

the state average (see attachment). While unemployment rates need not directly translate into the number of individuals eligible for W-2 services, the rates are an indicator of the overall economic well-being of a given region.

We recommend the addition of a best practices criteria, similar to one of the criteria used in the right of first selection process, which requires proof that the agency has created projects for special population needs. In counties with higher than average unemployment rates, the agency should address how they are working to address the economic challenges faced by the unemployed within the community.

### *Customer Satisfaction*

In previous testimony to this Committee, the Department stated that one of the performance based criteria would be customer satisfaction based upon a survey of those seeking and/or accessing services from the W-2 agency. It is not clear how or where this criteria has been incorporated into the draft RFP. Accordingly, we urge the Committee to recommend inclusion of this criteria as one of the elements used to evaluate the effectiveness of the W-2 agency.

In a study completed by the WCC and the Archdiocese of Milwaukee Catholic Charities Agency in November, 1998, we found that about half of those individuals surveyed agreed or strongly agreed with the statement "I believe that I am getting skills and experience that will help me get a job that will support my family." Of these, nearly two thirds felt they had gotten practical advice, emotional support, or both from the W-2 program.

At the same time, nearly half of the respondents felt they were not getting the necessary skills and experience. Of this segment, only 22% felt they were getting practical or emotional support from the W-2 agency.

The input of the individuals that the system is designed to serve is a critical factor in determining the effectiveness of a given agency and the effectiveness of the overall system design.

### **Faith-based contracts**

In our original analysis of the W-2 program, we stated that there was a need to recognize the value that faith-based organizations bring as service providers. The RFP has incorporated a recognition of the value of faith-based providers and creates an incentive for agencies to enter into contracts with such providers. The presence of a contract of this nature may offset a portion of one of the other performance based criteria.

We note that there has been some controversy regarding this element of the RFP. In our estimation, the controversy regarding the inclusion of contracts for services with faith based organizations as one of the optional performance criteria has been somewhat overblown. The faith-based services agreement is *optional* and the criteria addresses only the existence of an agreement.

In the experience of the Catholic Charities agencies that have entered into contracts with W-2 service providers, the existence of the agreement does not necessarily translate into referrals. Catholic Charities of the Diocese of Superior entered into an agreement with Douglas County for the first contract period and received fewer referrals than expected. That agreement will not be renewed in the next contract period. In the Diocese of Green Bay, Catholic social services entered into an agreement in January of this year with three separate county W-2 agencies and has yet to receive a referral.

While we generally support the Department's affirmation of faith-based services, we are cautious not to overstate the value or impact of the agreements at this time. While working cooperatively with the W-2 agencies to address the economic, emotional and spiritual needs of the W-2 participants sounds appealing, we do not view the mere existence of an agreement as a true "performance-based" criteria.

### **Concluding Thoughts**

We continue to assert that in order for the program to reach the primary goal of assisting families to achieve self-sufficiency that the W-2 program should place a greater value on education and training and provide for greater flexibility for those seeking to advance their education to advance their earning capacity. However, we recognize that this is an issue to be addressed by the legislature, and not within the context of the RFP at this stage.

Finally, one of the stated philosophical principles of the W-2 program is that "families are society's way of nurturing and protecting children, and all policies must be judged in light of how well these policies strengthen and support the responsibility of both parents to care for their children." The performance-based criteria, as proposed, do not provide any clear analysis of the how well the agencies are supporting parents in their efforts to care for their children. We question how this guiding philosophical principle is weighted against another guiding principle, that of the "light touch" - providing only as much service as an eligible individual asks for or needs.

If the state intends to evaluate the success of W-2 based upon the number of individuals that do not receive service, then the state will fail to evaluate agencies' effectiveness based upon what the WCC believes is a more important guiding principle and that is supporting families and protecting children.

Thank you for considering our comments.



## WISCONSIN CATHOLIC CONFERENCE

### UNEMPLOYMENT RATES(UR) AND W-2 CASELOADS

The following identifies the counties with the highest unemployment rates in January, 1999 and their W-2 case totals for the same month. The January, 1999 unemployment rate and W-2 caseload is compared to the January, 1996 unemployment rate and AFDC caseload.

County and Rank	Jan. 1999 UR	Jan. 1996 UR	Jan. 1999 W-2 Cases	Jan. 1996 AFDC Cases
1. Juneau	10.1%	8.4%	45	247
2. Waushburn	9.8	8.1	4	130
3. Ashland	9.5	8.3	5	180
4. Price	9.4	6.9	7	115
5. Florence	9.3	7.1	2	53
6. Marquette	9.2	10.0	2	55
7. Bayfield	9.0	8.3	5	91
8. Sawyer	8.7	8.2	14	340
9. Door	8.4	10.6	17	123
10. Iron	8.3	9.5	0	47

The data for the counties with the lowest unemployment rates in January, 1999 and their comparative numbers is as follows:

68. Winnebago	2.8	3.0	108	840
69. Waukesha	2.7	2.7	52	985
70. Sheboygan	2.5	3.0	27	416
71. Ozaukee	2.2	2.3	5	142
72. Dane	1.8	2.1	434	2,876

Tommy G. Thompson  
Governor

Linda Stewart, Ph.D.  
Secretary

J. Jean Rogers  
Division Administrator



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

State of Wisconsin

Department of Workforce Development

---

April 19, 1999

APR 20 1999

The Honorable Judy Robson  
State Representative  
State Capitol, Room 15-South  
Madison, WI 53708

Dear Representative Robson:

After reading your press release of April 13th, I feel it is important to clarify and correct a number of statements that were made in that document. I will address the topics needing clarification in the order they appeared in the release.

Contracting for selecting W-2 agencies for the period January 2000-December 2001 is a two-step competitive process. The first step is an opportunity for existing W-2 agencies to meet a set of benchmarks, which if achieved, would allow an agency to be eligible for consideration as a provider under the next contract without going through step two of the process -- which is open competition. This first step is called Right of First Selection (RFS). Failure to meet Right of First Selection does not mean agencies are permanently denied the opportunity to submit a proposal to administer W-2. Rather, it means the provider currently holding the W-2 contract can submit a proposal as can anyone else, public or private, interested in being considered.

Your news release indicates that one private agency did not meet Right of First Selection. Actually, all private agencies met RFS. Perhaps what was meant was the SW Consortium, which is actually a county representing itself and four other counties.

The fifth paragraph indicates that the agencies were told "if they met all expectations, they would retain the right to run the program in subsequent years." Actually, although language to this effect was requested, the existing contract defines the contract term as 28 months and does not provide for an extension on any basis.

Also, when W-2 agencies signed contracts in summer of 1997, the contracts included a "provision relating to the development of future outcome performance standards" which address the collection and analysis of data to determine standards for future contracts. The Right of First Selection process is NOT a measure of current contract compliance - it is the starting point for the next W-2 contract agency selection process.

Right of First Selection was an opportunity for current agencies that the Department did not have to make available. In fact, it was a process that many of the current W-2 agencies asked to have put in place. The department concurred with their thinking and began developing the RFS criteria with extensive W-2 agency input going back to summer 1998. It was a topic of discussion at several W-2 Contract and Implementation Committee workgroup meetings (the Committee which is the single statewide point of contact for discussion between the Department and the W-2 agencies). Although not all of the recommendations of the agencies were used, the criteria were modified in many ways to be responsive to suggestions from the agencies.

Modifications to the requirements were made throughout the process to reflect suggestions and advice from the existing agencies. The modifications did not introduce new requirements.

Part of the RFS process was an opportunity for agencies who, on a preliminary basis, did not meet the Right of First Selection to submit additional, clarifying information for the Department's consideration in making its final determination of whether or not the benchmarks had been successfully met. Many agencies took advantage of this "discrepancy review" aspect of the process.

We are pleased that 62 of the 75 W-2 contracting agencies achieved Right of First Selection.

In preparation for step two of the competitive process, the draft Request for Proposal has now been released for public review. The comment period has been extended to April 30th at the request of the W-2 agencies and others, including yourself.

Thank you for your interest in encouraging public input regarding the W-2 contracting process. The department is confident that broad input will result in a quality product that effectively outlines how W-2 agencies can most effectively and efficiently help our poorest families move onto and up the employment ladder toward self-sufficiency.

Sincerely,



J. Jean Rogers  
Administrator

# *Northwest Wisconsin Community Services Agency, Inc.*

SERVING THE COUNTIES OF ASHLAND, BAYFIELD, DOUGLAS, IRON AND PRICE

ASHLAND  
882-5757

RSVP  
682-6502

WIC  
682-6661

MERCER  
476-2368

PARK FALLS  
762-4468

SUPERIOR-WIC  
394-2750

MCH SERVICES  
394-2587



ADMINISTRATIVE OFFICE  
1118 TOWER AVENUE  
SUPERIOR, WISCONSIN 54880  
Phone 715-392-5127

Richard Monson, Executive Director  
Jack Shepard, Chairman

January 26, 1999

Senator Judy Robson  
Chair, Human Service and Aging Committee  
Attn: Committee Clerk  
P.O. Box 7882  
State Capital  
Madison, WI 53707-7882

Dear Ms. Robson,

I am writing this letter in response to the impact in our community and program since W-2 went into effect.

I have spoken with several agencies in the community regarding this issue. The most common comments that I receive are; human services caseloads are dropping, the W2T center is not receiving as many referrals as expected, individual participants as well as other agencies do not believe they are given enough information, and I believe that the goals of the program are not functional.

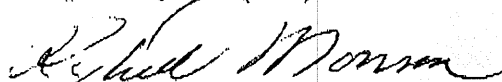
There are several individual participants that we have worked with that feel that they are not receiving all the information they should be, they are not being told of other options or resources that would benefit the individuals and their families.

As for our agencies point of view, "It's great that the counties caseload is dropping, but our services are nearly to the point of doubling." The number of clients in need of repeat food pantries, rental assistance, utility assistance, and other life sustaining needs is overwhelming at times.

I do not feel that the education options for the clients are in place yet. The way I see W2 operating is that individuals are able to receive their HSED or GED but the next level of education is not there, and seems unrealistic for the participants to receive. Most of the clients that we are seeing, are forced to work part time jobs at minimum wage, supply day care and if they want any further education, they must try to fit this in with their children, their job that is not paying enough to support themselves, and other various appointments they need to attend.

The clients that are the former AFDC clients or the new W2 clients, are not making enough wages to support their families that they are in constant need of services and still aren't able to make rent and utility bills every month. We are only able to help with rent and utilities once per year, what are these individuals and families going to do? Are they going to be soon our homeless clients?

Respectfully submitted,



Richard Monson  
Executive Director

cc: WISCAP





Under Best Practices Criteria. W-2 agencies needed to meet three out of four, the selection of which was of their own choosing. They were:

1. Proof that the Agency has created projects for special population needs, such as domestic violence, non-English speaking populations, children over 12 who need special child care, etc.
  2. Proof that the Agency assists in providing child care resource information to participants.
  3. Proof that the Agency enrolls participants who have not graduated from high school or obtained their GED/HSED in appropriate educational curriculum.
- and
4. Proof that the Agency has contracted with a faith-based provider for face-to face services to participants.

While W-2 agencies, as a whole, are providing quality services to participants; The RFS process also includes measures of administrative procedural compliance, such as proper recording in the automated system and submitting of information by a deadline date. The purpose is twofold:

1. The CARES entry allows the required benchmark to be measured via the system; and second,
2. The CARES system is Wisconsin's vehicle to provide the federal TANF reporting requirements, and claim Federal dollars.
  - A total of 62 of our 75 W-2 contracting agencies have qualified for RFS and won't have to participate in open competition for the next W-2 contract because of their documented excellent past performance. Agencies were notified of their RFS status today.
  - The 13 W-2 agencies that did not meet RFS may submit a competitive proposal to administer W-2 for the next W-2 contract. All agencies, including those achieving RFS, will be required to submit a plan describing how they intend to operate the program, subject to Department approval.
  - The specifications for these agency plans will be included in the Request for Proposals (RFP) for W-2 and Related Programs under the next W-2 Contract.
  - The schedule for the next steps in the W-2 contracting process, subject to adjustment, is for:
    - The RFP to be developed using a process that allows for drafts to be circulated for comments by current W-2 agencies and other interested parties.
    - When finalized, the RFP will be released and all agencies will have a defined period of time in which to submit their plans under the RFP process. Agencies competing in the second tier process will have approximately 30 days longer than the RFS agencies to submit their plans.
    - The results of the competitive proposals will be announced after Labor Day, followed by several weeks of contract negotiations with the successful proposers, culminating with contracts issued to agencies in the early fall.

The current W-2 contracts, as stated in Appendix D, have provided a period in which baseline data is being collected on which performance standards will be established.

- The next W-2 Contracts will be built around these performance based criteria, consistent with the Department's biennial budget request.
- Some aspects of the proposed structure are as follows: Profit in the next W-2 Contract will be performance-based. 7% of the total contract will be reserved for performance bonuses. Successfully meeting performance criteria is necessary for an agency to receive any performance bonus funding:
  - 4% of the total contract will be reserved for restricted funding to reinvest in community programs to low income participants, if the agency meets all of the base performance criteria.
  - 3% of the total contract will be reserved for unrestricted funding if the agency meets exceptional performance requirements in designated performance areas.
- The performance criteria will include:
  - Placements in unsubsidized employment, including:
    - the number of full time placements an agency achieves;
    - the wage rate at placement; and
    - the number of placements in jobs which offer employer provided fringe benefits, including health insurance;
  - Another performance-based criteria will be engagement in appropriate activities for all categories of cases, including:
    - education for all participants who do not have a high school diploma or equivalent; and
    - engagement in appropriate activities for Food Stamp Employment and Training participants.

And yet another performance-based criteria will be customer satisfaction, including responsiveness to customers, as measured by customer surveys.

The second issue the department is commenting on today is the:

## II. Caretaker Supplement

The Caretaker Supplement is an income maintenance program for families in which the parents receive a Supplemental Security Income (SSI) benefit (usually \$584 per month) because of severe disabilities that prevent them from working. The Caretaker Supplement provides these families with an additional monthly benefit, which is currently \$100 per eligible child.

By administering the Caretaker Supplement program separate from W-2, we are ensuring these families will not be subject to the work requirements and time-limits tied to the receipt of W-2 benefits.

### ***How Caretaker Supplement Was Calculated***

At the time the Caretaker Supplement program was implemented, the monthly payment was set at \$77 per child. This amount was based on the average increase to an AFDC payment when a child was added to a family receiving AFDC benefits. Concerns raised by advocates that the \$77 payments were not sufficient for meeting the needs of these families, and savings generated from W-2 caseload reduction, was the impetus for raising the monthly amount to \$100 per child effective in July 1998.

Although SSI parents saw a reduction in their families' overall monthly cash benefits when the Caretaker Supplement program was implemented, they receive a higher monthly combined benefit amount than families participating in either W-2 Community Service Jobs or W-2 Transitions.

Unlike the W-2 benefit, the Caretaker Supplement amount continues to rise by \$100 for each additional child in the home and there are no benefit time limits. Furthermore, any child support collected on behalf of the family is passed through to them.

### ***Description of New Budget Proposal***

We have seen a dramatic reduction in the W-2 caseload and consequently a reduction in the funding needed to support the W-2 program. This has left us with the opportunity to shift some of Wisconsin's TANF allocation to other programs that serve TANF-eligible families, while still maintaining the high-quality of the W-2 program.

The budget proposal would raise the monthly Caretaker Supplement benefit to \$150 per eligible child - nearly double the original Caretaker Supplement benefit amount. The Department views this as an important course of action because of the limited opportunities these families have to raise their income independently.

### ***The last item the department will comment on is***

## III. Suggested use of the \$90 million projected as the states 45% share of Community Reinvestment Funds

Governor Thompson's 1999-2001 biennial budget includes a number of proposals that address the supportive services needs of W-2 clients, both those in subsidized employment positions and those not receiving cash benefits but still receiving case management services. Wisconsin's success in moving individuals into the workforce must be followed by programs to help families maintain employment and to move to higher paying jobs. Funding for these initiatives is made possible by the availability of the state's projected \$90 million share of the community reinvestment dollars.

The 5 major areas of investment are:

1. **Child Care** - The budget includes a number of child care initiatives totalling over \$36 million dollars including:
  - developing five or more Programs of Excellence Centers aimed at ensuring that infants and toddlers reach their full potential. These programs will emphasize vision, language and touch by incorporating music, reading and foreign languages into the curriculum.
  - **additional** funding to strengthen the Head Start program by providing for full time and/or early Head Start programs for children .
  - **Scholarships** - to improve the recruitment and retention of child care workers by improving their training and education.
  - **Grants and loans** for targeted start-up and expansion
  - Reduction of child care co pays and
  - Extending child care subsidies for disabled children through age 18.

2. **Workforce Attachment and Advancement** - This \$30 million dollar initiative will provide a wide array of workforce attachment and advancement services to low income families and noncustodial parents. There will be two different funding tracks; Track 1 and Track 2. Track 1 funds will go to former W-2 agency clients, and Track 2 funds will go to all other low income parents (including non-custodial) who have never been W-2 participants. Both groups must be TANF eligible.
3. **Community Youth Grants** \$20 million dollars in Community Youth Grant funding will be available to provide services that prevent public assistance dependency by improving social, academic, and employment skills for at-risk TANF eligible youth by strengthening relationships between children and their parents, schools, and neighborhoods.
4. **Literacy Initiatives** \$4 million dollars is provided to establish a Family Literacy Program within the TANF program for W-2 participants and agencies to reinforce the importance of literacy and to encourage and promote family reading. The Department plans to coordinate these efforts with the Governor's Literacy Director and other partners such as Job Centers, Private Industry Councils, libraries and the Department of Public Instruction.

and

5. **AODA Initiatives which will** fund organizations that provide community-based AODA treatment to TANF eligible individuals. Included in the initiative are transitional employment opportunities for individuals recovering from AODA problems. Using a family-based case management approach, this will offer a supportive environment for serving those in recovery while preparing them for the future by giving them an attachment to the workforce.

Thank you for allowing the department to give informational testimony on these 3 important topics. Our budget analyst, Jim Bates and I will be happy to respond to any questions the committee may have.

**Right of First Selection, Request for Proposals and Contracting Process  
for Next W-2 Contract (2000 - 2001)**

Committee on Human Services and Aging  
Hearing on March 9, 1999

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- The Right of First Selection (RFS) process determines which Wisconsin Works (W-2) agencies do not have to compete to administer the next W-2 contract in their current geographic area.
- The RFS criteria, or benchmarks, measure sound, economic program management, as well as best practices for providing quality services to W-2 customers. The criteria also focus on activities and reporting processes needed to meet the federal Temporary Assistance for Needy Families (TANF) requirements. There are two categories in the RFS process:
  - ◆ Financial, and
  - Program.
- The RFS process is the first step in a two-step procurement process to determine the next W-2 contract awards.
- The next step is the Request for Proposals (RFP) process.
- W-2 agencies that did not meet RFS criteria may submit a competitive proposal to administer W-2 for the next W-2 contract. RFS agencies also will be required to submit a plan describing how they intend to operate the program, subject to Department approval.
- The specifications for the competitive proposals and RFS plans will be included in the RFP.
- The competitive proposals will be evaluated under the RFP criteria to determine the successful proposer for each competitive (non-RFS) geographic area (county, tribe or Milwaukee county region).
- The Department will negotiate contracts with the successful competitive proposers and RFS agencies.
- Contracts will be issued to agencies for the next W-2 contract period of January 2000 through December 2001.

# TESTIMONY

## SENATE HUMAN SERVICES AND AGING COMMITTEE

March 9, 1999

Good afternoon, Senator Robson and members of the committee. Thank you for inviting me to testify on three issues relating to the Wisconsin Works (W-2) program: 1) the W-2 Contract process; 2) the Caretaker Supplement program for disabled parents; and 3) how the department is proposing to use the state's share of the Community Reinvestment dollars.

### I. The W-2 Contract Process

The current W-2 contracts run through the end of December 1999. The next round of W-2 contracts will begin in Calendar Year 2000.

- The Right of First Selection (RFS) process determines which Wisconsin Works (W-2) agencies do not have to enter open competition to administer the next W-2 contract in their current geographic area.
- The RFS process is the first step in a two-step procurement process to determine the next W-2 contract awards for the period of 2000 - 2001. The RFS process is structured in concert with Wisconsin statutes which require a competitive, confidential procurement process in awarding the W-2 contracts.
- The Department of Workforce Development (DWD) developed the RFS Financial and Program criteria with significant input from the W-2 Contract and Implementation Committee. (NOTE: This Committee is specified in the W-2 Contract as the Department's single point of contact for feedback to the Department on implementation of policies related to agencies. Representation includes members from the Wisconsin County Human Service Association (WCHSA), Urban Caucus counties, W-2 private agencies in Milwaukee County and the balance of state, and Tribal W-2 agencies.)
- The RFS criteria, or benchmarks, are intended to measure sound, economic program management, as well as best practices for providing quality services to W-2 customers. The criteria also focuses on activities and reporting processes needed to meet the federal Temporary Assistance for Needy Families (TANF) requirements. There are two categories in the RFS process: Financial, and Program
- The **Financial** RFS criteria focus on two aspects:
  - providing administrative and supportive services expenses at a reasonable level of expenditure; and insuring that the contractually required administrative cap of 10% is not exceeded.
- The **Program** RFS criteria focused on providing high quality W-2 case management practices and reporting processes. Agencies were required to meet all 5 base criteria; and 3 out of 4 additional best practice criteria.

#### **The Five Base Criteria are as follows:**

first

Agency worker to client ratios for Financial Employment Planners could not exceed 125 to one overall, and not more than 55 cash assistance cases per planner in order to provide effective, intensive case management.

second

Agency records were assessed to insure that participants were assigned to appropriate types of activities for the appropriate number of hours, in order to move the family closer to self-sufficiency.

third,

Agency recidivism was measured to insure that a most individuals who received W-2 cash payments and subsequently left the program were able to remain independent. A high number of return cases may be a sign of providing insufficient follow-up case management.

fourth

Employability Plans were assessed to insure that participants receiving W-2 cash assistance had an active Employability Plan (EP) entered in the automated system (Client Assistance Reemployment for Economic Support - CARES). The EP is the road map for the participant which indicates their appropriate assigned activities and outlines both short and long-term goals. and fifth:

Agencies were assessed to determine if they had a current Agency Plan on file, describing their services and operations.



## INTERGOVERNMENTAL RELATIONS

Office of the County Executive

**TO:** Honorable Members of the Committee on Human Services and Aging

**FROM:** Roy de la Rosa, Director  
Milwaukee County Intergovernmental Relations

**DATE:** March 8, 1999

**RE:** W2 Contracts – Emergency Rent Payment Plan and Voucher System

As the Committee on Human Services and Aging considers testimony on the W2 program, Intergovernmental Relations respectfully requests that consideration be given for a proposal recently passed by the Milwaukee County Board of Supervisors. While the County does not administer the W2 program, the County Board of Supervisors believes it is important that an emergency rent payment plan and voucher system is created to reduce evictions and homelessness.

Recently, there has been an increase in the number of evictions because W2 families are unable to pay their monthly rent. Milwaukee County is particularly concerned about the number of families made homeless which results in children being placed in shelters, kinship care and foster care. These changes deeply affect children in many ways as the disruption causes uncertainty and instability as their schools, neighborhoods, and friends are changed.

Aside from the trauma of homelessness, evictions result in many other economic and social costs. As a result, landlords lose rental income and are required to pay sheriff fees, court costs, and moving costs in order to obtain tenant evictions. In addition, families often lose their personal possessions because they are unable to pay storage costs to retrieve their belongings.

To address this growing concern, the County proposes that all W2 agencies, prior to the total sanctioning of W2 clients, work with local agencies to develop an emergency rent payment plan and a voluntary rent voucher system. An emergency rent payment plan would provide temporary assistance to those facing eviction. In addition, a voucher system would ensure that landlords receive timely and direct rent payments thereby avoiding costly evictions which would result in stabilizing the housing and living conditions of families with children.

**Milwaukee County Intergovernmental Relations Memorandum**  
**March 8, 1999**  
**Page 2**

**Attached please find the resolution recently approved by the Milwaukee County Board of Supervisors on this matter.**

**Thank you for your consideration.**

(Journal, February 18, 1999)

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(ITEM NO. 2) Resolution by Supervisors Quindel, White, and Coggs-Jones authorizing and directing the Director of Intergovernmental Relations to seek and secure the appropriate revisions to relevant State of Wisconsin Administrative practices and procedures to require that all W-2 agencies, prior to the total sanctioning of W-2 clients, work with local Child Welfare agencies and the Safety Services Network to develop an Emergency Rent Payment Plan and Voucher System, in order to reduce the number of families made homeless and to reduce the number of children placed in foster or kinship care for primarily economic reasons, by recommending adoption of the following:

**AN AMENDED RESOLUTION**

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WHEREAS, in 1998, the Milwaukee County Sheriff's Department received a total of 3,701 eviction notices, requiring a team of two Deputy Sheriffs and a moving company to go on-site on 2386 occasions to effectuate the evictions and homelessness of individuals and/or families, subsequently resulting in the placement of evicted families' personal belongings in storage and in the possible placement of children with the Child Welfare System; and

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WHEREAS, a substantial number of evictions occur when W-2 families are unable to pay monthly rents, unleashing a vicious circle of costly economic and social disruption; and

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WHEREAS, evictions result in enormous economic and social costs: landlords lose rental income and are required to pay Sheriff fees, court costs, and moving costs in order to obtain tenant evictions; Small Claims Court Commissioners hear and process eviction actions; the welfare system assumes added expenditures as families are made homeless; children are displaced and endure added disruption, uncertainty, and instability as their schools, neighborhoods, and friends are changed; additional County staff positions are created to provide for a second, two-person Deputy Sheriff team to monitor and supervise eviction moves; evicted families, unable to pay their rents, lose their personal possessions and are not able to pay storage costs and fees to retrieve those possessions from storage; and the community pays for the operation

of 800 homeless shelter beds, plus an overflow of 20-25 beds, and  
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WHEREAS, as a means of stabilizing families and preventing evictions from

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03/29 23:03  
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TIME : 03/29/1995 23:04  
NAME : SEN GWEN MOORE  
FAX : 608-267-2353  
TEL : 608-266-5810

MILWAUKEE COUNTY INTER GO  
TRANSMISSION VERIFICATION REPORT



42 occurring, support has been expressed by landlords for the development of a system, if  
43 affected families would agree to participate in a voucher plan, which would ensure that  
44 landlords receive timely and direct rent payments; and  
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46 WHEREAS, the avoidance of evictions will result in saving an unnecessary  
47 expenditure of taxpayer dollars, as well as in stabilizing the housing and living  
48 situations of families with children, resulting in the avoidance of future societal costs  
49 and the improved social and educational well-being of children; and  
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51 WHEREAS, at its meeting of February 10, 1999, the Health and Human Needs  
52 Committee voted 6-0 to approve the resolution, as amended; now, therefore,  
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54 BE IT RESOLVED, that the Milwaukee County Board of Supervisors hereby  
55 authorizes and directs the Director of Intergovernmental Relations to seek and secure  
56 the appropriate revisions to relevant State of Wisconsin Statutes and/or administrative  
57 practices and procedures to require that all W-2 agencies work to develop and  
58 administer a voucher system for rent payment and/or other emergency assistance  
59 funds for W-2 families potentially facing homelessness; and  
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61 BE IT FURTHER RESOLVED, that the Statutes and/or administrative practices  
62 and procedures should be further revised to direct that W-2 agencies work with local  
63 Child Welfare agencies and Safety Services in developing an Emergency Rent  
64 Payment Plan and Voucher System, in order to reduce the number of families made  
65 homeless and the number of children placed in foster or kinship care for primarily  
66 economic reasons; and  
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68 BE IT FURTHER RESOLVED, that the Milwaukee County Board of Supervisors  
69 hereby authorizes and directs that a "Task Force to Review Evictions and  
70 Homelessness" be created for the purpose of developing specific recommendations  
71 resolving eviction problems, with the Task Force's final report and recommendations  
72 submitted to the Health and Human Needs Committee for consideration during the  
73 Committee's April 1999 meeting; and  
74

75 BE IT FURTHER RESOLVED, that the Task Force, which shall not exceed  
76 seven members, shall be chaired by the Chairman of the Health and Human Needs  
77 Committee, who shall appoint the Task Force's members, with the Task Force's  
78 membership to include W-2 agencies, child welfare agencies, and community leaders.  
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81 FISCAL NOTE: Approval of this resolution will not require the expenditure of Milwaukee  
82 County tax levy dollars; however, an expenditure of staff time will be

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required. Revisions to State of Wisconsin policies and procedures could result in budgetary savings for Milwaukee County's Sheriff's Department and Combined Court Related Operations.

JL/  
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## WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

One East Main Street, Suite 401; P.O. Box 2536; Madison, WI 53701-2536  
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DATE: April 19, 1999  
TO: SENATOR JUDY ROBSON  
FROM: David J. Stute, Director  
SUBJECT: Denial of Right of First Selection Status of Certain Wisconsin Works (W-2) Agencies

This memorandum responds to your request for a particularized description of why 13 W-2 agencies were denied "right of first selection" (RFS) status in preparation for the awarding of the second round of W-2 administrative contracts. It also addresses whether the competitive request for proposals (RFP) process to select W-2 agencies to administer the program for the next two years in areas not covered by W-2 agencies with RFS status can be conducted through the administrative rule process.

### **A. BACKGROUND**

The W-2 law provides, in s. 49.143 (1) (a), Stats., that the Department of Workforce Development (DWD), the administering agency, may award a contract on the basis of a competitive process approved by the Secretary of Administration to any person to administer the W-2 program in a geographical area determined by the DWD.

The first round of W-2 contracts were awarded to a total of 75 administrative agencies. The bulk of them went to county social services/human services departments pursuant to the provisions of s. 49.143 (1) (am), Stats. The term was for 28 months--from September 1, 1997 to December 31, 1999. The next round of contracts is for two calendar years, commencing January 1, 2000.

For the next round of contracts, the DWD has structured the competitive award process. All W-2 administrative agencies currently holding contracts have been measured against so-called "right of first selection" criteria, which assessed each agency's financial and program practices in administering the W-2 program. Those agencies which achieve RFS status do not have to compete to administer the W-2 contract in their geographical area for the next W-2 term.

W-2 agencies not attaining RFS status will have to compete, under DWD's RFP process, for a contract for the next two years.

Initial application of the RFS criteria resulted in 48 agencies receiving RFS status. All 27 agencies which initially failed to receive that status requested review under DWD's "Discrepancy Review Process," which is the first level of review. That administrative review, which primarily turned upon correction of calculation errors and receipt of additional information, resulted in an additional 14 agencies receiving RFS status. The remaining 13 agencies are those about which you have inquired.

According to Howard Bernstein, Chief Legal Counsel for DWD, the next level of review is by DWD's chief legal counsel. As of April 14, 1999, review by the chief legal counsel has been requested by the W-2 Southwest Consortium (composed of Grant, Green, Iowa, Lafayette and Richland Counties) and by Chippewa, Dodge, Florence, Monroe, Rock and Waushara Counties. The next succeeding level of review is by the Division of Hearings and Appeals in the Department of Administration. The last and highest level of review is an appeal to the Secretary of Workforce Development. Thus, the 13 counties which have not yet received RFS status have multiple levels of appeal still available to them, should they wish (or need) to avail themselves of it.

## **B. COUNTIES NOT RECEIVING RFS STATUS**

In order to receive RFS status, certain financial and program benchmark criteria have to be met. Those criteria are set out in DWD's Division of Economic Support Administrator's Memoranda 98-32, 98-38 and 99-03, copies of which you have. In most of the cases, the counties which failed to attain RFS status either: (1) did not have a sufficient percentage of W-2 employment position cases--i.e., those assigned to a community service job, trial job or W-2 transition--participate in 30 hours per week or more of appropriate activities (described as "full engagement"); or (2) failed to have a sufficient percentage of subsidized employment placement cases with current employability plans filed in the DWD's automated "Client Assistance for Re-employment and Economic Support" system. In several cases, other required criteria were not met; they are described below.

The description below of why individual W-2 agencies failed to receive RFS status is taken from *Right of First Selection--Discrepancy Review Process Recommendations* (March 11, 1999). This DWD-prepared document (copy attached) summarizes the review of all 27 agencies which failed to initially receive RFS status. The text below identifies the specific reason why each agency continued to be denied RFS status following that review and the making of associated adjustments.

### **1. Burnett County**

Sixty-seven percent (two of three) of the cases had a current employability plan filed; the benchmark requirement is 95%.

2. Chippewa County

Forty-three percent (three of seven) of the cases were considered "fully engaged"--that is, assigned to 30 hours per week or more of trial job, community service job or W-2 transition position; the benchmark requirement is 80%. Ninety-one percent (10 of 11) of the cases had a current employability plan filed; the benchmark requirement is 95%.

3. Dodge County

Seventy-two percent (five of seven) of the cases had a current employability plan filed; the benchmark requirement is 95%.

4. Douglas County

Seventy percent (seven of 10) of the cases were considered fully engaged; the benchmark requirement is 80%.

5. Florence County

Zero percent (0 of 1) of the cases was considered fully engaged or had a current employability plan filed. The benchmark requirements are 80% and 95%, respectively.

6. Kenosha County

Financial criteria were not met. Specifically, according to Jude Morse of DWD, the county did not meet the overall cap of not more than 10% of expenses being spent on administration, as well as the required maximum ratio of administrative expenses to services.

7. Lac du Flambeau Tribe

Fifty-eight percent (15 of 26) of the cases were considered fully engaged; the benchmark requirement is 80%. Eighty-two percent (23 of 28) of the cases had a current employability plan filed; the benchmark requirement is 95%. Eighteen percent (2 of 11) of qualifying cases were participating in the pursuit of a general equivalency/high school equivalent degree; the benchmark requirement is 85%.

8. Manitowoc County

Manitowoc County did not meet the financial performance benchmarks relating to ratio of administrative expenses to services.

9. Monroe County

Eighty-six percent (12 of 14) of the cases had a current employability plan filed; the benchmark requirement is 95%.

**10. Oneida Tribe**

Fifty percent (two of four) of the cases were considered fully engaged; the benchmark is 80%.

**11. Rock County**

Rock County did not meet the financial performance benchmarks relating to ratio of administrative expenses to services.

**12. W-2 Southwest (Five Counties) Consortium**

Seventy-two percent (five of seven) of the cases were considered fully engaged; the benchmark requirement is 80%.

**13. Waushara County**

Zero percent (0 of 1) of the cases was considered fully engaged; the benchmark requirement is 80%.

**C. DOING A RFP BY RULE**

As you know, the DWD is preparing to select the W-2 agencies for the second round of W-2 administrative contracts to cover the period of calendar years 2000-01. For geographic areas for which the current W-2 agency received RFS status, the contract for the next term will be directly awarded. For all other areas (those where the current W-2 agency has not attained RFS status), a competitive process to select a W-2 agency will be used. The DWD apparently plans to use a RFP process to select W-2 agencies for these areas. You ask whether the RFP process could be promulgated as an administrative rule.

Under s. 49.143 (1) (a), Stats., DWD “. . . may award a contract, on the basis of a competitive process approved by the secretary of administration, to any person to administer Wisconsin works in a geographical area . . . .”

Section 227.01 (13), Stats., defines “rule” as a regulation, standard, statement of policy or general order of general application which has the effect of law and which is issued by an agency to implement, interpret or make a specific legislation enforced or administered by the agency or to govern the organization or procedure of the agency. It appears clear that the text of a RFP, plus codification of any procedures the DWD plans to use in the selection process, interpret and implement s. 49.143 (1) (a), Stats., and have the force of law, and therefore could be promulgated as a rule. Further, the RFP and associated procedures do not fall within any of the exclusions to the definition of “rule” in s. 227.01 (13), Stats.

It is not clear whether there is statutory intent that the RFP and associated procedures could be promulgated as a rule. First, since the awarding of contracts is a purchase of services, it appears that DWD is subject to s. 16.705, Stats., and ch. Adm 10, Wis. Adm. Code. It can be

argued that this statute and implementing rules specifically cover the W-2 agency selection process, and no further rule-making is contemplated by statute. Second, in the process of enactment of 1995 Wisconsin Act 289 (Enrolled 1995 Assembly Bill 591), which created the W-2 program, the Governor vetoed the provision in s. 49.143 (2), Stats., that the performance-based incentives required in each W-2 contract be established "by rule." The requirement that DWD's performance standards for the administration of W-2 [s. 49.143 (3), Stats.] be created by rule was similarly vetoed. Under the principle that the Governor's power when vetoing proposed legislation is coextensive with the Legislature's power to create legislation [*State ex rel. Kleczka v. Conta*, 82 Wis. 2d 679, 264 N.W.2d 539 (1978)], it appears clear that any implementing provisions relating to performance standards and performance-based incentives *not* be established by rule. To the extent that these would be part of the RFP and associated procedures, therefore, the DWD could argue that they do not have to be placed in administrative rule form.

Last, from a practical standpoint, the W-2 administrative agencies for the next term of administrative contracts have to be selected by December 31, 1999. Given the length of the rule-making process, it may be difficult to complete the promulgation process and the subsequent implementation of the RFP selection process in a timely manner.

If you wish any further information on this subject, please contact me at the Legislative Council Staff offices.

DJS:ksm:tlj:jal:rv;wu

Attachment

KEY  
 PROGRAM  
 EP = EMPLOYABILITY PLAN  
 FE = FULL ENGAGEMENT  
 GED = GENERAL EQUIVALENCY DIPLOMA  
 FINANCIAL  
 FIN = REASONABLE COSTS  
 FIN = 10% ADMIN COST

RIGHT OF FIRST SELECTION  
 DISCREPANCY REVIEW PROCESS RECOMMENDATIONS  
 March 11, 1999

The Right of First Selection (RFS) provided a discrepancy review process for W-2 agencies that did not meet the criteria based on preliminary information provided by the Division of Economic Support. There were 27 W-2 agencies that did not meet Preliminary RFS Financial or Program criteria. All 27 agencies submitted requests to have their cases reviewed under the discrepancy review process. Agencies were informed that requests could include, but were not limited to: 1) calculation errors; 2) providing additional information to correct misinterpretations or overlooking of pertinent information; 3) time frame and/or other requirements of the Department that prevented the W-2 agency from making a correction to an error by the RFS deadline 4) the date occurred was made close to and prior to the due date (occurring between 1/22/99 - 1/29/99) for the RFS process, and the agency corrected at the first opportunity, 5) the correction would result in the W-2 agency meeting the RFS criteria. The calculation process considered the total number of cases, waived cases that applied or changed to a W-2 employment position on 1/25/99 or after, and considered participants who were not able to complete assigned activities of 30 or more hours due to physical, mental health or family issues. Participants working 30 or more hours in appropriate activities are considered the standard for full engagement. The net result determined participants who were considered "fully engaged." Employment plans that were not completed or updated by 1/29/99 for applicants or participants who were placed in an employment position on or after 1/22/99 were also waived.

W-2 Agency	Total Cases Minus Approved Exceptions	Criteria Not Met Benchmark Code (%)	Cases Filled Criteria (%)	# Case Request # Filed	Discrepancy Review Request Reason (see key)	Late App or Change to Case	PR Code Error	Medical/Family Issue Documented	Other	Agency/Worker Error	Recalculation (%)	OVERTURN DECISION	RETAIN DECISION
<b>ASHLAND REGION</b>													
1. Burnett	3 Total Cases	EP 95%	1 67%	1	EP					X	3 Total 2 Current EP 1 Expired EP	67%	XX - No real explanation why worker couldn't complete EP by deadline date.
2. Douglas	20 Total Cases -9 Except 11 Subtotal	FE 80%	4 64%	4	FE					X	20 Total -9 Except -1 Waived 10 Subtotal 7 FE 2 Total -2 Except 0	70%	XX - 1 FEP & 1 V-2 Coordinator moved to Job Center on 1/4/99. Intent was to keep up caseloads.
3. Washburn	2 Total Cases -1 Except 1 Subtotal	FE 80%	1 0%	1	FE	X						100%	
<b>EAU CLAIRE REGION</b>													
4. Buffalo	8 Total Cases -1 Except 7 Subtotal	FE 80%	3 57%	3	FE		X		X		8 Total -4 Except 4 Subtotal 4 FE	100%	XX
5. Chippewa	11 Total Cases -2 Except 9 Subtotal	FE 80%	6 34%	6	FE		X		X		11 Total -4 Except 7 Subtotal 3 FE 10 current EP -1 No EP	43%	XX - Case comments mention health factors but no strong, clear evidence of participation limits and determination of abilities. No medical statements or reports were filed. 1 EP not completed due to intake on 1/22/99 (standard for waiting late information is from 1/25/99 - 1/29/99).



W-2 Agency	Total Cases Minus Approved Exceptions	Criteria Met Benchmark Code (%)	Criteria Not Met (%)	Cases Failed Criteria (#) (%)	# Case Requests Filed	Discrepancy Review Request Reason (see key)	Late App or Change to Case	"PR" Code Error	Medical Family Issue Documented	Other	Agency/Worker Error	Recalculation (#) (%)	OVERTURN DECISION	RETAIN DECISION	
6. Dunn	17 Total Cases	FE 80%	FE 76%	4	3	FE	X	X	X			17 Total -2 Except 15 Subtotal 13 FE	87%	XX	
7. Jackson	0 Total Cases	FIN - 10%	NA	NA	NA	FIN - 10%							XX		
8. Monroe	14 Total Cases	FE 80%	FE 80%	6	6	FE		X	X			14 Total -6 Except 8 Subtotal 8 FE	100%		XX - Case comments are generally weak, but of 6 cases submitted, 5 indicate sufficient physical & mental health factors. 1 waived as in last week. Of 4 EPs reviewed, 1 was a late placement & 1/31/99 expiration not counted. (Note: 1 EP is still not updated.)
9. St. Croix	3 Total Cases	FE 80%	FE 67%	1	1	FE		X	X			14 Total -2 Expired EP 12 Current EP 3 Total -1 Except 2 Subtotal 2 FE	86%	XX	
<b>GREEN BAY REGION</b>															
10. Brown	11 Total Cases	EP 95%	EP 90%	1	1	EP	X					11 Total -1 Waived 10 Subtotal 10 Current EP	100%	XX	
11. Florence	1 Total Cases	FE 80%	FE 0%	1	1	FE	X		X			1 Total 0 FE	0%		XX - W-2 T placement (high risk pregnancy) was made on 1/27/99, however, application filed on 1/13/99 and all info to process app was received on 1/19/99. This time lag is against W-2 policy.
12. Fond du Lac	20 Total Cases	EP 95%	EP 85%	3	3	EP			X	CARES problem		0 Current EP GED pursuit waived 20 Total -3 Waived 17 Subtotal 17 current EP	0%	XX	
13. Manitowoc	2 Total Cases	FIN	NA	NA	NA	FIN			X	Unfair					
14. Sheboygan	7 Total Cases	FE 80%	FE 72%	2	2	FE	X				X	7 Total 7 FE	100%	XX	XX - No other reason provided other than unfairness of criteria.

W-2 Agency	Total Cases Minus Approved Exceptions	Criteria Not Met Benchmark Code (%)	Cases Failed Criteria (#) (%)	# Case Requests Filed	Discrepancy Review Request Reason (See Key)	Late App or Change to Case	'PR' Code Error	Medical Family Issue Documented	Other	Agency/Worker Error	Recalculation (#) (%)	OVERTURN DECISION	RETAIN DECISION
15. Waushara	1 Total Cases	FE 80%	1 0%	1	FE		X	X			1 Total 0 FE	0%	XX Single pregnant woman, with doctor limits on work participation. Assigned to 10 hours Family Literacy Program. Agency states no other resources in their rural community. Other activities such as parenting classes, nutrition counseling, household budgeting, etc. should be available.
16. Oneida Tribe	8 Total Cases -1 Except 7 Subtotal	FE 80%	6 25%	8	FE	X	X	X			8 Total -3 Waived -1 Except 4 Subtotal 2 FE	50%	XX Most of the evidence that was submitted was not strong enough to overturn the preliminary decision. Case comments are not specific, do not specify medical barriers or the limits of ability. Also, most of the entries were made on 2/24/99 or 2/25/99. However, 3 of the cases were not fully engaged or had current EPs as they were co. transfers which occurred on 1/25/99.
<b>MADISON REGION</b>													
17. Columbia	3 Total Cases	FIN - 10%	NA	NA	FIN - 10%					X		XX	
18. Dodge	9 Total Cases	EP 95%	2 78%	2	EP	X		X			9 Total 5 Current EP 2 Expired EP	78%	XX 1 case co. transfer on 1/20/99 and 1 case completed enrollment on 1/21/99. Paper EPs were completed for both, but not entered in CARES by 1/29/99.
19. W-2 Southwest Consortium	9 Total -1 Except 8 Subtotal	FE 80%	3 62.5%	3	FE			X			9 Total -1 Waived -1 Exception 7 Subtotal 5 FE	72%	XX - Only 1 case approved under discrepancy review, due to filing application close to the deadline. The other 2 cases are not considered appropriately assigned (e.g., woman with mental health issues only assigned to 30 hours of SE income, earning average of \$32.50 per month).
20. Rock	42 Total -23 Except 19 Subtotal	FE 80%	6 68%	7	FE			X	X		42 Total -28 Except 14 Subtotal 13 FE	93%	XX - Full Engagement is now met, however, no review request submitted or approved for Financial criteria.

W-2 Agency	Total Cases Minus Approved Exceptions	Criteria Not Met Benchmark Code (%)	Cases Failed Criteria (#) (%)	# Case Request & Filed	Discrepancy Review Request Reason (see key)	Late App or Change to Case	"PR" Code Error	Medical/Family Issue Documented	Other	Agency/Worker Error	Recalculation (#) (%)	DVERTURN DECISION	RETAIN DECISION
<b>RHINELANDER REGION</b>													
21. Adams	4 Total Cases	FE 80%	1 75%	1	FE FIN		X		X		4 Total -1 Except 3 Subtotal 3 FE 100%	XX Note: Agency indicated that made an error by submitting a \$56,374 expense for IT funds in both Dec. 97 & April 98. An amended CARS report was submitted. This explanation was not accepted, however, by meeting Program criteria, qualified for Exceptional Program add-on and thus meets Financial criteria. XX	
22. Langlade	8 Total Cases 3 GED Total	GED 85%	1 66.67	1	GED				X		3 GED Total -1 Waived 2 Subtotal 2 Ed activities 100%		
23. Wood	18 Total Cases -2 Except 16 Subtotal GED 9 Total	FE 80% GED 85%	9 50% 4 55.56	9 4	FE GED		X	X			18 -11 Except 7 Subtotal 7 FE 9 GED Total -4 Except 5 Subtotal 5 Ed activities 27 Total -1 Except 26 Subtotal 15 FE 28 Total 7 Expired EP -2 Waived 5 Expired EP 11 GED Total 2 Ed activities 100% 100%	XX XX	
24. Lac du Flambeau Tribe	27 Total	FE 80% EP 95% GED 85%	12 56% 7 75% 7 18.18%	5	FE EP GED		X	X			58% 82% 18.18%	XX - All cases have very minimal CARES entries. Workers appear to be still using paper case comments instead of entering in CARES. Medical forms & statements do not indicate level of ability. 1 case provides enough medical documentation to overturn preliminary decision. 2 of the EP cases were co. transfers that occurred in the last week of the RFS deadline.	

W-2 Agency	Total Cases Minus Approved Exceptions	Criteria Not Met Benchmark Code (%)	Cases Failed Criteria (#) (%)	# Case Request # Filed	Discrepancy Review Request Reason (see key)	Late App or Charge to Case	"PR" Code Error	Medical/Family Issue Documented	Other	Agency/Worker Error	Recalculation (#) (%)	OVERTURN DECISION	RETAIN DECISION
<b>WAUKESHA REGION</b>													
25. Kenosha	93 Total Cases GED 46 Total	GED 85%	7 84.21	6	GED			X			38 GED Total -2 Except 36 Subtotal 32 Ed activities	89%	XX - 6 cases submitted for review but only 2 cases appear to have serious medical issues which would prevent participants from attending GED classes. NOTE: No request was submitted for Financial discrepancy review. Financial criteria still not met.
26. Walworth	16 Total Cases -13 Except 3 Subtotal	FE 80%	1 67%	1	FE		X		X		16 Total -14 Except 2 Subtotal 2 FE	100%	XX
27. Washington	10 Total Cases -1 waived 9 Subtotal	EP 95%	2 89%	2	EP	X					9 Total -1 waived 8 Subtotal 8 current EP	100%	XX Note: 1 case had already been waived as the reviewer noted it was a co. transfer on 1/29/99 with an expired EP.

Marcus White,  
Associate Director  
Interfaith Conference of Greater Milwaukee  
Testimony regarding Caretaker Supplement and W-2 Contracts  
March 9, 1999

Thank you for calling this hearing and providing the opportunity for all of us to comment on these very important issues.

The Cabinet of the Interfaith Conference has adopted the position that the Caretaker Supplement should be restored to pre-W-2 levels. However, we would certainly support other proposals that have been suggested by people who work more closely with the affected population, namely the Wisconsin Council on Developmental Disabilities.

There are other positions that the Conference has adopted regarding W-2 and changes that the Conference believes would help families to escape poverty and better be able to reach their God-given potential. However, I know that this hearing is focused on specific topics so I will not go into other areas.

Regarding W-2 Contracts:

In December the Cabinet of the Interfaith Conference, our Board of Directors, adopted a position calling for the Department of Workforce Development to make the W-2 contract renewal process an "open and public" process. The intent of this position is two-fold: First, we believe that it is valuable and just for programs such as W-2 to seek and consider input from current and former participants. All of us, in the various jobs that we do, seek and appreciate input from our constituencies. Second, W-2 is financed entirely with public

dollars. The same public that finances W-2 has been asking questions about the program, such as "Where have families gone?" The taxpayers should have an opportunity to learn about the contractors, who has done well, and who may not have done so well.

It is our understanding that the next round of contracts will have significant changes in terms of how they are structured. We understand that this may even include the method by which profits are determined. We believe that the public should be able to review these proposals and comment on them in a formal manner. At the least, our elected officials should be able to impact this process.

But those are more technical matters. The primary reason that the Milwaukee area's religious leadership called for public input is because they believe that the people most closely impacted by W-2 KNOW what needs to be done differently and what is done very well. They KNOW who has served them well and who has not. They KNOW what obstacles they face and they KNOW whether or not their W-2 agency helped them to deal with these obstacles. This is why the Cabinet of the Interfaith Conference called for an open and public contract renewal process and why our Executive Director wrote to Dr. Stewart requesting a public forum and offering to help put together such a forum.

This winter is the third consecutive winter where the Interfaith Conference and the Red Cross have operated an Emergency Overflow Shelter in church basements because Milwaukee homeless shelters are filled to capacity. This winter we had to open nearly two months earlier than in the past two winters. We have also had a significantly higher nightly average than in the past. For the first time we have children staying in church basements on a regular basis. This crisis has also presented us with an opportunity. Through our work serving homeless families we have been able to learn from them about the wide variety of barriers they face and about their experiences with the W-2 system. Again, these women KNOW what they are facing. Many have hit rock bottom and are clearly asking for help. We encourage those who are in the shelter to seek help from W-2. The W-2 information brochures that we provide are gone nearly as quickly as we can supply them. The experiences of people like those in the overflow shelter could only

enhance the Department and the Legislature's understanding of how W-2, complete with its FEPs, Resource Specialists, and Receptionists, plays out in the real world. Theory and planning may be well and good, but real world implementation is frequently different.

It is our understanding that the Department holds listening sessions with W-2 participants. This may be the case but it still falls short of the kind of open and public decision-making process that we seek and that you as legislators use. Without just such a public process there is a sense in the community, a valid sense, I believe, that decisions are being imposed upon the community. If we truly respect those that we serve we will make sure that they have a seat at the table. As the new W-2 contracts are developed let those who have been served well, those who have been served poorly, and those who chose not to participate have a public voice in a process that will surely impact their lives.

# INTERFAITH CONFERENCE

OF GREATER MILWAUKEE  
*Founded 1970*

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American Baptist Churches of Wisc.  
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Executive Minister

Episcopal Church  
The Milwaukee Diocese  
The Rt. Rev. Roger J. White,  
Bishop

Ev. Lutheran Church in America  
Greater Milwaukee Synod  
The Rev. Peter Rogness,  
Bishop

Milwaukee Jewish Council for  
Community Relations &  
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Executive Presbyter

Religious Society of Friends  
The Milwaukee Meeting  
Judith Gottlieb, Clerk

Roman Catholic Church  
The Milwaukee Archdiocese  
The Most Rev. Rembert Weakland,  
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The Rev. Louis E. Sibley III,  
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United Church of Christ  
The S.E. Wisconsin Association  
The Rev. Tom Bentz,  
Association Minister

United Methodist Church  
Metro North District  
The Rev. Dr. Velma Smith  
District Superintendent;

Metro South District  
The Rev. Tom Garnhart  
District Superintendent

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#### STAFF

Mr. Jack M. Murtaugh,  
Executive Director

January 20, 1999

Dr. Linda Stewart  
Secretary  
Department of Workforce Development  
P.O. Box 7946  
Madison, WI 53707-7946

Dear Secretary Stewart:

As your Department considers W-2 contract renewal for the period beginning in January 2000 I would like to make a request and offer some assistance. At its December 1998 meeting the Cabinet of the Interfaith Conference adopted a position supporting the inclusion of public input in the W-2 contract renewal process. Specifically, the Cabinet called for the process to be "open and public". We hope that the Department can create a vehicle through which the public, especially those served by W-2 and those who chose not to participate, can voice their concerns about and positive experiences with the system. To that end, we would be happy to help develop and organize a public event such as a hearing.

We recognize that implementing this new system has been a learning experience for the state and all of the W-2 agencies involved. We know that as mistakes were made, so too were corrections and creative solutions to implementation problems. Therefore this input from those who are served is important.

We have been encouraged by some of the "Right of First Selection" criteria that has been developed by the Division of Economic Support. We are particularly encouraged by the following:

- The caseload ratio that DES articulates in Notice 98-32. This is consistent with what we believe will be most helpful to W-2 participants as they prepare for and seek employment;

*"To uphold the dignity of every person and the solidarity of the human community"*



- Your insistence on an Employability Plan for each person placed in a subsidized employment position;
- Your inclusion of "Special Projects" to address problems such as domestic abuse, pregnant women with no minor children, and other special needs;
- GED/HSED participation.

We are also encouraged by reports in today's Milwaukee Journal Sentinel indicating that the Department has conducted evaluations of W-2 agencies and is seeking correction where problems have been discovered. We are particularly concerned about reports that W-2 applicants were not seen by FEPs within five days of application.


We believe that it would be informative, useful, and appropriate for the Department to hold public hearings allowing people to share their experiences with various W-2 agencies. Opening the contract renewal process to the public is consistent with democratic principles and would provide an opportunity for the Department to base its judgment of W-2 agencies, at least in part, on the experience of participants.

I expect that you have encouraged agencies to seek input and feedback from participants. What we are seeking is a more formalized element that would allow this contract renewal process to include public input.

Please feel free to contact me if we can be of any assistance in creating a forum for public input.

Thank you for your attention to this important matter.

Sincerely,



Jack Murtaugh  
Executive Director

# Interfaith group wants hearings on W-2 renewals

By MARCO HURSTON  
of the Journal Sentinel staff

The Interfaith Conference of Greater Milwaukee has called on the state to conduct public hearings before renewing the contracts of agencies that administer the Wisconsin Works (W-2) welfare reform.

"We recognize that the experience of people affected by W-2 should help shape the direction the reforms take," Jack Murtaugh, executive director, said Friday. The Interfaith Conference is interdenominational group of local religious leaders. The state already has established criteria for determining which W-2 agencies may submit plans without having to compete with other agencies in a bidding process. W-2's next



two-year W-2 contracts begin on Jan. 1, 2000.

In a written statement Friday, Linda Stewart, secretary of the Department of Workforce Development, said she would schedule public events, such as listening sessions, "to hear from people firsthand about their experiences with W-2." She said she looks forward to help from interfaith and other community organizations.

So far, four listening sessions have been held around the state, a department spokesman said. Late last year, Sen. Gwendolynne Moore (D-Milwaukee)

and now-retired Rep. Rebecca Young (D-Madison) had asked Stewart to "seek community input, perhaps in the way of a public forum," before developing criteria for contract renewal.

The state's performance criteria, called the "right of first selection," were obtained by the Journal Sentinel through an open-records request. The overall criteria include stringent financial and program requirements, including meeting three "best practices criteria," such as contracting with faith-based providers to provide face-to-face services to participants.

Representatives of four of the five W-2 agencies in Milwaukee County said they believed their agencies would meet the criteria and not have to compete for

their next two-year contracts. The fifth agency, Opportunities Industrialization Center, did not return a reporter's calls.

Representatives of outstate W-2 agencies have complained that the state's criteria punish agencies that follow W-2 policy in making former welfare recipients become independent of W-2 cash assistance.

"It stands to reason that a successful program operator will spend significantly more money on keeping people from and moving people off W-2 than is actually paid out in benefits," Judy Babilitch, director of the Portage County Health and Human Services Department, said in a letter to state officials. Murtaugh, of the Interfaith Conference, said the organiza-

tion was willing to help Stewart "create a vehicle through which the public, especially those served by W-2 and those who chose not to participate, can voice their concerns about and positive experiences with the system."

"Opening the contract renewal process to the public is consistent with democratic principles and would provide an opportunity for the department to base its judgment of W-2 agencies, at least in part, on the experience of participants," Murtaugh said in the letter. The conference represents major faith groups, including Jewish, Catholic, United Church of Christ, Society of Friends, Methodist, Unitarian Universalist, Baptist, Presbyterian, Lutheran and Episcopal.



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

## SENATE COMMITTEE ON HUMAN SERVICES AND AGING

Testimony on the W-2 Contracts  
Carol W. Medaris, Project Attorney  
Wisconsin Council on Children and Families  
March 9, 1999

The Department has announced that the second round of W-2 contracts will place increased expectations for performance on W-2 agencies and will require agencies to provide additional services to recipients. These are generally steps in the right direction, although a few points need further consideration.

On the positive side first, the Department proposes to evaluate placements in unsubsidized jobs, with attention to the number of hours, wage rates, and fringe benefits provided by the employer. The evaluation should also include whether the job is temporary or permanent and the opportunity for advancement the job provides. Requiring W-2 agencies to focus on these factors is a sound approach to helping W-2 recipients become self-supporting.

In addition, agencies will apparently be judged upon whether they have participants engaged in appropriate activities, for example requiring those who lack high school diplomas or the equivalent to be in educational activities. Although this should be happening now, advocates report that many who lack high school degrees are not being encouraged to complete their schooling. The Department's direction in this area is important.

The Department apparently intends to measure "customer satisfaction." If this means that W-2 applicants and participants will routinely be given the opportunity to evaluate case workers, and that attention will be paid to their comments, then this may help improve a system that is not now viewed as very "user friendly."

So far, so good, but the Department also intends to measure recidivism, and penalize agencies with rates exceeding 20%. This may well result in agencies turning away out-of-work parents in order to meet their "quota."

In the Department's study of leavers, 38% of those who left the program were unemployed at the time of their reinterview. This did not even count

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those who had returned to the program. And everyone admits that the current W-2 population contains those with the most serious barriers to employment. We absolutely must not devise a system that may result in punishing those who can't maintain employment. It is far better to concentrate on the kinds of jobs participants are placed in, as the Department has indicated it intends to do, than judge W-2 agencies on the number who come back for more help after their first (or second, or third) try to succeed in the job market.

The second contract area that needs to be revisited appears in the Department's Program Right of First Selection. Agencies must meet three out of four "best practices," one of which is that the agency contract with a faith-based provider for services to participants. It is one thing to allow contracting with faith based providers, but quite another to require it. In addition to the constitutional issues raised, it would seem to make better sense to concentrate on the qualifications of providers, rather than their religious affiliation.

The real measure of success should be whether people are getting out of poverty. To the extent that the Department intends to base profits upon satisfaction of sound performance criteria, aimed in that direction, its efforts should be supported. The two "performance criteria" that should be removed are those penalizing recidivism and those rewarding agencies for contracting with faith-based service providers.

# IMPROVING THE CARETAKER SUPPLEMENT PROGRAM FOR PARENTS WITH DISABILITIES AND THEIR CHILDREN

## Recommendations endorsed by the SSI Parents Coalition Steering Committee

March 4, 1999

**Background Information:** Over 10,800 children in 5,547 Wisconsin families headed by a parent with a severe disability have been harshly affected by the reduction in family income resulting from the Wisconsin Works (W-2) Program. Prior to W-2, low-income parents with severe disabilities received Supplemental Security Income (SSI) for themselves, and a child-only AFDC grant for their dependent children. Since January 1, 1998, they have had their income for their children significantly reduced. Families are in crisis and report that they are unable to pay their rent, feed their family or pay basic living expenses. Parents state that they are unable to do anything for their children, that they feel they are being punished for their disabilities, and that the constant worry is affecting their health. The severe disability of the parent limits their ability to bring in extra earnings for their family.

**Current Status:** The families headed by a parent with severe disabilities currently receive from the Caretaker Supplement program \$100/month per dependent child. The Governor's Budget includes an increase in the Caretaker Supplement to \$150/month per dependent child. The increase would occur on October 1, 1999 or later if the budget passage is delayed past that date.

### SSI Parent Coalition Steering Committee Recommendations:

#### 1. PROVIDING FAMILIES WITH A STABLE LIVABLE INCOME:

The Governor's budget recommendation to increase the Caretaker Supplement is a strong step towards providing families with a livable income. In trying to determine a reasonable supplement for the care of dependent children, the steering committee of the SSI Parent's Coalition endorses an allocation of \$250 for the first child and \$150 for each additional child. The cost of the additional \$100/month per family (\$1,200 per year) would be approximately \$6.65 million of federal TANF dollars. If the Caretaker Supplement were raised to \$250 for the first child, and \$150 for all additional children, the income of the families would be closer to the federal poverty level. Increase the Caretaker Supplement as of July 1, 1999.

#### Monthly Income for a Single Parent on SSI\*

Number Of Children	Income before 1/1/98: Parent's SSI & Maximum AFDC for the children	Current Income: Parent's SSI & \$100/month per child	Governor's Proposal: Parent's SSI & \$150/month per child	SSI Parent Coalition's Proposal: Parent's SSI & \$250/month for first child & \$150/month for additional children	Federal Poverty Level for a single parent family
One	\$ 823	\$ 684	\$ 734	\$ 834	\$ 904
Two	\$1,014	\$ 784	\$ 884	\$ 984	\$ 1,138
Three	\$1,091	\$ 884	\$ 1,034	\$1,134	\$ 1,371
Four	\$1,191	\$ 984	\$ 1,184	\$1,284	\$ 1,604
Five	\$1,283	\$ 1,084	\$ 1,334	\$1,434	\$ 1,838

\*This does not include food stamps or housing assistance. For every dollar increase in income, there is a reduction of \$0.30 in food stamps. Most SSI parents are not on housing assistance.

**Comparison of Family Income of SSI and Grants for Dependent Children  
to the Federal Poverty Level**

Federal Poverty Level	AFDC	\$ 100/child	\$ 150/child	\$ 250/first child \$ 150/additional children
\$ 904/month for a single parent household with one child	- 8.96%	- 24.34%	- 18.19%	- 7.74%
\$ 1,138/month for a single parent household with two children	- 10.87%	- 31.11%	- 22.32%	- 13.53%

**2. PROVIDING ALL W-2 SERVICES (EXCEPT A CASH GRANT) TO CARETAKER SUPPLEMENT FAMILIES:**

Interviews with 374 families conducted by the Wisconsin Council on Developmental Disabilities indicate that 80% of the parents on SSI would like to work if work disincentives were removed and if there was the opportunity for work that took into consideration their disability. This would include flexible and part-time work options.

Beside the grant at the CSJ and W-2 T levels, the W-2 agencies offer other services to help parents become employed. Life skills training helps provide the basic foundation to enable the parents to "understand and manage daily life and family stress in order to succeed in the workplace". Examples of life skills training from the W-2 work manual include: budgeting; problem solving/decision making skills; family nutrition/household management; time management; etc. Other W-2 services are childcare assistance, transportation assistance and job search assistance activities. Parents on SSI could benefit from these programs and from other opportunities for service coordination.

**3. EXPANDING ELIGIBILITY FOR W-2 CHILD CARE ASSISTANCE TO PARENTS ON SSI WHILE THEY ARE LOOKING FOR WORK OR PARTICIPATING IN EDUCATION OR TRAINING**

W-2 child care assistance is an economic necessity for low income parents wishing to work. However, SSI parents are ineligible for such assistance while they are looking for work. Only those participating in the W-2 program or in the food stamp employment and training program are currently eligible.

In addition, SSI parents are not eligible for child care assistance while in educational or training programs unless they have a 9-month work record and then continue to work while in training. Only W-2 participants are eligible for such care without a prior work period.

**4. INCLUDING IN THE CARETAKER SUPPLEMENT PROGRAM, THE CHILD OF A MINOR CHILD WHEN BOTH ARE LIVING WITH A GRANDPARENT ON SSI.**

The W-2 disability hotline and advocacy agencies in Milwaukee report special problems for families headed by a grandparent on SSI. If a minor parent and her child are living with the child's grandparent, and the grandparent is on SSI, the family is eligible for only a single Caretaker Supplement of \$100 per month. There is no additional money to help care for the infant. The family is not eligible for a kinship care payment nor is anyone eligible to participate in W-2. This family should at least be eligible for a Caretaker Supplement for the infant to help meet the many additional costs incurred for having a baby in the home.

## **5. ENSURING THAT FAMILIES LIVING AT THE SSI BENEFIT LEVEL RECEIVE MONTHLY CASH ASSISTANCE FOR THE CARE OF THEIR DEPENDENT CHILDREN**

To receive a Caretaker Supplement, a parent must also receive an SSI cash payment. If a parent is temporarily removed from SSI, she or he will also not receive cash for their dependent children. The Wisconsin Council on Developmental Disabilities has heard from families who temporarily lost their SSI cash assistance due to an increase in income due to work or other reasons. For example, parents on SSI who are able to do limited work can lose their SSI in three-pay period months (compared to two-pay period months). One mother wrote that in December she lost both her SSI cash and her Caretaker Supplement because she was underpaid by \$5.00 a month for social security income from the death of her mother. By giving her a makeup check of \$55 in November, she became ineligible not only for the state portion of her SSI (\$83.78), but also her \$200 Caretaker Supplement payment.

The problem of parents temporarily losing their Caretaker Supplement highlights another problem. In 1996, Wisconsin SSI recipients lost eligibility for the state SSI supplement (\$83.78) if their income put them over the federal SSI limit (\$500 in 1999). They were made ineligible for a whole or partial state SSI payment that would have brought their income up to the 1999 state SSI income limit of \$583.78. When the Caretaker Supplement program was enacted, these parents were also ineligible for the Caretaker Supplement, greatly compounding the inequity.

The children in both these types of families need the financial assistance provided by the Caretaker Supplement program. This can be achieved by providing a Caretaker Supplement to all parents based upon their eligibility for SSI-related MA, rather than the receipt of SSI cash assistance. Parents would then not lose their eligibility for the Caretaker Supplement benefit if they were either ineligible for SSI because of the 1996 law, or were temporarily ineligible for SSI because of an extra income month.

## **6. USE 100% TANF (TEMPORARY AID TO NEEDY FAMILIES) DOLLARS TO PAY FOR THE CARETAKER SUPPLEMENT**

The Caretaker Supplement is currently funded from a combination of TANF dollars and state GPR, the latter to meet the SSI maintenance of effort (MOE) requirement. But SSI funds are intended for people with disabilities and the elderly, not their non-disabled children. Furthermore, the state has a huge surplus of TANF funds, a portion of which could be used to fund the caretaker supplement.

SSI recipients have not received an increase in the state SSI benefit (\$83.78 for an individual) since 1996, while the federal SSI benefit has increased by a small cost of living adjustment (COLA) each year. That means that SSI recipients have seen their living standard sink further and further below the federal poverty level. (SSI for one adult is \$583.78 compared to a poverty level of \$670.83.)

Using TANF money to fund the Caretaker Supplement would mean that the state's MOE money would be available to increase support for the state's elderly and disabled population. It is our understanding that Wisconsin is the only state using state SSI dollars to provide for the children of SSI parents instead of TANF dollars.

For more information, contact Caroline Hoffman ([hoffmcp@dhfs.state.wi.us](mailto:hoffmcp@dhfs.state.wi.us)) or Jennifer Ondrejka ([ondrejkm@dhfs.state.wi.us](mailto:ondrejkm@dhfs.state.wi.us)) at the Wisconsin Council on Developmental Disabilities, (608) 266-7826, (608) 267-3906 FAX.

W I S C O N S I N C O M M I T T E E T O  
**PREVENT  CHILD ABUSE**

214 NORTH HAMILTON STREET □ MADISON, WISCONSIN 53703 □ TELEPHONE: 608/256/3374

March 9, 1999

Thank you, Committee Chair Robson and members of the Senate Committee on Human Services and Aging for calling this public hearing today regarding the Caretaker Supplement for families headed by a parent on SSI. As you have been made aware, over 5,000 families in Wisconsin have been harshly affected by the loss of family income with the implementation of the Wisconsin Works (W-2) Program. As explained in the reports prepared by the Wisconsin Council on Developmental Disabilities as well as the personal testimony you will hear this afternoon, these families are in crisis, and something must be done as soon as possible.

There are a number of factors within a family that may contribute to the risk for the maltreatment of children, most notably isolation from the family and community and financial and emotional stress. To say that families headed by a parent whose disabilities are so severe they cannot work are in danger of being isolated from their communities is an understatement. To say that families that have lost as much as 60% of their incomes are under stress is an even bigger understatement. The Board of Directors of the Wisconsin Committee to Prevent Child Abuse supports the recommendations of the SSI Parents Coalition Steering Committee. In particular, we would like to call your attention to two of the Coalition's recommendations, namely increasing the Caretaker Supplement and making W-2 support services available to those families receiving the Caretaker Supplement.

While we agree that Governor Thompson's budget recommendation to increase the Caretaker Supplement to \$150.00/child is a strong step toward providing families with a livable income, we support the SSI Parent Coalition recommendation to increase the allocation to \$250.00/month for the first child and \$150.00/month for each additional child. The added cost to the Caretaker Supplement program is small compared to the security it offers families that are already burdened by the stress of a disabled parent.

Parents on SSI could also benefit from the support services available to W-2 participants, such as life skills training and service coordination. Aside from obstacles parents on SSI face with their disabilities, they are also dealing with an often frustrating, fragmented service system. Wisconsin has an opportunity to alleviate some of this frustration by allowing those receiving the Caretaker Supplement to take advantage of the W-2 support services. Life skills training, such as problem-solving, time management and household management skills training, could help these parents manage their stress and build for themselves a solid support network. By developing the skills to manage family stress and creating a support network, the risk of child maltreatment is significantly diminished.

We urge you to support Wisconsin's most vulnerable families by recommending to the Joint Committee on Finance to raise the Caretaker Supplement to \$250.00/month for the first child and \$150.00/month for each additional child and allow these families the opportunity to receive the support services W-2 offers. These parents want to provide a safe and stable environment for their families. Our policies should not prohibit them from achieving that goal.



Mary Brant

Monthly : Financial List of Basic Needs For Both Girls:

Shampoo \$2.00

Deodorant \$1.00

Kotex \$2.00

Toothpaste \$1.50

Soap .75

Laundry Soap \$3.00

Toilet Paper \$1.50

Kleenex -band aids, first aid stuff \$2.00

Cleaner- Windex, floor, Ajax, ect. \$4.00

School Supplies \$5.00 ( replacement , glue, tablets, ring

paper, pencils, backpacks, folders, colors, colored pencils,

Calculators \$15.00 x 2 = \$30.00 (one time, beginning of school year)

Replacables - toothbrushes, combs, brushes, hair bows \$3.00

Co-Pay Services - \$3.00

one daughter receives free hot lunch at school

Total : \$58.75- \$30.00 (for calculators ) \$28.75

\*\*\* With the new W2 program and No Child Support and being Legally disabled. Each girl would receive \$100.00 per month = \$200.00

\*\*\*\* Basic Replacement Clothes: Every Six Months

12 pair replacement socks (per 6 months) \$20.00

6 underwear (per 6 months) \$9.00

2 pair school shoes @ \$12.00 each \$24.00

1 pair of dress shoes \$12.00

2 replacement sweats \$20.00

4 T-shirts - \$5.00 each \$20.00

1 dress for concerts/special occasions \$15.00 ( from thrift store)

4 pair jeans ( off brand) \$60.00

-----  
= \$180.00

1 jacket (light weight ) \$20.00

1 winter coat (spread over two years) \$30.00 from used clothing store

\$60.00 total

outer wear - not at goodwill or thrift store- Hats , mittens , gloves, boots,

scarfs \$20.00-

= \$70.00

Basic replacement clothes - \$180.00

Outerwear + \$ 70.00

-----  
\$ 250.00 per child

With this new program I figure \$100.00 per child divided by 30 days in a month = \$3.22 per day per child

Addendum to Monthly Financial List of Basic Needs

The basic list of needs does not include any of the following items which I feel my girls need but usually do not get:

In any given six month period

pantyhose (one pair per month@ \$1 pair) \$12

hair cuts or perms (they never get) \$15

school field trips (\$3 to \$10 per trip) \$25 ( not talking about the weekend or Washington DC trip)

one summer activity per girl (baseball or soccer) \$20 each  
registration

baseball glove, soccer ball or whatever needs replacing \$10

presents to each other and parent for birthdays \$10 per girl, \$5 per  
present \$20

gift when invited to friends birthday parties (@\$5 gift) minimum  
\$20

swimming suit (hard to find at thrift stores) \$15 each girl

snack to entertain friend at sleep over, pizza and soda (2 for each girl  
at \$10 each \$40

rental of musical instrument (we never have been able to afford \$20

girls allowance (they work for it) \$5 week == \$40 month  
they don't always get it , only when we have the money

vacations (occur only when gift from others)

extra shoes for child with foot orthotics which break the last in  
cheap shoes (2 extra pair per six months at Payless) \$20

co pay on foot orthotics \$2 per visit

over the counter emergency cough syrup, tylenol, cough drops etc  
\$5-\$10

church, collection Sunday and occasional events \$10

emergency clothing (grandma's funeral, family wedding etc) \$40  
these items purchased at thrift store

Total approximately \$347 extra per six months for the two girls

**Testimony of  
David R. Riemer  
Director, Department of Administration, City of Milwaukee**

**Committee on Human Services and Aging  
Wisconsin State Senate**

**March 9, 1999**

**A. Introduction**

My name is David Riemer. I am Director of Administration for the City of Milwaukee. I also serve on the board of the Milwaukee Private Industry Council (PIC) and the Board of the New Hope Project. I am not speaking today, however, on behalf of any of these organizations. Rather, my comments reflect my own views and those of Mayor John O. Norquist.

I would like to preface my remarks about the W-2 Agency contracts and Caretaker Supplements with a few general comments about W-2.

The old welfare system was a failure in helping get the poor out of poverty. It offered a fraction of the poor the wrong kind of help, giving them no-strings-attached cash grants that trapped them well below the poverty line in exchange for their *not* working and *not* getting married. Welfare offered no help, or maybe just Food Stamps, to the vast majority of the poor.

The old system was a complete failure. The solution, as Mayor Norquist stated a decade ago, was to stop trying to reform welfare, to end it altogether, and to replace it with a work-based system that truly helps low-income adults--*all* low-income adults, not just welfare moms alone, but everybody who's poor or near poor, whether unemployed or working, unmarried or married, and with or without children--by connecting them or assisting them in staying connected to private-sector jobs that get them out of poverty.

W-2, for all its flaws, has been a giant step in the right direction. Governor Thompson and the legislators of both parties who launched W-2 deserve a great deal of credit.

Moreover, with occasional steps backward to the old welfare paradigm, W-2 has generally evolved into a better and better system as it has moved from concept to plan to legislation to amendment, and from one legislative session to another. From the beginning, the three core features of W-2 have always made sense:

-First, the program offers work-based help to all low-income custodial parents below 115% of poverty, regardless of whether they're unemployed or working, unmarried or married. Regrettably, you still must have a child at home to get help in finding and holding a job away from home. W-2 does little for non-custodial parents, and nothing for low-income adults who don't have children. It is my hope that the legislature will expand

W-2 to include *all* low-income adults.

-Second, the program seeks to connect unemployed parents to work *immediately*, offering different types of subsidized jobs (Trial Jobs, Community Service Jobs, and Transitions jobs) to those who are unable to secure private-sector employment.

-Third, the program offers all low-income parents both subsidized child care and subsidized health care. Not just the former AFDC population or the poorest of poor parents, but all poor and near-poor families get help.

Building on this solid foundation, the Governor, the Department of Workforce Development (DWD), and the Wisconsin legislature continued to work on the program from 1995 through 1998 to work out the bugs and make it even better. The child care age limit was raised to 13, and the child co-pay structure was improved. The original W-2 health plan, rejected by the U.S. Health Care Financing Administration (HCFA), has now been replaced with BadgerCare, which will provide all low-income families below 185% of poverty with either free or low-cost, family-based, Medicaid-like coverage, including automatic wage withholding for those who face co-pays, until good employer-sponsored coverage for which the employer pays 80% or more of the premium becomes available.

The Governor's current budget proposal will result in further improvements. I am particularly pleased that the Governor has proposed that up to 2,500 of W-2's community service jobs will pay a true wage. Letting the W-2 agencies treat a significant number of W-2 participants like real workers, who get paid only for work actually performed, pay their FICA and Medicare taxes like everyone else, and qualify for the federal EITC, is a big step forward. I believe that, by structuring a portion of W-2 to replicate the experience of private-sector work, the program will accelerate participants' move into the private labor market. I want to publicly thank Governor Thompson, Secretary Stewart, and Jean Rogers for making this proposal.

The one feature of the proposal that I feel strongly should be modified is excluding wage-paying CSJ workers from using their CSJ wages to claim the *state* EITC. This exclusion will result in substantial misunderstanding and error. It will cause serious tax administration problems for the State Department of Revenue. From an operational standpoint, it's far more trouble than it's worth. And as policy, it makes little sense. More on this, perhaps, at another hearing.

Overall, however, the Governor's W-2 proposals, including extending the child care income threshold to 185% of the poverty line, make very good sense. The budget continues the process of fine-tuning W-2 to make a good program even better.

I wish to speak today, of course, on two W-2 issues that still need more work: the W-2 Agency contracts and the Caretaker Supplement. It is very important, however, that the overall merits of W-2 and the progress we're making in fine-tuning the program not be obscured as we focus on the parts of the program that still need to be fixed.

## **B. W-Agency Contracts**

My comments on the W-2 Agency contracts are based on what I've experienced and observed in Milwaukee. I do not claim to know much about how the W-2 Agencies are performing outside of Milwaukee, or whether the contracts make sense outside of Milwaukee, or what changes should be made in the contracts outside of Milwaukee. But I have watched closely the creation of the six W-2 districts in Milwaukee, the process of selecting the five W-2 agencies to operate the program, and the performance of those agencies. And I believe that reform--major reform--is needed.

The current W-2 Agency contract system in Milwaukee rests on two basic principles:

The first principle is that the administration of W-2 in Milwaukee will work better if the community is divided up into regions, and a single W-2 agency is assigned the exclusive right-in effect, is granted a monopoly--to serve each region for a fixed period of time.

The second principle is that the primary incentive that should be offered to W-2 agencies is to lower costs, which as a practical matter means lowering caseloads.

I believe that W-2 Agency contract system, at least as it operates in Milwaukee, is poorly structured. The two principles that underlie the system in Milwaukee--a time-limited monopoly for W-2 agencies for the regions they serve, and an incentive to cut costs but not to get participants out of poverty--are both the wrong principles on which to build the effective local administration of a work-based system such as W-2. While DWD and the W-2 agencies have done much well, and indeed have done a spectacular job in reducing caseloads, the "rules of the game" under which they operate in Milwaukee have gotten in the way of W-2's functioning with optimal success.

Minor changes in the current arrangement will not, I believe, produce the improvement that is needed. A major overhaul of how W-2 is administered in Milwaukee is required.

First, the divvying up of Milwaukee into geographic regions and the assigning of each region to a single W-2 agency should be abandoned.

The current regions are artificial and arbitrary. Low-income Milwaukeeans cross their boundaries by the hundreds every day to take up new residences, and by the thousands to work and shop and take their kids to day care and school. The current boundaries don't make sense. No boundaries make sense in a region whose economy knows no boundaries.

The state should replace boundaries and monopoly with a boundary-free system that uses competition to determine which W-2 agency is assigned how many participants. The W-2

agencies should lose their monopolies and be required to compete with each other based on their performance. Those that perform miserably should have their contracts canceled. Those that perform adequately should keep their contracts, but get no new participants and no bonus. Only those that perform excellently should both keep their contract and get new participants and get a bonus.

Second, the incentive we give to W-2 agencies should be changed from cost and caseload reduction to getting W-2 participants out of poverty through work.

No-one has made this point better than Joint Finance Committee Co-Chair John Gard and former Joint Finance Committee Co-Chair Tim Weeden, in a December 2, 1998, letter to DWD Secretary Stewart. Representative Gard and Senator Weeden expressed a strong concern, shared with other legislators, that the current method of paying W-2 agencies "allows agencies to retain a portion of excess funding as unrestricted profit *without regard to the agency's performance in placing and retaining individuals in unsubsidized jobs.*" [Emphasis added] They urged that the new W-2 agency contracts should in the future base profit calculations "on measures of agency performance...such as placements of W-2 applicants or participants in unsubsidized jobs, whether the jobs are full-time or part-time, job retention by former applicants or participants (and whether they return to the program, wages and benefits earned by former applicants or participants...and customer satisfaction."

I agree—strongly agree—with Representative Gard. We have disagreed about many other matters, but on this matter we are in complete accord. The W-2 agency contracts should be built upon giving the W-2 agencies, as their primary incentive, the task of helping W-2 participants get out of poverty through private-sector work.

The specific outcome measure that I believe should be used is earnings. Earnings make sense for at least three reasons.

1. They're easy to measure. Every W-2 participant's earnings are reported by the employer, every quarter, to DWD's Unemployment Compensation Division. Six to eight weeks later, we know exactly what the W-2 participant earned at all jobs.

2. Earnings are also a surrogate for every other outcome we want. If a W-2 participant has low earnings, it's likely that she remains on the W-2 caseload for one benefit or another, was hard to place in the private sector, did not retain her private-sector job for long, and/or had a low-wage job. If on the other hand the W-2 participant had high earnings, the opposite is likely: she probably left the W-2 caseload quickly and didn't return, was easily placed, kept her private-sector job for many months (and if she moved, moved to a better job), and earned relatively high wages.

3. Finally, earnings—private-sector earnings—are the true goal of W-2. The purpose of W-2, after all, is not to have a small caseload *per se*. The goal is to have a small caseload *because* participants are out in the private sector, working hard, and earning enough to get them out of poverty.

In conclusion: the W-2 Agency contracts for Milwaukee should be radically restructured. The six regions should be eliminated. W-2 agencies should lose their time-limited monopoly over a region, and instead compete based on performance. Their performance should be measured based on the comparative earnings of the W-2 participants assigned to them. Compared to other W-2 agencies, the worse a particular W-2 agency does in having its participants achieve high private-sector earnings, the fewer additional W-2 participants should be assigned to that agency. Indeed, if the W-2 agency does poorly enough, its contract should be canceled. On the other hand, the better the W-2 agency does in having its participants achieve high private-sector earnings, the more the agency should be assigned additional W-2 participants and make a profit.

### **C. Caretaker Supplement**

I am not well-versed in the non-work aspects of W-2. I don't pretend to be an expert on the Caretaker Supplement.

But this much is obvious to me. If an individual truly cannot work because of a disability, and if that individual is receiving SSI payments, and if that individual is truly responsible for the care of a child, and if the individual's SSI payments are too low to get the individual out of poverty when the child is taken into account, the individual should get a supplement payment—be it called the Caretaker Supplement or something else—that lets the individual attain a total income above the poverty line.

The Caretaker Supplement should be made big enough to achieve this goal. My understanding is that the current Caretaker Supplement, at \$100 per child, doesn't do so. The Governor's proposal to increase the amount to \$150 per child is obviously a large and welcome improvement.

But if a further increase in the Caretaker Supplement is needed to ensure that disabled adults who are truly caring for dependent children have enough to provide themselves and the children with a decent income above the poverty line, that the legislature should not hesitate to approve such an increase. We should treat the disabled—with or without children—with the dignity they deserve, just as we require the able-bodied to work, and help them get work and stay at work, to meet their responsibilities to themselves and their children.



## STATE OF WISCONSIN

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## JOINT COMMITTEE ON FINANCE

December 2, 1998

Ms. Linda Stewart, Secretary  
Department of Workforce Development  
201 E. Washington Avenue, 400X  
Madison, WI 53703

Dear Secretary Stewart:

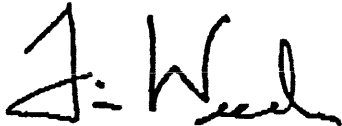
Yes  
It is our understanding that the current W-2 agency contracts will terminate on December 31, 1999, and that the Department of Workforce Development is in the process of establishing new contracts for the two-year period from January 1, 2000, through December 31, 2001. A number of legislators have expressed concern about the method of calculating and distributing surplus funding under the existing contracts, which allows agencies to retain a portion of excess funding as unrestricted profit without regard to the agency's performance in placing and retaining individuals in unsubsidized jobs. We believe this provision of the contract may provide an incentive for the agencies to focus more on reducing caseloads than on truly assisting families to become self-sufficient.

Yes  
We are writing to encourage the Department to base any profit calculation under the new W-2 agency contracts on measures of agency performance. These should include criteria such as placements of W-2 applicants or participants in unsubsidized jobs, whether the jobs are full-time or part-time, job retention by former applicants or participants (and whether they return to the program), wages and benefits earned by former applicants or participants, appropriate implementation of all components of the program and customer satisfaction.

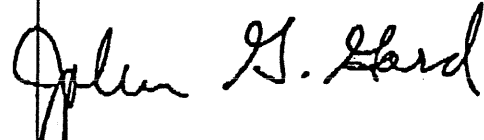
Yes  
The new contracts should not permit agencies to receive profits based on caseload decreases or reduced agency spending that are not directly attributable to placement of W-2 applicants or participants in unsubsidized employment. We would also encourage the Department to develop a system to track former applicants and participants to ensure that agency performance is reliably measured.

It is our belief that structuring the new contracts in this way will provide more appropriate incentives for the local agencies to effectively serve W-2 participants and increase the long-run success of the program.

Sincerely,



TIM WEEDEN  
Senator Chair



JOHN GARD  
Assembly Chair

TW/JG/dh

cc: Members, Joint Committee on Finance