI data. Please see "Use of UI Data" paper at the end of this chart for complete definition of denominator and numerator.</p> <p>Agencies will need to maintain an acceptable level of performance and monitoring. The following reports are some of the reports that will be specifically targeted. This is not an all inclusive list.</p> <p>PS45 Report #1 PS45 Report #2 PS45 Report #4 PS45 Report #8</p>	<p>Must meet Contract Compliance and Financial Management</p> <p>Benchmarks as indicated in Performance Chart as Base Level</p> <p>UI Entered Employment Benchmark 48.1% Border County Credit Entered Employment: 16.3%</p> <p>UI Job Retention Benchmark: 30.8% Border County Credit Job Retention: 10.2%</p> <p>UI Earnings Gain Benchmark: 17.5% Border County Credit Earnings Gain: 8.4%</p>	<p>Must meet Contract Compliance and Financial Management</p> <p>Benchmarks as indicated in Performance Chart as Base Level</p> <p>All Monitoring results must remain Satisfactory.</p> <p>UI Entered Employment Benchmark 48.1% Border County Credit Entered Employment: 16.3%</p> <p>UI Job Retention Benchmark: 30.8% Border County Credit Job Retention: 10.2%</p> <p>UI Earnings Gain Benchmark: 17.5% Border County Credit Earnings Gain: 8.4%</p>

Appendix B: Performance Standards

Performance Standards – Bonus Criteria **

Indicator	Definition	Benchmark
Entered Employment	<p>Measures Participants who have obtained full-time employment</p> <p>Entered Employment (EE): : Defined in Ops Memo 00-10:</p> <ol style="list-style-type: none"> 1. Has a start date on or after the date of referral; and, 2. Is prior to disenrollment from Work Programs; and, 3. Is not a job change while employed by a temporary agency 	<p>Performance Bonus level is 35%.</p> $\text{Numerator} = \frac{\text{Total Number of Full-time Entered Employments}}{\text{Denominator} = \text{Total Work Contract Individuals served}}$
Job Retention	<p>Measure all FSET and W-2 participants who have earnings recorded on the UI database. Please see "Use of UI Data" paper at the end of this chart for complete definition of denominator and numerator.</p>	<p>Performance Bonus Level: 32%</p> <p>Credit for Border Counties: 11.4%</p>
Earnings Gain	<p>Measure all FSET and W-2 participants who have earnings recorded on the UI database. Please see "Use of UI Data" paper at the end of this chart for complete definition of denominator and numerator.</p>	<p>Performance Bonus Level: 19.3%</p> <p>Credit for Border Counties: 10.2%</p>
Customer Satisfaction Survey	<p>Customer Satisfaction: This refers to the delivery of services by the W-2 agencies with the aim of satisfying its customers.</p> <p>Each agency must achieve an average score on each item as indicated or greater on a 10-point scale on each of the following items:</p> <ol style="list-style-type: none"> 5. Your W-2/FSET worker clearly explained what programs and services were available to you and your family and what you had to do to get services under the W-2/FSET program. 6. Staff returned phone calls within 2 business days. 7. Staff set up meeting times that fit into my work schedule. <p>Participants were satisfied, overall, with service.</p> <p>Overall, considering all these things, you are satisfied with the service you received from the ENTIRE W-2/FSET staff in the past two months.</p>	<p>The score should be at or greater than:</p> <p>Question 1 – 7.8 Question 2 – 7.4 Question 3 – 7.9 Question 4 – 7.9</p>
Contract Performance	<p>Agencies must meet Contract Compliance. This means an agency has implemented the W-2 and related programs under the 2004-2005 W-2 and Related Programs Contract and is not and has not been made subject by the Department to a Corrective Action Plan for substantial non-compliance as determined by the Department.</p> <p>The Department's records of which agencies have been made subject by the Department to a Corrective Action Plan for substantial non-compliance will be taken to account when determining whether this standard has been met. Right of First Selection may be revoked for</p>	<p>Must meet Contract Compliance and Financial Management</p> <p>Benchmark's also include maintaining Base Level for all RFS Performance Standards.</p> <p>All Monitoring results must remain Satisfactory.</p> <p>Entered Employment will be measured using</p>

Appendix B: Performance Standards

Indicator	Definition	Benchmark
	<p>failure to comply with contract requirements. Bonus funding, if any is available, will not be issued to a W-2 agency if its contract is terminated.</p>	<p>Unemployment Insurance Data and the Benchmark is indicated on attachment.</p>
	<p>Agencies must meet Financial Management under the performance standards for the 2004-2005 W-2 and Related Programs Contract means an agency must have submitted timely audits as required by the Contract and must have no significant audit findings as determined by the Department in its Single Agency Audits, or any audits conducted by the Legislative Audit Bureau (LAB) or the Department.</p> <p>Both the amount of dollars involved in an audit finding and the nature of the audit finding will be considered by the Department in determining if the finding is "significant".</p> <p>An annual listing of agencies that meet this standard will be provided.</p> <p>Agencies will need to maintain an acceptable level of performance on the Entered Employment, Job Retention and Earnings Gain based on UI data. Please see "Use of UI Data" paper at the end of this chart for complete definition of the denominator and the numerator.</p> <p>Agencies will need to maintain an acceptable level of performance and monitoring. The following reports are some of the reports that will be specifically targeted. This is not an all inclusive list. PS45 Report #1 PS45 Report #2 PS45 Report #4 PS45 Report #8</p>	<p>UI Entered Employment Benchmark: 49.8% Border County Credit Entered Employment: 18% UI Job Retention Benchmark: 32% Border County Credit Job Retention: 11.4% UI Earnings Gain Benchmark: 19.3% Border County Credit Earnings Gain: 10.2%</p>

** NOTE: If there is a performance bonus calculation, sec. 49.143(3g) requires that the bonus calculation must be based on the factors stated in the statute. The Governor's 2004-2005 Budget does not include any bonus funding.

Appendix B: Performance Standards

Performance Standards – For Information Only

Indicator	Measurement
Barriers Screened	Measure the completion rate of W-2 participants who are required to be offered the barrier screening tool. The denominator would include all W-2 participants that are required to be screened. The numerator would include the number from the denominator of individuals that completed* the barrier screening tool.
Barriers Assessed	Measure the rate in which a participant is referred to or has a formal assessment completed* due to the possible barriers identified from the barrier screening. The denominator would include all W-2 participants who completed* the barrier screening tool and had at least one barrier identified. The numerator would include the number from the denominator of individuals that were referred or completed* a formal assessment for the identified barrier

Appendix B: Performance Standards

USE OF UI DATA

(See Performance Standards Required Criteria, Contract Performance Indicator)

Defining Denominator and Numerator for Entered Employment, Job Retention, Earnings Gain using Unemployment Insurance Information. Identifying Border Counties whom receive a special credit towards meeting UI measured benchmarks.

Border Counties:

- | | |
|---------------------|------------------------|
| 1. Buffalo County | 12. LaFayette County |
| 2. Burnett County | 13. Marinette County |
| 3. Crawford County | 14. Pepin County |
| 4. Douglas County | 15. Pierce County |
| 5. Florence County | 16. Polk County |
| 6. Forest County | 17. Rock County |
| 7. Grant County | 18. St. Croix County |
| 8. Green County | 19. Trempealeau County |
| 9. Iron County | 20. Vernon County |
| 10. Kenosha County | 21. Vilas County |
| 11. LaCrosse County | 22. Walworth County |

The denominator for the Entered Employment, Job Retention, and Earnings Gain using Unemployment Insurance data will include:

1. Individuals who left FSET in a given quarter and didn't re-enroll in any of the 3 following quarters;
2. W-2 participants who left a non-CMF/CMU placement and did not return to such a placement in any of the 3 following quarters; and
3. W-2 participants who, in a given quarter, (1) moved from a non-CMF/CMU placement (participants moving back into a non-CMF/CMU placement in any of the 3 following quarters are excluded).

The numerator for Entered Employment will include:

Of those in the denominator, the percentage with recorded UI earnings in the 1st quarter after one of the three denominator events occurred.

The numerator for Job Retention will include:

Of those in the denominator, the percentage with recorded UI earnings in each of the 3 quarters, after one of the three denominator events occurred.

The numerator for the Earnings Gain will include:

Of those in the denominator, the percentage with recorded UI earnings in the 1st and 3rd quarters one of the three denominator events occurred, where the amount earned in the 3rd quarter is greater than the amount earned in the 1st quarter.

InterOffice Memo

Department of Workforce Development

Date: August 14, 2003

File Ref: fair hearing legislation

To: Bettie Rodgers
Administrator

From: Dianne Reynolds 
Section Chief

Subject: Restoration of fair hearing for W-2 participants

Per our discussion yesterday, attached is the following:

- DWS 2003-2005 Budget paper re restoration of a fair hearing process for W-2 benefits and retroactive benefits for W-2 applicants;
- Governor McCallum's veto message related to language that was included in the 2002 Budget Adjustment Bill (signed into law as 2001 Wisconsin Act 109); and
- Correspondence related to the statutory language that was proposed in the 2002 Budget Adjustment Bill.

Please let me know if you need further information.

Attachments

cc: Ron Hunt, BWP
Margaret McMahon, BWP
Mary Rowin, AO
Jan Van Vleck, BDS

Department of Workforce Development 2003- 05 Biennial Budget

Division, Bureau, Program Name(s), Appropriation(s) affected.
DWS/BWP, Wisconsin Works (W-2), TANF

Issue

Should a fair hearing process be restored under section 49.152, Stats. and, in conjunction, allow for retroactive benefits for W-2 applicants?

Background/Overview

The W-2 dispute resolution process has two levels of review. The first level of review is called a Fact Finding Review. Individuals who believe that an agency decision regarding any component of W-2 (e.g., employment positions, Job Access Loan, Child Care, Learnfare, Emergency Assistance) is incorrect may request a Fact Finding review by the W-2 agency within 45 days of the agency's decision.

Each W-2 agency must have at least one individual assigned to complete Fact Finding reviews. The fact finder must be neutral and provide an objective review and decision on the Fact Finding request. The fact finder meets with the participant, a representative for the participant (if he or she wishes to have one), and an agency representative. At the fact finding, the participant can present written information that he or she believes is relevant to the decision. The fact finder listens to both sides, reviews the information and gives a written decision based on state law and W-2 policies. If the applicant, participant or W-2 agency disputes the fact finder's decision, they can appeal to a higher level for review. The second level review is completed by the Department of Administration, Division of Hearings and Appeals (DHA). This review is a limited review of the record and the decision of the fact finder.

If an applicant is denied eligibility or placed in an inappropriate W-2 employment position, the remedy is *not* retroactive. Rather, the individual has to be placed in the first available employment position that is appropriate and becomes eligible for payment beginning on the date the individual begins participation. For participants, W-2 payments are not continued pending the Fact Finding decision, with the exception of requests for a Fact Finding Review within 10 days of notice due to a Learnfare penalty. However, benefits are retroactive back to the date of the modification, miscalculation or cancellation of the benefit.

The recommendations to restore the fair hearing process and allow retroactive benefits were most recently put forth by the W-2 Advisory Panel.

Alternative

The Department has already supported reinstating a fair hearing process under the W-2 dispute resolution process. In addition, the Department will retain the current policy of allowing W-2 agencies to resolve complaints through an informal pre-fair hearing conflict resolution process. The reasons for this are:

- This will help avoid costly and time consuming formal actions. Under AFDC, the average time for a fair hearing decision was four months and the average time for a fact finding is thirteen days.

- Gives W-2 agencies the ability to resolve problems as close to the participant as possible. According to the W-2 agencies, specifically those in Milwaukee, they are able to resolve about 90% of the complaints they receive without the formal fact-finding process.
- Process continues to mirror the real world of work by first allowing "employees" and "employers" to work out their differences.

In addition, the Department has already supported allowing retroactive benefits for W-2 applicants. Potential policy issues that must be addressed include:

- What is the impact on both the federal and state time-limited benefit clocks when someone receives a payment but did not receive any services?
- If the facts dictate a retroactive pay award, how is the increased pay to be determined, e.g., moving from a lower paying W-2 placement to a higher paying placement?
- If the facts dictate a retroactive pay award, how is the decreased pay to be determined, e.g., moving from a higher paying position to a lower paying position or no payment position? Must DWD recover the overpayment amounts from these participants?

Analysis

Because most agencies have an informal process in place to resolve issues prior to a formal fact finding, a pre-fair hearing conflict resolution process will not affect the W-2 agencies' workload considerably. This suggestion may, however, eliminate the need for a fact finder (FF) in each agency. Of course, it is possible that the agency could work the FF into its issue resolution process, but eliminating a formal process may decrease their workload. However, for those cases that are not resolved internally, agencies may have staff spending additional time out of the office at fair hearings.

Workload issues at the Division of Hearings and Appeals would have to be considered if the Department decides to contract with them to conduct its fair hearings. Although DHA conducts second level reviews under the current W-2 dispute resolution process, they are only required to conduct a paper review of the file rather than a full-blown hearing. This may require additional Administrative Law Judge's (ALJs) to be outsourced (currently there are ALJs in Milwaukee to handle FS and MA disputes). Travel issues would also have to be considered for participants.

For participants, the fair hearing process will give the impression of being more neutral. However, great care should be taken in making sure that the fair hearing process does not delay decision making. Under AFDC, it took as long as four months to make decisions due to the backlog of cases. If the agencies have an effective pre-hearing resolution process in place, this may prevent delays.

Information regarding cost implications on implementing this policy change was requested by the Secretary's Office and referenced in a February 27, 2002 letter to Senator Gwendolynne Moore.

Contacts: Primary and Secondary

Primary Contact: Margaret McMahon (6-5899)

Secondary Contact: Dianne Reynolds (6-0988)

I am vetoing these provisions because it will severely affect the ability of small employers to continue to offer insurance benefits. All employers are currently facing double-digit increases in health insurance costs and point-of-service plans will further increase these costs to employers and employees. I do not want to endorse a provision that would increase the likelihood that small employers will discontinue or reduce coverage for their employees.

WORKFORCE DEVELOPMENT

9. Expansion of Retroactive Cash Benefits for Wisconsin Works (W-2) Participants

Sections 119g, 119gd, 119gh, 119gi, 119gj, 119gk, 119r, 121k, 9358 and 9458

These provisions would change the rules surrounding retroactive cash benefits for W-2 clients. Under current law, a person may be eligible to receive retroactive cash benefits under the W-2 program if that person's benefit was improperly modified or canceled, or if the benefit was calculated incorrectly, as determined by the W-2 review process. These provisions would require a W-2 agency to provide retroactive cash benefits to persons whose applications were not acted upon with reasonable promptness and persons who were improperly denied a benefit in whole or in part, as determined by the W-2 review process.

I am vetoing these provisions because they could have significant policy ramifications for the operation of the W-2 program. As such, these policy changes should receive the full review of the legislative committee process and should be addressed through separate legislation.

10. Transfer of Temporary Assistance for Needy Families (TANF) Funds

Sections 64g and 9258 (14d)

This provision would transfer \$10,000,000 in unappropriated Temporary Assistance for Needy Families (TANF) funds from the Department of Workforce Development to the Joint Committee on Finance's supplemental appropriation for public assistance programs, to be used for any purpose that is allowed under the TANF program. Under this provision, the department would be required to seek approval from the Joint Committee on Finance under the s. 13.10 process to access the funds.

I am vetoing this provision because it is unnecessary. Under current law, the department may access any unappropriated TANF funds by seeking approval from the Joint Committee on Finance under the s. 16.54 process.

Scott McCallum
Governor

Jennifer Reinert
Secretary



State of Wisconsin

Department of Workforce Development

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e-mail: Smithgv@dwd.state.wi.us

To: Interested Legislators

From: Jennifer Reinert, Secretary

Date: May 21, 2002

Re: Senate Budget Proposal on W-2 Dispute Resolution Process (Caucus Senate Amendment, to Senate Sub. Amendment 1, to Assembly Bill 1)

The Department of Workforce Development has reviewed the proposed statutory language for the W-2 Dispute Resolution Process proposal that is currently in the Senate Amendment to the Budget Repair Bill. Generally, this agency agrees with the concept of eliminating the fact-finding review at the W-2 agency level as spelled out in sec. 49.152(2), Stats. However, we do not believe that introducing such a significant change in a Budget Repair Bill is appropriate.

The Department would instead like to present a complete revision to the fair hearing process as a package in the 2003-2005 Biennial Budget Bill. The Department plans to move forward in developing a package of policy changes for the W-2 Program based on recommendations from the Milwaukee W-2 Advisory Panel and with input and review from the W-2 Contract and Implementation Committee, which represents all W-2 agencies. This package will likely be submitted in our 2003-05 Biennial Budget Bill proposal.

This package of changes will retain the current acceptable policy of allowing W-2 agencies to resolve complaints through an informal pre-fair hearing conflict resolution process. According to the W-2 agencies, specifically those in Milwaukee, they are able to resolve about 90% of the complaints they receive without a formal fact-finding process. Retaining this informal process will keep costly and time-consuming formal fair hearing actions to a minimum. Based on the current Amendment language, we foresee the potential of increased costs due to the following:

- An increased number of the more formal fair hearing appeals;
- Delays in addressing and acting on participants' concerns;
- Delays in processing appeals;
- Delays in scheduling hearings;
- Delays in conducting hearings due to supplemental submission of factual data and alternating submission of briefs;
- Delays inherent in the issuance of written decisions, including proposed and final decisions;
- The more formal the process the less likely the issue will be settled swiftly.

The Department feels it is imperative that the new statute note that the persons involved in a dispute may negotiate and resolve the case regardless of where the parties are in their potential or actual litigation.

However, if the change restoring the fair hearing continues to move forward under this Amendment, we do want to point out some concerns we have with the existing proposed language.

First of all, the new secs. 49.16(2) (b) and (c), Stats., give cause for concern. Paragraph (b), on page 3 of the Amendment, lines 10 through 16, is drawn out of the old AFDC hearing regulations. See 45 C.F.R. §205.10(a)(4)(iii) and (5). Under the W-2 program the term "grant" is inappropriate. That word should be changed to "benefit level".

Second, the proposed language for paragraph (c), found on page 3, lines 13 through 16 of the Amendment removes the current language giving the department the ability to define good cause for abandonment of a fair hearing appeal when someone fails to appear at a scheduled fair hearing. Chapter DWD 12 of the Administrative Code currently includes a definition of "good cause" that was reviewed and approved by the legislature. It has been in use for years. If the department does not retain the ability to limit good cause exceptions to the ones it thinks necessary and appropriate then there will be yet another cause of delay in resolving fair hearing issues. Therefore, the phrase "as defined by the department by rule" should be reinserted into the last sentence.

Although the Department is opposed to restoring the fair hearing process under the Budget Repair Bill, we continue to support the language on page 2 of the Amendment, lines 12 to 19 that provides for retroactive payment of benefits, as previously agreed to as a recommendation of the Milwaukee W-2 Advisory Panel. The department also believes this portion of the legislation should have a delayed effective date of at least six months. This delayed effective date is needed as the Amendment's proposed language is unclear and must be clarified in order to sort out potential policy issues. For example:

- What is the impact on both the federal and state time-limited benefit clocks when someone receives a payment but did not receive any services?
- If the facts dictate a retroactive pay award (moving from a lower paying W-2 placement to a higher paying W-2 placement), how is that increased pay to be determined?
- If the facts dictate a retroactive pay reduction (moving from a higher paying W-2 placement to a lower paying W-2 placement) would the difference between the higher payment and the lower payment (or no payment at all) have to be recouped from the participant?

I hope this information is helpful in understanding the Department's position on the W-2 Dispute Resolution Process budget provision. Please contact Kim Markham, 267-3200, if you have any questions or would like to discuss this further.

Bcc: Mary Rowin
Dianne Reynolds
Greg Smith, Legal
Kim Markham
Chris Wolle
Margaret McMahon

Scott McCallum
Governor

Jennifer Reinert
Secretary



State of Wisconsin

Department of Workforce Development

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May 23, 2002

Pam Fendt
University of Wisconsin – Milwaukee
Center for Economic Development
P.O. Box 413
Milwaukee, WI 53201-0413

Dear Ms. Fendt:

Thank you for your most recent letter regarding changes to the Wisconsin Works (W-2) Dispute Resolution process.

As you may know, the Department of Workforce Development (DWD) has already responded in part to proposed legislative changes to the W-2 Dispute Resolution process. DWD sent a letter (copy enclosed) to Senator Gwendolynne Moore in February supporting the budget motion she introduced in the Joint Committee on Finance (JFC) to allow retroactive benefits for W-2 applicants to the date of placement in the case of disputed application decisions. We supported this motion in an effort to carry out the W-2 Advisory Panel recommendations accepted by DWD in November 2001.

The motion that Senator Moore introduced in JFC during deliberations on the Budget Repair Bill included a delayed effective date (the first day of the sixth month beginning after publication of the bill.) This delayed effective date is necessary to insure that the Department has sufficient time to make necessary CARES changes. We also hope to work with partners such as the Milwaukee W-2 Monitoring Committee and the W-2 Contract and Implementation Committee regarding the drafting of new policies that will result from this and other changes being pursued as a result of the W-2 Advisory Panel recommendations.

With regard to the current proposal in the Senate amendment to the Budget Repair Bill to restore the fair hearing process under W-2, the Department does not oppose this change. However, we do have some concerns with the way the statutory language for this proposal was drafted. In addition, we don't feel that the budget repair bill is the place to introduce such an expansive change. Rather, DWD would like to present a complete revision to the process as a package in the 2003-2005 Biennial Budget bill. The goal in revising the process will be to keep some early form of problem identification and resolution and to avoid costly and time-consuming formal actions. We are confident that our concerns with the current proposal can be addressed in consultation with our partners as we develop the package of changes for DWD's 2003-05 Biennial Budget Bill proposal.

Ms. Pam Fendt
May 23, 2002
Page 2

DWD will begin the process of reviewing the current system, rethinking it from start to finish to determine how best to incorporate the proposed changes and allowing for input from our partners. Your input will be quite valuable in this process.

Thank you again for your letter.

Sincerely,

Jennifer Reinert
Secretary

Enclosure

Scott McCallum
Governor

Jennifer Reinert
Secretary



State of Wisconsin

Department of Workforce Development

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February 27, 2002

The Honorable Gwendolynne Moore
Joint Committee on Finance
409 South, State Capital
Madison, WI 53707

Dear Senator Moore:

This letter is in support of your motion that would allow retroactive benefits for W-2 applicants to the date of placement in the case of disputed application decisions.

Retroactive W-2 Benefits for Applicants was one of the recommendations made by the Milwaukee W-2 Advisory Panel, and was accepted by the Department of Workforce Development in our response to the Panel in November, 2001.

We are working now to provide information to you regarding the cost implications of implementing this policy change.

We appreciate your interest in moving forward on the Milwaukee W-2 Advisory Panel recommendations.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jennifer Reinert'.

Jennifer Reinert
Secretary

bcc: Howard Bernstein, OLC/DWD
Gregory V. Smith, OLC/DWD
Mary Rowin, AO/DWS
Gary Denis, BWP/DWS
Dianne Reynolds, BWP/DWS
Margaret McMahon, BWP/DWS
Eric Baker
Kim Markham

by: M. McMahon (6-5899) s:\. . . \11572.doc
Kim Markham



WISCONSIN STATE LEGISLATURE

Joint Audit Committee

Committee Co-Chairs:
State Senator Carol Roessler
State Representative Suzanne Jeskewitz

May 26, 2004

Ms. Roberta Gassman, Secretary
Department of Workforce Development
201 East Washington Avenue
Madison, Wisconsin 53703

Dear Ms. Gassman:

Thank you for your letter of April 26, 2004 in which you respond to questions about the W-2 program raised by the Joint Legislative Audit Committee in its public hearing on February 11, 2004.

We have forwarded this information to the members of the Committee and to the Legislative Audit Bureau for consideration in the context of the current audit of the W-2 program as approved by the Committee on February 11th.

We appreciate both your testimony at the public hearing and your attentive follow-up to our questions and concerns. Thank you for your cooperation and assistance.

Sincerely,

Senator Carol A. Roessler, Co-chair
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair
Joint Legislative Audit Committee

cc: Senator Robert Cowles
Senator Alberta Darling
Senator Jeffrey Plale
Senator Julie Lassa

Representative Samantha Kerkman
Representative Dean Kaufert
Representative David Cullen
Representative Mark Pohan

Janice Mueller
State Auditor

Counties having W-2 problems

- a. some have turned over program to private agency
- b. Pinched by an increasing client caseload and decreasing money from the state, Pierce county officials decided to discontinue W-2 oversight at the end of last year.
- c. LaCrosse based Workforce Connections has taken over county W-2 cases. But it's been tough for human services personnel to concede program oversight.
- d. Pierce is one of three (most appear to be in Harsdorf's district) in NW WI to give up W-2 oversight because of budget concerns. Other counties may soon join them.
- e. Since its inception in 1997, W-2 in most of WI was overseen by county human services departments. But the state doesn't require that counties provide the program.
- f. As county budgets become increasingly strapped, most are unwilling to pay for W-2 services using local tax dollars. But in many cases that's no longer possible if counties want to meet client needs. That has prompted many counties considering discontinuing W-2 and turning over administration of the program to a private company.
- g. They are particularly upset at a DWD decision last year to transfer W-2 money from throughout the state to shore up program needs in Milwaukee County.
- h. In Dunn County, the number of recipients receiving food stamps and medical assistance has doubled to 2,800 since 1997 and there's been a corresponding rise in W-2 cases.
- i. Ask any county employees – tell you that the counties are the best equipped to provide program services to clients because deal with many clients through other programs such as food stamps, housing, and medical assistance.
- j. Having another entity oversee W-2 creates another level of bureaucracy and could lead to clients falling through the cracks – person who oversees W-2 efforts in Eau Claire County.
- k. Also is harder on clients because they have to visit several sites for their range of services. Some result in a 40 mile one-way trip from site to site.
- l. Already strapped W-2 resources will soon be stretched further in Eau Claire (118) and Dunn County (80) because Hmong refugees expect to resettle there this month.
- m. Despite difficulties associated with W-2, some hold out hope can counties can continue to operate the program.
- n. State has nearly \$27 million in reserve W-2 money to help pay for program shortfalls. Gassman said DWD may use some of that to help counties in need. Counties say doling out the money shouldn't be delayed because county boards are starting to prepare 2005

budgets and if have to dip into local tax dollars they may
discontinue the program.

Many poor not getting welfare

- a. new study leaves some concerned about whether the needy are given the option.
- b. Growing percentage of the very poor in Milwaukee county receive no help from the state's welfare reform program.
- c. More poor have opted out or have been steered away from W-2 said several welfare advocates who have scrutinized caseload data.
- d. A study by the Milwaukee County W-2 Monitoring Task Force released this week found that 1,056 or about 27% of the 3,907 families in the county last April with no income were enrolled in W-2
- e. That compares to 1998, when half the local families with no income were participating
- f. Anne DeLeo, private practice atty – potential new or returning W-2 clients often are discouraged from applying for the program.
- g. Former W-2 clients often aren't told they can seek an extension.
- h. They are either misinforming them or not informing them. DWD said they would work to ensure local agencies were effectively connecting families to employment and benefits of a growing economy

Eau Claire Leader-Telegram July 11, 2004

Counties having W-2 problems

Some have turned over program to private agency

By Julian Emerson
Leader-Telegram staff

Less than a decade ago Pierce County was at the forefront of a program designed to move people from welfare to work.

The county was one of two in Wisconsin selected as testing grounds for the Work not Welfare program, the precursor to Wisconsin Works, better known as W-2. As a sign of the program's success, then-Gov. Tommy Thompson visited the county courthouse in Ellsworth to talk up the initiative that was drawing national acclaim.

How times have changed.

Pinched by an increasing client case-

load and decreasing money from the state, county officials decided to discontinue W-2 oversight at the end of last year.

La Crosse-based Workforce Connections has taken over county W-2 cases. But it's been tough for human services personnel to concede program oversight, said Reggie Bicha, human services director in Pierce County.

"There was a lot of community pride about W-2 here. We were seen as a leader in the state in this program," Bicha said. "To have it die away the way it did really disappointed a lot of people here."

Pierce County isn't alone in experi-

encing difficulties administering W-2. The county is one of three in northwest Wisconsin to give up W-2 oversight because of budget concerns.

St. Croix County officials also decided to give up the program last year after program needs outstripped state aid. Jackson County officials made the same decision in 2001, when their program was set to go in the red. Farther south, Monroe and Juneau counties have given up W-2.

Other counties soon may join them.

Since its inception in 1997, W-2 in most of Wisconsin was overseen by county human services departments. But the state doesn't require that coun-

ties provide the program, designed to wean people off welfare payments and provide them with job training.

As county budgets become increasingly strapped, most are unwilling to pay for W-2 services using local tax dollars. But in many cases that's no longer possible if counties want to meet client needs.

That has prompted many counties to consider discontinuing W-2 and turning over administration of the program to a private company. Cheryl Huenink, Dunn County human services director, said county officials there have had "very serious discussions" about giving

W-2 Woes

County governments in Wisconsin are struggling to provide W-2 services to clients as caseloads grow and state money for the program fails to meet demand.

In this part of the state, Jackson, Pierce and St. Croix counties no longer oversee W-2. Workforce Connections of La Crosse manages W-2 cases in those counties.

Program administrators in Eau Claire, Chippewa, Dunn, Barron, Buffalo, Clark, Pepin, Rusk and Trempealeau counties said they are experiencing difficulties because state payments haven't kept pace with costs. Some of those counties may drop W-2 if budget woes continue.

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Eau Claire Leader-Telegram July 11, 2004

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up oversight of W-2.

"We've been talking about whether we can we afford to run this program that philosophically we believe needs to be run by the county," Huenink said. "But we don't know whether we'll have the money."

Officials in other counties voiced similar concerns. During a visit to Eau Claire in May by Department of Workforce Development Secretary Roberta Gassman, human services personnel from many counties in west-central Wisconsin said their W-2 programs are imperiled because of a lack of state funding.

They were particularly upset at a DWD decision last year to transfer W-2 money from throughout the state to shore up program needs in Milwaukee County.

John Kriesel, Buffalo County Health and Human Services Department director, said that move plus an increasing caseload has left a "bare-bones program" in his county that doesn't have the money to provide clients with job training and other services.

Human services officials in Chippewa County said program dollars are being stretched thin as the number of cases there increases.

That's also the case in Dunn County, Huenink said. The number of recipients receiving food stamps and medical assistance has doubled to 2,800 since 1997, and there's been a corresponding rise in W-2 cases.

Client concerns

Ask any county employee involved with operating W-2, and they'll tell you the same thing: Counties are best equipped to provide program services to clients.

That's mainly because counties already deal with many W-2 clients through other programs such as food stamps, medical assistance and housing assistance. Having another entity oversee W-2 creates another level of bureaucracy and could lead to clients falling through the cracks, said Mike Serum, who oversees W-2 efforts in Eau Claire County.

Bicha agreed. While he praised Workforce Connections for providing high-quality W-2 services, separating that program from administration of food stamps and medical assistance services creates difficulties for clients.

People used to receive all the services at the courthouse in Ellsworth. But clients now must travel to the Workforce Connections office in River Falls

“When I look at those numbers, I don't know what the answer is right now.”

— Mike Serum,
W-2 coordinator,
Eau Claire County

for W-2 assistance. For some people, that's a one-way trip of about 40 miles.

"To me, the greatest travesty was that the state abandoned their own commitment to the one-stop center for these services," Bicha said.

Jamie Christianson-Fawcett, economic resource unit manager in Jackson County, said many county boards believe giving W-2 oversight to a private company allows for human services staff cutbacks. But that hasn't proven to be the case in Jackson County, she said.

"We have as much work as ever," she said.

Huenink said she has concerns about handing W-2 over to a private company.

"We have always been concerned about outsourcing services to companies who really do not have a local commitment. These are our citizens, our neighbors," she said.

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Adding to the problem

Already strapped W-2 resources soon will be stretched further in Eau Claire and Dunn counties. Among refugees from Thailand are expected to begin resettling later this month, with 118 expected in Eau Claire County and another 80 in Dunn County.

Most refugees will require many services when they arrive, and most probably will qualify for W-2, Serum said.

W-2 services in the county already were stretched thin because of state aid cutbacks, Serum said. He said he wonders where money to pay for refugee services will come from. W-2 payments to refugees expected to settle in Eau Claire will cost about \$161,000 per year.

The federal government recently announced it will provide money to assist with resettlement, but that doesn't include any additional W-2 money.

"When I look at those numbers, I don't know what the answer is right now," Serum said.

Eau Claire County Board Supervisor Colleen Bates said the county will continue to seek partnerships to defray W-2 costs and added the board may be

willing to pay a small amount for the program.

"I don't see us as willing to abandon these people to a life in poverty," she said.

Hope on the horizon

Despite difficulties associated with W-2, some hold out hope many counties can continue to operate the program, at least for the short term.

The state has nearly \$27 million in reserve W-2 money to help pay for program shortfalls, and Gassman has said the DWD may use some of that to help counties in need.

Huenink said she believes Dunn County and others soon will receive some of that money.

"I'm a lot more optimistic now than I was even last week," she said.

But Huenink said the state shouldn't delay doling out that money any longer than necessary. County boards are starting to prepare for 2005 budgets that will be finalized this fall, and counties that have to dip into local tax dollars to pay for W-2 may discontinue the program.

If the state doesn't increase W-2 payments to counties, more will drop the program, said Mary Squyer, economic support supervisor in St. Croix County.

"In these tough budget times, every department is being cut. If the state continues to dump the cost onto the counties, you're going to see more counties do what we did," she said.

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Milwaukee Journal Sentinel July 15, 2004

Many poor not getting welfare

By STEVE SCHULTZE
sschultze@journalsentinel.com

A growing percentage of the very poor in Milwaukee County receive no help from the state's welfare reform program, a new study says.

Even though the Wisconsin Works caseload here has grown steadily over the past three years as the economy slumped, more poor have opted out or have been steered away from W-2, said several welfare advocates who have scrutinized the caseload data.

State officials said the three private agencies that run W-2 in Milwaukee County should not be diverting clients who could be eligible, but the state had no evidence that was happening. Collectively, the firms hold contracts worth \$184 million for 2004 and 2005.

A study by the Milwaukee County W-2 Monitoring Task Force released this week found that 1,056, or about 27% of the 3,907 families in the county last April with no income were enrolled in W-2.

That compares to 1998, when half the local families with no income were participating in the state's landmark welfare-to-work program.

The families counted had no income but were receiving food stamps, a federal entitlement that serves a high per-

New study leaves some concerned about whether the needy are given the option

centage of those eligible, the advocates said.

The pool of people in that position — of subsisting on food stamps, help from families or friends and little else — grew by 46% from 2,672 Milwaukee County families in '98, the study said.

"No one can explain why these families do not have income from W-2, as it appears they would meet financial eligibility requirements," the task force study said.

Concerns voiced

The low percentage of the very poor enrolled in W-2 "raises serious questions about how the W-2 program is administered in Milwaukee County," said Anne DeLeo, a private practice attorney who has represented many poor clients through Legal Action of Wisconsin. DeLeo also is co-chairwoman of the task force on W-2.

She said potential new or returning W-2 clients often are discouraged from applying for the program, either by what they are told by local W-2 agency workers or by what they've heard from others.

Wisconsin Works limits participation in any one of several parts of the program to two years and overall participation to five years. But clients can get extensions when the job market is tight or a family crisis prevents someone from getting a job.

Extensions, if sought, normally are granted, DeLeo said. That is, "if you can get your foot in the door. You need to be assertive," she said.

Former W-2 clients often aren't told that they can seek an extension, she said.

"This is a group of people who are pretty much beaten down," DeLeo said. "They don't need much to get discouraged." Many of those in W-2 are returnees with multiple problems hindering their ability to find and hold jobs, say state and local officials.

Pat DeLessio, also a Legal Action lawyer, said she frequently hears complaints that local agencies turn away would-be W-2 clients who are not told they might qualify for the program.

"They are either misinforming them or not informing them," DeLessio said. Many

former W-2 clients also decide it's not worth the hassle of re-enrolling in W-2, she said. One big problem for the destitute: It can take up to 2½ months from the time they enroll until the first W-2 check arrives, DeLessio said.

Rod Ritcherson, a spokesman for United Migrant Opportunity Services, said the agency did not divert clients from W-2. "If a person is entitled to an extension, we will go to bat for them to make sure they get the extra time they deserve," Ritcherson said.

Spokesmen for the two other local W-2 firms — Maximus, Inc., and Opportunities Industrialization Center of Greater Milwaukee — could not be reached for comment.

Rose Lynch, a spokeswoman for the state Department of Workforce Development, said the state would work to ensure local agencies were "effectively connecting families to employment and the benefits of a growing economy."

"There are really more people who are income-less," said Roger Quindel, a Milwaukee County supervisor and member of the county's W-2 Monitoring Task Force. He said many poor families diverted from W-2 wind up in some other social program, with ultimately higher public costs.

Original URL: <http://www.jsonline.com/news/metro/aug04/252485.asp>

Jury finds Gee guilty in kickback scheme

George associate secretly directed money to ex-senator

By **DERRICK NUNNALLY**
dnunnally@journalsentinel.com

Posted: Aug. 19, 2004

For the first time, a jury on Thursday found someone guilty in former state Sen. Gary George's kickback operation.

Carl A. Gee, the longtime head of one of Milwaukee's largest social services organizations, could face prison time after being convicted of conspiracy for his role in a scheme that put nearly \$500,000 into George's pocket.

Gee declined to comment after the verdict.

The money came out of the Opportunities Industrialization Center of Greater Milwaukee Inc., where Gee was president and chief executive officer. It was nominally intended to pay for the services of an attorney, Mark Sostarich, and for an ownership stake in a Virgin Islands television station. But Sostarich was secretly returning 80% of his retainer fees - as much as \$70,000 a year - to George, and the television station was controlled by George's family.

OIC administered nearly \$250 million in Wisconsin Works program funds from 1997 to 2002 - the same time frame, U.S. Attorney Steven M. Biskupic said, that OIC was clandestinely directing money to George, then a powerful state senator. George, a Milwaukee Democrat, was recalled from office in 2003 and pleaded guilty this year, as did Sostarich, to a federal conspiracy charge. At his sentencing this month, however, George downplayed his wrongdoing. He was ordered to serve four years in prison. Sostarich's sentencing is scheduled for Sept. 9.

Biskupic read the jury's findings as a vindication.

"Obviously I'm pleased with the verdict, particularly given Gary George's prior attempt to characterize his actions as less than criminal," Biskupic said.

"Here you have a jury of 12 people finding the third person involved to be guilty beyond a reasonable doubt, pretty well establishing that this was serious criminal conduct on the part of all three individuals."

After a 3 1/2-day trial, the jury deliberated just less than four hours. Gee remains free on bail until he is sentenced in November, at which time he faces up to five years in federal prison.

Gee's attorney, Dennis Coffey, had focused his closing argument Thursday on what he told the jury were inconsistencies in Biskupic's case. He said it's reasonable that OIC, through a subsidiary, would have wanted to invest in the George-controlled television station, but that "it doesn't fly" that Sostarich would voluntarily give George 80% of the money he earned on OIC's legal retainer.






"The government has its theory, and that's the theory," Coffey said.

He portrayed Sostarich, who testified that Gee was a complicit partner in the kickback, as less than believable, along with other prosecution witnesses. Coffey also said Gee was little besides the dupe for George, whom Coffey painted as a

*Gary George
W-2*

Milwaukee

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mastermind of corruption.

"He's a thief. He's a liar. He's a cheat," Coffey said of George. "That doesn't mean that everybody knew that from day one."

Gee, he said, went in with good faith and was naive that George might be setting up something illegal.

"That's a good man," Coffey said, pointing to Gee. "That's a man who looks out for others, and that's a man who got taken - his organization got taken - by Gary George. And you know what, ladies and gentlemen? That doesn't make him unique."

Biskupic countered that the duration of Gee's cooperation with George and the amount of evidence about the two men's dealings - including canceled checks and correspondence - established Gee as a willing abettor to George's schemes in exchange for political influence.

Afterward, Coffey deplored that the case against Gee was built on Biskupic's "deal with Gary George" and Sostarich.

"We didn't even get a chance to have (George) testify about the reported facts and challenge the presentation," Coffey said. "Yeah, I'm disappointed."

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The Capital Times September 21, 2004

W-2 gets the big book treatment

Doug Moe
THE TALK



JASON DePARLE says that when he doesn't feel like talking at a cocktail party and someone asks what he does, he tells the truth.

"I cover social policy for the New York Times," the award-winning reporter will say.

DeParle doesn't have to look to know the questioner's eyes are glazing over.

If he feels like talking, DeParle offers another version of the truth. "I cover welfare."

Welfare was a buzzword before anyone thought to call them buzzwords. A decade ago it brought such an immediate, ideologically charged reaction that DeParle thought there must be a book there somewhere. Somewhere turned out to be Wisconsin.

Next week, with his ambitious new book, "American Dream: Three Women, Ten Kids and a Nation's Drive to End Welfare," just published, DeParle will return to the state where he spent much of the past seven years. He'll have a signing Wednesday in Milwaukee and then come to Madison Sept. 30 for a 6 p.m. event at the University Book Store on campus.

He'll arrive with a book that's already garnering ecstatic early reviews for DeParle's skillful weaving of the lives of three poor Milwaukee women and the political and adminis-

trative machinations of welfare reform into a compelling page-turner. There are no short cuts in this kind of enterprise. You need the trust and access that allows hundreds of hours to be spent with your reporting subjects; you need a savvy instinct for how government works or doesn't at levels high and low; and finally, once you start putting it all together, you need a large reservoir of pure storytelling talent. With "American Dream," DeParle delivers on every level.

The book had its genesis in a series of articles for the New York Times, where DeParle, a graduate of Duke University, is on staff. He had been writing about poverty since the 1980s when he decided the time was at hand for a book on welfare. At first, he said, his editors at the Times took some convincing when he said he wanted to spend a year in Milwaukee looking at the impact of welfare reform in Wisconsin.

They suggested DeParle choose a city closer to the Times' large East Coast readership. "I actually looked at Baltimore and Cleveland," DeParle was saying Monday, but in his mind he kept coming back to Milwaukee. "It was the perfect place," he said. W-2, the welfare reform plan of Gov. **Tommy Thompson's** administration, was bold, celebrated and controversial. DeParle landed in Milwaukee.

Early in the book, Wisconsin readers will find some familiar names as DeParle recounts recent welfare history in the state. He recalls Milwaukee Father **James Groppi's** march on Madison after Republican legislators slashed

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The Capital Times September 21, 2004

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Jason DeParle

welfare benefits by 15 percent. That only encouraged right-wingers like Assembly Speaker **Harold Froehlich**, though DeParle suggests that "the ugly racial subtext" in the Republicans' anti-welfare rhetoric led to the Democrats soon gaining both the governor's chair and control of the Legislature.

"The changes that followed made the state a lodestar of welfare liberalism," DeParle writes. "Benefits more than doubled in the 1970s. In 1970, Wisconsin's grants per family ranked 26th. Five years later, among the lower forty-eight, only Connecticut paid more."

By the 1980s, Milwaukee's ghetto population was multiplying. Two of the women who became principal subjects in DeParle's book conceded moving to the city because the welfare benefits trumped what they could get in Chicago. DeParle notes that Thompson rode the issue both to an upset victory in the 1986 governor's race, quoting incumbent **Tony Earl** saying Tommy wanted "to reform welfare and make Wisconsin like Mississippi." Tommy's response: "With you in charge we're attracting all the people from Mississippi up here anyway."

If Thompson's response was typically lacking in nuance, he'd at least grasped an undeniable truth: The system was broken. Fixing it was another matter. By the 1990s a national welfare reform bill became a political football between **Bill Clinton** and **Newt Gingrich**. In the end Clinton signed a far from perfect bill that acknowledged the problem without offering much of a solution, which ultimately brings DeParle back to Milwaukee, and an unlikely protagonist named **Jason Turner**.

Turner was the architect of W-2, or "Wisconsin Works," a plan which in broad strokes offered incentives like child care to get welfare recipients into paying jobs and off the rolls. It, too, was far from perfect, but DeParle says the cigar-chewing and shambling Turner proved to be a "right-wing idealist" who "turned an obscure patch of Midwestern blight into a policy lab that would draw visitors from around the globe."

One of the visitors, of course, was Jason DeParle, who has written a big, important, readable book on an unwieldy subject. Asked if welfare reform has been a success, the author replied, "It's a success as a first step." One might add that if there is more success in the future, it will likely be forged by people who have read and learned from "American Dream."

Heard something Moe should know? Call 252-6446, write PO Box 8060, Madison, WI 53708, or e-mail dmoe@madison.com

Milwaukee Journal Sentinel September 23, 2004

At last, W-2 revealed as flawed

Some of us always suspected W-2 was more welfare scam than welfare reform.

Perhaps with the release of a new book that lays out the Wisconsin welfare experience in a clear and compelling way, more people will recognize the truth.

The book is "American Dream: Three Women, Ten Kids, and a Nation's Drive to End Welfare," by New York Times writer Jason DeParle, who spent years covering poverty and welfare reform.

DeParle's journalism led him to Milwaukee in the 1990s to witness the birth of W-2, a



EUGENE KANE

Frankenstein's monster of a social program launched by then-Gov. Tommy Thompson.

According to DeParle, W-2 was born after President Clinton signed a flawed welfare

reform bill allowing individual states to implement their own versions without proper safeguards for the lives of the poor, particularly poor black women with children.

And race definitely played a part in the rush for welfare reform; DeParle found that in states where blacks made up the largest percentage of welfare recipients, sanctions were often the most harsh.

DeParle painstakingly documents the evolution of welfare reform and its effects on three Milwaukee women with children who used welfare to supplement their struggling lives.

All three African-American women came to Milwaukee from Chicago for higher welfare payments, a trend long denied by some poverty activists.

But rather than denounce them, DeParle celebrates the ingenuity of poor people taking advantage of the system.

He finds most welfare recipients were not lazy ne'er-do-wells sitting at home waiting for a check. Most were working mothers with children who needed to supplement their welfare check with under-the-table jobs or gifts from male acquaintances to keep their children fed and sheltered.

DeParle nails the futility of W-2 agencies that provided no meaningful jobs and banal busywork for recipients. He also faults W-2 for failure to address the personal issues many recipients faced, including drug use, domestic abuse and daunting bouts of depression and low self-esteem.

The biggest scam came when staggering amount of surplus funds were returned to welfare organizations as a result of the historic drop in the welfare rolls as thousands of poor people fed up with the bureaucracy of W-2 simply opted out.

(This was during the Clinton administration, when jobs were more plentiful.)

Instead of funneling millions of surplus dollars back to help the working poor who remained on W-2, most of it was spent elsewhere, including obscene bonuses to employees and managers given by W-2 agencies like Maximus. DeParle argues, correctly, that all of that money could have been used to ensure W-2 became the type of proactive system that truly helped its clients rise out of poverty.

In the end, two of the three women in "American Dream" involved in W-2 seem destined for bleakness; the third ends up holding down a series of jobs and even getting a 401(k) retirement plan.

In many ways, their experience suggests the odds for success could have been greatly enhanced if welfare reform had been a serious endeavor.

While many believe it was time to end welfare, "American Dream" shows how little programs like W-2 did for the people they were supposed to help.

Considering all the good it could have done but didn't, welfare reform in Milwaukee was more like a welfare disgrace.

Call Eugene Kane at (414) 223-5521 or e-mail him at ekane@journalssentinel.com.

Milwaukee Journal Sentinel September 23, 2004

State tells W-2 agency to improve

OIC given 10 days to devise corrective plan or lose contract

By **STEVE SCHULTZE**
sschultze@journal sentinel.com

State officials Wednesday ordered a troubled Milwaukee social service agency to improve its performance as Wisconsin's largest provider for the Wisconsin Works welfare reform program — or risk losing its lucrative contract.

The state has serious concerns about how the agency, Opportunities Industrialization Center of Greater Milwaukee, has been operating W-2, including a rising caseload at a time when caseloads are dropping elsewhere, says a letter from the state released Wednesday.

The agency was given 10

days to complete a plan to correct a series of problems, such as improperly claiming reimbursement for some administrative costs under W-2, failing six of 10 performance standards of the program and having an inexperienced new set of managers.

"This causes us great concern as it appears that familiarity with W-2 and its program and policy guidelines are not well known by the highest levels of OIC," wrote William Clingan, administrator of the state Division of Workforce Solutions.

The letter is couched in dire terms and comes on the heels of earlier demands for improvement. The agency has been in flux for a year, after the conviction of Carl Gee — OIC's former president and

chief executive — in connection with a kickback scheme involving former state Sen. Gary R. George.

Gee will face a maximum penalty of five years in prison when he is sentenced in November.

He and other top OIC officials quit this year after the scandal. The agency is now being run by an acting chief executive and chief operating officer.

Tough stand

The action the state takes against OIC depends on how well the agency complies with the demand for reforms, said Dick Jones, a spokesman for the state Department of Workforce Development, which oversees W-2.

If OIC fails to cooperate, the agency may face payment reductions "and ultimately, if necessary, (the state may be) moving to terminate the contract," Jones said in a statement.

"We are prepared to take whatever action is necessary to see that the W-2 participants are well-served," he said. The department won't speculate on who would take over OIC's contract for W-2, if the agency were to lose it, he said.

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Milwaukee Journal Sentinel September 23, 2004

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OIC holds an \$84 million 2004-'05 contract for operating W-2 in three of six Milwaukee County regions. That's on top of some \$250 million the agency was paid under earlier W-2 contracts since 1997.

"Everything the state has raised we are either in the process of resolving or have already resolved," said Todd Robert Murphy, a private public relations consultant and spokesman for OIC. "We are hunkering down in a way we have never hunkered down before."

Murphy claimed there was no other agency in the state prepared to step in and take over OIC's caseload. Two other private agencies operate W-2 locally, Maximus Inc., and United Migrant Opportunity Services.

The state's letter said OIC:

■ Failed state performance standards for placing W-2 clients in jobs, improving their literacy and earning high school equivalency diplomas. It also says the agency is flunking three out of four "client satisfaction survey" questions.

■ Improperly claimed W-2 payments for some administrative costs. For example, the state is demanding further documentation to show what portion of payments from OIC to Murphy can be legitimately billed to W-2. The state also is questioning the portion of salaries of several OIC managers that were billed to W-2. No figures were provided.

The state "strongly recommends that OIC begin an organizational streamlining initiative" so money can be shifted to direct services for clients, the letter said.

■ Failed to pay some of its subcontractors and vendors in a timely manner. The state ordered OIC to pay all its bills within 30 days. Murphy said the complaint was partly true, but that OIC was "moving to rectify that."

■ Reminded OIC it still must repay \$216,000 in legal fees the agency billed to W-2, but which federal prosecutors said were used as kickbacks paid to George through one of OIC's lawyers. George is serving a four-year prison term in Minnesota in connection with the kickbacks.

The state also questioned why OIC's caseload was rising, something Murphy said could be the result of many factors. He noted that OIC serves a difficult clientele.

The W-2 caseload for families getting cash assistance through OIC increased by 527 families, or 11.4%, between January and August this year, reaching a total of 5,145, according to state records. That compares with a 1.75% decline for the rest of Milwaukee County and 1.2% W-2 caseload decline for the rest of the state for the same period.

OIC has 41% of the state's W-2 caseload of 12,482 families.

There has been an increase in complaints about OIC from clients in recent months, said Pat DeLessio, an attorney for Legal Action of Wisconsin who has represented many W-2 clients.

Clients have complained of an inability to reach their caseworkers by phone and difficulty getting appropriate work training assignments, she said. "We are seeing significant service problems with OIC," DeLessio said.

Said OIC's Murphy: "There's two sides to every story" and many complexities behind each of the shortcomings the state alleged.

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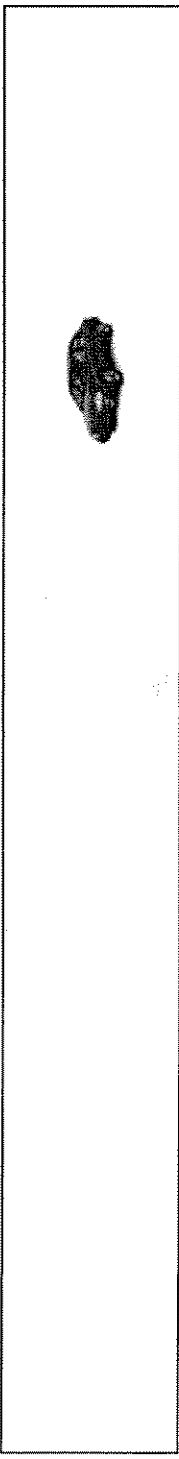
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State tells W-2 agency to improve

OIC given 10 days to devise corrective plan or lose contract

By **STEVE SCHULTZE**
sschultze@journal sentinel.com

Posted: *Sept. 22, 2004*

State officials Wednesday ordered a troubled Milwaukee social service agency to improve its performance as Wisconsin's largest provider for the Wisconsin Works welfare reform program - or risk losing its lucrative contract.

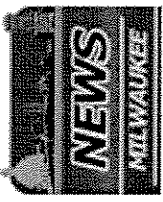
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The agency was given 10 days to complete a



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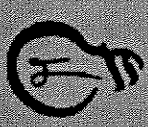
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plan to correct a series of problems, such as improperly claiming reimbursement for some administrative costs under W-2, failing six of 10 performance standards of the program and having an inexperienced new set of managers.

"This causes us great concern as it appears that familiarity with W-2 and its program and policy guidelines are not well known by the highest levels of OIC," wrote William Clingan, administrator of the state Division of Workforce Solutions.

The letter is couched in dire terms and comes on the heels of earlier demands for improvement. The agency has been in flux for a year, after the conviction of Carl Gee - OIC's former president and chief executive - in connection with a kickback scheme involving former state Sen. Gary R. George.

Gee will face a maximum penalty of five years in prison when he is sentenced in November.

He and other top OIC officials quit this year after the scandal. The agency is now being run by an acting chief executive and chief operating officer.

Tough stand

The action the state takes against OIC depends on how well the agency complies with the demand for reforms, said Dick Jones, a spokesman for the state Department of Workforce Development, which oversees W-2.

If OIC fails to cooperate, the agency may face payment reductions "and ultimately, if necessary, (the state may be) moving to terminate the contract," Jones said in a statement.

"We are prepared to take whatever action is necessary to see that the W-2 participants are well-served," he said. The department won't speculate on who would take over OIC's contract for W-2, if the agency were to lose it, he said.

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OIC holds an \$84 million 2004-05 contract for operating W-2 in three of six Milwaukee County regions. That's on top of some \$250 million the agency was paid under earlier W-2 contracts since 1997.

"Everything the state has raised we are either in the process of resolving or have already resolved," said Todd Robert Murphy, a private public relations consultant and spokesman for OIC. "We are hunkering down in a way we have never hunkered down before."

Murphy claimed there was no other agency in the state prepared to step in and take over OIC's caseload. Two other private agencies operate W-2 locally, Maximus Inc., and United Migrant Opportunity Services.

The state's letter said OIC:

- Failed state performance standards for placing W-2 clients in jobs, improving their literacy and earning high school equivalency diplomas. It also says the agency is flunking three out of four "client satisfaction survey" questions.
- Improperly claimed W-2 payments for some administrative costs. For example, the state is demanding further documentation to show what portion of payments from OIC to Murphy can be legitimately billed to W-2. The state also is questioning the portion of salaries of several OIC managers that were billed to W-2. No figures were provided.

The state "strongly recommends that OIC begin an organizational streamlining initiative" so money can be shifted to direct services for clients, the letter said.

- Failed to pay some of its subcontractors and vendors in a timely manner. The state ordered OIC to pay all its bills within 30 days. Murphy said the complaint was partly true, but that OIC was "moving to rectify that."
- Reminded OIC it still must repay \$216,000 in legal fees the agency billed to W-2, but which federal prosecutors said were used as kickbacks paid to George through one of OIC's lawyers. George is serving a four-year prison term in Minnesota in connection with the kickbacks.

The state also questioned why OIC's caseload was rising, something Murphy said could be the result of many factors. He noted that OIC serves a difficult clientele.

The W-2 caseload for families getting cash assistance through OIC increased by 527 families, or 11.4%, between January and August this year, reaching a total of 5,145, according to state records. That compares with a 1.75% decline for the rest of Milwaukee County and 1.2% W-2 caseload decline for the rest of the state for the same period.

OIC has 41% of the state's W-2 caseload of 12,482 families.

There has been an increase in complaints about OIC from clients in recent months, said Pat DeLessio, an attorney for Legal Action of Wisconsin who has represented many W-2 clients.

Clients have complained of an inability to reach their caseworkers by phone and difficulty getting appropriate work training assignments, she said. "We are seeing significant service problems with OIC," DeLessio said.

Said OIC's Murphy: "There's two sides to every story" and many complexities behind each of the shortcomings the state alleged.

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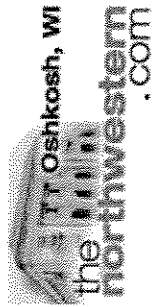
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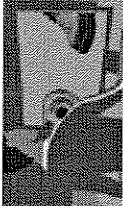
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Posted Sept. 26, 2004

Editorial: W-2 problems don't make for a failed agency agenda

The W-2 welfare-to-work program has received a few hits to the head, making it look weaker than the serious program that is to get people off public support.

New York Times writer Jason DeParle recently received critical acclaim for his book, "American Dream: Three Women, Ten Kids and a Nation's Drive to End Welfare." He followed three women through W-2. Two did not escape welfare's clutches.

This past week, the Opportunities Industrialization Center of Greater Milwaukee was given 10 days to correct its problems as an agency that delivers W-2 services. It's a major agency with an \$84 million contract that failed six of 10 standards. Past president Carl Gee was convicted and awaits sentencing for taking kickbacks from former state Sen. Gary George.

Since some 80 percent of W-2 is given out in Milwaukee, some may be inclined to wonder whether Milwaukee is the bigger problem and let's drop W-2 altogether.

But, like it or not, it's now the state's welfare program. Taxpayers all have a vested interest. People's lives have been freed from the death grip of the old welfare system that rewarded women with money for birthing more dependents. W-2 has flaws but, to coin a phrase, a few failures does not a complete failure make. What happened to the third woman in DeParle's book? She entered the

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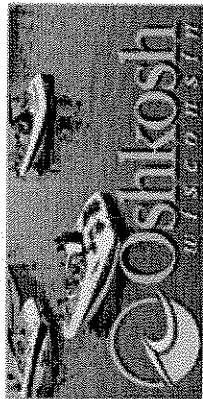
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world of work and distanced herself from the clutches of welfare.

There also has been Wisconsin legislative oversight of W-2. Earlier this year, state Sen. Carol Roesler, R-Oshkosh, also co-chairwoman of the legislative Joint Audit Committee, joined other elected officials in a call for the legislative Audit Bureau to investigate W-2. Properly timed, its review will appear early next year – in time for recommendations to make their way into the 2005-'07 budget to be passed next summer.

That audit may reveal some interesting facts, and particularly about OIC as a major contractor of W-2 services. OIC was asked by the state to receive more cases. That may be part of its problems.

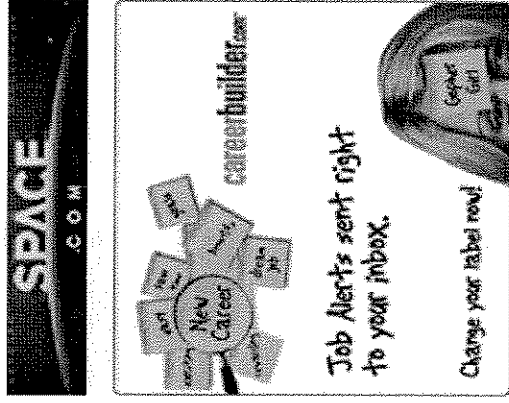
As a major player with W-2 problems pointing the way to future successes, Roesler should convene a special hearing just to discuss the Audit Bureau's findings on the OIC case. As an architect of W-2 herself, Roesler will know the specific questions to ask to find out why a major agency screwed up what is supposed to be the straightforward delivery of services.

A lot more rides on W-2 than keeping people off the public dime. The state has a reputation on the line, as a pioneer of the program under former Gov. Tommy Thompson.

Having to confront W-2's problems, even to the point of an OIC hearing, doesn't make it a bad agency. Confronting W-2's problems really represents the writing of a handbook for its success in the future.

Without review, what have we got? We have the old system of welfare that just threw money at problems without accountability. W-2 is different. W-2 is welfare with accountability. With so much on the line, in reputation and taxes, let's make sure our state sees every problem with W-2 as an opportunity to make it better. Lives depend on it.

The Final Thought: Problems with the W-2 welfare program should be seen as opportunities to improve its future performance.



*State Senator
Carol Roessler*



Memorandum

TO: Karen
FROM: Jennifer
DATE: September 29, 2004
SUBJECT: W-2 Audit

Last week Carol talked to Jan Mueller about the W-2 Audit before returning John Archibald's phone call. Below is the information Jan provided to Carol:

- The Audit Bureau is "all over this issue as part of the larger W-2 audit." "All over this," refers to the Opportunities Industrialization Center's (OIC) mishandling of funds etc. There are 5 auditors on the W-2 team.
- The Bureau has been focusing on OIC for the past several weeks and months.
- There is no need for a special panel because the Audit Bureau is doing a comprehensive review. There will likely be recommendations provided as well.
- Milwaukee County has 85% of the state's caseload right now.
- There may be a "spin off additional letter report on OIC before the full audit is released." Jan asked that CR keep this "under her hat" for a while. This report will likely be released in October or November of this year.
- The full audit will be released early next year.
- DWD recently rewarded OIC by giving them a larger area to cover. This means more caseloads, more territory and more money to operate.

W-2

look closely at costs & effectiveness

Cullen raised Moore's Lt

1) Don equal size & scope of the one here

Pocan - ① Chapan below pov. DWD
looking at sustainable jobs

② quarterly reports
from DWD - handful

2) R. Bassman

- background

- do believe W-2 most important prog
in state

- # of programs improvement

- need to look for more improvement

- successes we can be proud of

- thorough & indep. analysis
welcomed

1 - barrier screening tool -

2 - conducting sanctioned study

3 - create enhanced perf.

stds for dep't to meet

4 - increased monitoring

- met org goals set - build on where are
- w-2 bonuses -

Certain level of success - as a bonus to the agency

eliminated bonus - not in a bonus climate

- enhanced perf. contract standards
 - measure success in partic & placement & earnings
 - new contracts - full discussion parameters of standards

- 4 diff tiers

Strong

→ elim 300 from empl.

→ vol. optional basis intermed.

→

Place - educ.

AFSCME

Clayton

W-2 not been working

rules + regulations

Caseworkers in difficult POS.

66,000 - ES workers biggest emphasis

Julie K -

① design flaw
"implementation"

basis future improvements

② more with flexibility
+ indiv. - need inconsistent
treatment

what was intent?

staff overwhelmed.

why are you here?

Econ Dev

what needed beyond
resources & def. of focus

try to get

MN did on comp. subsidies

W-2

Plale - Roessler

- job ready
- inquiry vs.

- many themes

8-0