

**2003-04 SESSION
COMMITTEE HEARING
RECORDS**

Committee Name:

Senate Committee on
Health, Children,
Families, Aging and
Long Term Care
(SC-HCFALTC)

Sample:

Record of Comm. Proceedings ... RCP

- 03hrAC-EdR_RCP_pt01a
- 03hrAC-EdR_RCP_pt01b
- 03hrAC-EdR_RCP_pt02

➤ Appointments ... Appt

➤ **

➤ Clearinghouse Rules ... CRule

➤ **

➤ Committee Hearings ... CH

➤ **

➤ Committee Reports ... CR

➤ **

➤ Executive Sessions ... ES

➤ **

➤ Hearing Records ... HR

➤ 03hr_sb0516b_pt01

➤ Miscellaneous ... Misc

➤ **

➤ Record of Comm. Proceedings ... RCP

➤ **



**WISCONSIN LEGISLATIVE COUNCIL
AMENDMENT MEMO**

2003 Assembly Bill 198

**Assembly Substitute
Amendment 1**

Memo published: August 11, 2003

Contact: Anne Sappenfield, Senior Staff Attorney (267-9485)

Under *current law*, each order for child support, family support, or maintenance must include an order that the payer notify the county child support agency and the payee, within 10 business days, of any change of employer and of any substantial change in the amount of his or her income, including receipt of a bonus, such that his or her ability to pay child support, family support, or maintenance is affected.

Assembly Bill 198 requires each order for support or maintenance to also include an order that the payee notify the county child support agency and the payer, within 10 business days, of any change of employer and of any substantial change in the amount of his or her income, including the receipt of a bonus.

Assembly Substitute Amendment 1 provides that an order for maintenance payments may include an order that the payee notify the county child support agency and the payer, within 10 business days, of any substantial change in the amount of the payee's income, including the receipt of a bonus. In addition, if the court considers the payee's income in determining the amount of support under a child support or family support order, the support order may include an order that the payee notify the child support agency and the payer of any substantial change in income, as described above.

The Assembly Committee on Children and Families recommended adoption of Assembly Substitute Amendment 1 and passage of the bill, as amended, on August 7, 2003. For each motion, the vote was Ayes, 7; Noes, 0.

AS:jal;ksm

AB198

ASSEMBLY BILL 198

LC Amendment Memo

An Act to amend 767.263 (1) of the statutes; relating to: requiring a child support payee to notify the county child support agency and the payer of any employer change or substantial income changes.

2003

- 03-25-03. A. Introduced by Representatives Ziegelbauer, Ainsworth, Albers, Bies, Colon, Gunderson, Hahn, Kestell, F. Lasee, Lassa, Ott, Plouff and Townsend; cosponsored by Senators Roessler and Schultz.
- 03-25-03. A. Read first time and referred to committee on Children and Families. **142**
- 04-17-03. A. Public hearing held.
- 05-20-03. A. Assembly amendment **1** offered by Representative Ziegelbauer. **209**
- 07-25-03. A. Assembly substitute amendment **1** offered by Representative Ziegelbauer. **311**
- 08-07-03. A. Executive action taken.
- 08-12-03. A. Report Assembly Substitute Amendment **1** adoption recommended by committee on Children and Families, Ayes 7, Noes 0. **323**
- 08-12-03. A. Report passage as amended recommended by committee on Children and Families, Ayes 7, Noes 0. **323**
- 08-12-03. A. Referred to committee on Rules. **323**

2004

- 02-25-04. A. Placed on calendar 3-2-2004 by committee on Rules.
- 03-02-04. A. Read a second time. **770**
- 03-02-04. A. Assembly substitute amendment **1 adopted** **770**
- 03-02-04. A. Ordered to a third reading. **770**
- 03-02-04. A. Rules suspended. **770**
- 03-02-04. A. Read a third time and **passed**, Ayes 96, Noes 0. **770**
- 03-02-04. A. Ordered immediately messaged. **771**
- 03-03-04. S. Received from Assembly.
- 03-03-04. S. Read first time and referred to committee on Health, Children, Families, Aging and Long Term Care.

Many - for meeting with A.D.

-- DRAFT --

01/30/04

W-2 Trial "Real Work, Real Pay" (TRWRP) Jobs: An Overview

1. Trial "Real Work, Real Pay" Jobs should be designed for W-2 participants who have basic job abilities but:

- a. Lack the work experience or more specific occupational skills to succeed in the competitive labor market, or
- b. Possess a personal or work history that make them appear risky to potential employers.

2. Trial "Real Work, Real Pay" Jobs should:

- a. Represent real jobs that serve the business needs of an employer (not simply "make work" for the sake of generic workplace experience);
- b. Be targeted toward labor market sectors, occupations or skill areas projected to experience growing demand;
- c. Develop transferable occupational skills both through on-the-job experience and work-related training;
- d. Pay wages that are the minimum wage, which will be subsidized up to the minimum wage for no more than 30 hours per week; and
- e. Provide eligibility for state and federal Earned Income Tax Credits.

3. Trial "Real Work, Real Pay" Jobs Employers:

- a. Will follow applicable fair labor standards and workplace safety regulations, including ADA and equal rights regulations;
- b. Should be in the private sector to the fullest extent feasible, but may be in the public sector provided they can offer job placements with the attributes listed under item one above;
- c. May not exist solely for the purpose of employing TRWRP Jobs participants, be dependent on the TRWRP Jobs subsidy for their economic viability, or employ TRWRP participants in a ratio to regular employees greater than that appropriate to their overall workforce size as determined by DWD;
- d. Will have practices of investing in their employees through training and other career development programs; and
- e. Will be willing to consider hiring TRWRP Jobs participants on a permanent basis or assist TRWRP Jobs participants to find unsubsidized employment upon completion of the TRWRP Job.

4. Discouraged Practices under Trial "Real Work, Real Pay" Jobs

- a. Although the program should be targeted to those who can benefit the most from participation, agencies should not have an incentive to place only their most job-ready participants in TRWRP Jobs. Employers that agree to serve as TRWRP Jobs worksites should make a good faith effort to accept participants referred to them.
- b. Employers who accept TRWRP Jobs placements without ever hiring at least some on a permanent basis (or without assisting those participants to find unsubsidized jobs with other employers) would be subject to re-evaluation.

-- DRAFT --

01/30/04

- c. TRWRP Jobs will be administered in a way that does not compete with or supplant other workforce development programs or (as stipulated in TANF regulations) lead to displacement of regular workers.

5. The Optional Trial "Real Work, Real Pay" Jobs "Intermediary"

- a. The optional TRWRP Jobs intermediary will demonstrate the following characteristics:

- Existing relationships with the business community, and
- A solid reputation for matching job seekers with appropriate businesses and occupations.

- b. A W-2 agency may, at its option, subcontract with a "labor market intermediary" to perform some or all of the following services related to the administration of W-2 TRWRP Jobs placements:

- Job coaching, mentoring, counseling or other support services to TRWRP participants or employers;
- Employer recruitment and worksite development; and
- Employer-of-record functions (e.g., payroll, record-keeping, etc.).

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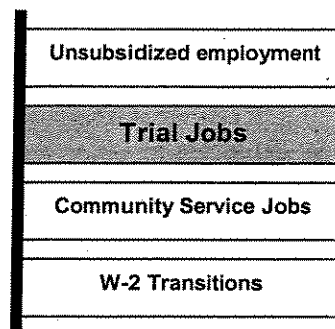
John Ansley
1/22/04

Strengthening W-2 Trial Jobs: Building on Lessons Learned

Trial Jobs as Originally Enacted

- Trial Jobs were created as the subsidized employment rung on the W-2 "ladder." Trial Jobs were designed for participants who are capable of working and have a work-willing attitude, but who lack the work history or skills needed to find and hold jobs in the competitive labor market.
- A Trial Job is expected to be full-time employment with a public, private non-profit, or private for-profit employer, for which the participant would receive a regular hourly wage and training opportunities similar to the employer's other workers.
- Trial Jobs employers receive a subsidy from the W-2 agency of up to \$300 per month (less, on a prorated basis, if the participant works less than full time).
- Trial Jobs employers are expected to provide participants with structured work environments and offer close supervision, mentoring and coaching. Employers are also expected to make a "good faith effort" to retain the employee permanently after the subsidy ends.
- Each Trial Job may last three months, with a possible extension for an additional three months. W-2 participants may have more than one Trial Job, up to a total maximum of 24 months of participation in the Trial Jobs "tier."
- Trial Jobs participants were to be eligible for the Earned Income Tax Credit.

The W-2 "ladder"



Trial Jobs: An Underused Component

- Historically, the Trial Jobs tier has been a relatively underused component of the W-2 program, accounting for a very small number of W-2 paid placements each year.

Year	1997	1998	1999	2000	2001	2002	2003	TOTAL
Placements	178	373	242	201	83	113	102	1,292

The 1,292 total represents less than 2% of the total paid W-2 placements since the beginning of W-2.

- In a recent survey, W-2 agency representatives indicated a number of possible reasons for the low number of placements, including:
 - Inadequacy of the \$300 subsidy;
 - Excessive paperwork and other administrative burdens on employers; and
 - Lack of job skills, and the presence of barriers, among participants.
- These survey findings reinforced input from the recent Transitional Jobs Task Force and subsequent Employer Recruitment Advisory Committee that Trial Jobs offer inadequate incentives for employers to assume the potential (or perceived) costs, burdens and risks associated with hiring participants with poor work records, particularly if this is attached to a strong expectation to retain the participant on a permanent basis.

-- DRAFT --

Strengthening Trial Jobs: Trial "Real Work, Real Pay" Jobs

In order to increase the effectiveness of Trial Jobs in enabling W-2 participants to make successful transitions to unsubsidized employment, DWD proposes to enact the following program changes on a demonstration basis at two or three selected W-2 agencies (possibly including one rural agency) beginning July 1, 2004:

1. Administration of Trial Jobs as demonstration Trial "Real Work, Real Pay" Jobs:

- Increase the employer subsidy from the current \$300 per month to an amount covering the minimum wage for hours worked (plus payroll taxes, etc.);
- Relax the requirement that employers make a "good faith effort" to retain participants on a permanent basis; and
- Expand the base time limit for each Trial Job from 3 months to 6 months (but retain the current provisions for a 3 month extension).

2. Funding of the demonstration, as follows:

- Allocate a total of \$6.4 million to demonstration W-2 agencies to administer Trial "Real Work, Real Pay" Jobs on a demonstration basis (\$4 million for increased wage subsidies and \$2.4 million for enhanced services related to the demonstration, such as intensified job development, mentoring, and coaching).
- Provide part of this funding to demonstration W-2 agencies as a "base allocation."
- Award additional amounts based on performance in meeting demonstration-related placement benchmarks and service expectations with respect to employer recruitment efforts, placement rates, and improved services to Trial "Real Work, Real Pay" Jobs participants.

3. Stipulating in policy that:

- A demonstration W-2 agency may, at its option, contract with an intermediary that may in turn function, for purposes of the demonstration, as placement agency, employer of record, and provider of mentoring, coaching, and other support services, if the W-2 agency believes such a mechanism would facilitate the recruitment of Trial "Real Work, Real Pay" Jobs work sites.
- Demonstration Trial "Real Work, Real Pay" Jobs participants are to remain eligible for Earned Income Tax Credits.

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- 3. Trial "Real Work, Real Pay" Jobs Employers:**
 - a. Will follow applicable fair labor standards and workplace safety regulations, including ADA and equal rights regulations;
 - b. Should be in the private sector to the fullest extent feasible, but may be in the public sector provided they can offer job placements with the attributes listed under item one above;
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 - e. Will be willing to *consider* hiring TRWRP Jobs participants on a permanent basis or assist TRWRP Jobs participants to find unsubsidized employment upon completion of the TRWRP Job.

- 4. Discouraged Practices under Trial "Real Work, Real Pay" Jobs**
 - a. Although the program should be targeted to those who can benefit the most from participation, agencies should not have an incentive to place only their most job-ready participants in TRWRP Jobs. Employers that agree to serve as TRWRP Jobs worksites should make a good faith effort to accept participants referred to them.
 - b. Employers who accept TRWRP Jobs placements without ever hiring at least some on a permanent basis (or without assisting those participants to find unsubsidized jobs with other employers) would be subject to re-evaluation.

01/26/04

- c. TRWRP Jobs will be administered in a way that does not compete with or supplant other workforce development programs or (as stipulated in TANF regulations) lead to displacement of regular workers.

5. The Optional Trial "Real Work, Real Pay" Jobs "Intermediary"

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February 24, 2004

Roberta Gassman
Secretary
Wisconsin Department of Workforce Development
P.O. Box 7946
Madison, Wisconsin 53707-7946

Dear Secretary Gassman:

MDRC is pleased to be collaborating with you and your staff on the National Enhanced Services for the Hard-to-Employ Demonstration Project, sponsored by the U.S. Department of Health and Human Services and the U.S. Department of Labor. As you know, Wisconsin was one of the first states considered for this important demonstration, and we remain very much interested in moving forward.

After a series of highly productive working sessions with your staff, a design was developed for the demonstration of the transitional jobs initiative, and then modified to accommodate an enhanced trial jobs model. Wisconsin would be the first state to incorporate such a trial jobs component within the broader welfare and workforce development system. The results of the demonstration will provide rigorous findings about the impacts of trial jobs on individual participants and about implementing trial jobs within W-2. We are also prepared to provide technical assistance during the start-up phase.

Wisconsin had made a commitment to begin the demonstration in January of 2004, and we are holding one of the six "slots" in this important national demonstration for Wisconsin. However, our federal agency funders are concerned about the overall schedule, and in order to meet our grant obligations to HHS and DOL, we must know by March 15 if Wisconsin will be able to participate in this study.

We are very much interested in including a Wisconsin site, and continue to feel that Wisconsin is one of the most significant of our six demonstrations. We are willing to do whatever might be necessary to move the process forward, including briefing you and legislative leaders on the demonstration and the benefits to Wisconsin of participating.

We look forward to working with DWD and to hearing from you soon. You may contact either of us at any time.

Sincerely,



David Butler
Hard-to-Employ Project Director
MDRC
(212)340-8621



Demetra Smith Nightingale
Hard-to-Employ Design Team
Johns Hopkins University
(410)516-8796 (office)
(703)447-2129 (cell)



**WISCONSIN
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STATE BAR of
WISCONSIN® EXPERT ADVISERS.
SERVING YOU.

MEMORANDUM

To: Members, Wisconsin Assembly
From: Family Law Section, State Bar of Wisconsin
Date: February 27, 2004
Re: **Support for Assembly Bill 198**—permitting a court to require a child support payee to notify the county child support agency and the payer of any substantial income changes.

Background

The Family Law Section **supports** Assembly Bill 198 as amended by Assembly Substitute Amendment 1.

As originally drafted, this bill would have required child support payees to notify county child support agencies and the payer of a substantial change in income or employer. The Family Law Section opposed the bill in its original form but worked with Rep. Ziegelbauer, the author of the bill, to try to narrow the bill so now it impacts only those cases in which this notification makes sense. This change will save county child support agencies the time and expense of dealing with unnecessary paperwork.

Under Assembly Substitute Amendment 1, the court may order a payee to provide notification only in cases in which the court considered the income of the payee in determining the support amount. (Examples of such situations would be shared time or split placement cases). The requirement that the payee provide notification and disclose information about a change of employer has been dropped from the substitute amendment version.

The Family Law Section believes these are sensible changes and supports them.

If you have any questions, please feel free to contact Dan Rossmiller, Public Affairs Director of the State Bar of Wisconsin, at (608) 250-6140.

State Bar of Wisconsin

5302 Eastpark Blvd. ♦ P.O. Box 7158 ♦ Madison, WI 53707-7158
(800) 728-7788 ♦ (608) 257-3838 ♦ Fax (608) 257-5502 ♦ Internet: www.wisbar.org ♦ Email: service@wisbar.org

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October 9, 2002

HAND DELIVERED

Mr. Bob Ziegelbauer
c/o Doctor Freud's Records & Tapes
921 South Eighth Street
Manitowoc, WI 54220

RE: Sec. 767.263(1), Wis. Stats.

Dear Bob:

Preparing for a family law Order to Show Cause I came across what appears to be some discriminatory language in Sec. 767.263(1), Wis. Stats. A copy is appended.

In essence, it required an order for child support, family support or maintenance to require the payer to notify parties of any substantial change in income affecting the ability to pay child support, family support or maintenance.

The case I had involved a situation where the recipient of maintenance received a significant increase in salary. Had I known a month or so earlier, I would have been able to file a motion to reduce maintenance a bit earlier. There doesn't appear to be any requirement in Sec. 767.263(1), Wis. Stats., for the recipient of maintenance to notify parties as to a significant change in income which may certainly affect the need for maintenance. It is probably something that doesn't come up often but yet it may be something that would and should be revised. If you have any questions, please let me know.

Very truly yours,

KUMMER, LAMBERT & FOX, LLP

BY


Lee H. Kummer

LHK/lal
Enclosure

TheJoyceFoundation

March 2, 2004

Secretary Roberta Gassman
Wisconsin Department of Workforce Development
201 E. Washington Ave
P.O. Box 7946
Madison, WI 53707-7946

Dear Secretary Gassman,

We were delighted to hear of your administration's interest in revamping Wisconsin's trial jobs programs to become one of the demonstration sites for the National Enhanced Services for the Hard-to-Employ Demonstration Project. We are sending this letter in enthusiastic support of that effort.

We understand that Wisconsin is considering joining the Manpower Demonstration Research Corporation project, with the goal of evaluating the effectiveness of using Wisconsin's current trial jobs W-2 tier, on an expanded and improved basis, to place participants in real jobs, at minimum wage, with on-site mentoring and regular W-2 services, and with access to the earned income tax credit.

MDRC is a longtime Joyce grantee recognized nationally for its rigorous evaluations of welfare reform and related initiatives. Its evaluation of the pioneering New Hope Project in Wisconsin was one of the landmark studies that helped policymakers and the public understand the impacts, and the potential, of welfare reform.

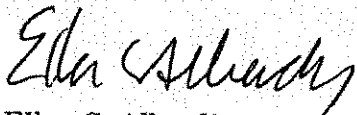
The Joyce Foundation makes grants of \$24 million annually (including \$1.8 million to Wisconsin-based groups) to improve the quality of life in the Great Lakes region. One of our key goals is to improve the economic self-sufficiency of low-income people, through research and advocacy on welfare reform, job training, and work supports. Our 2002 report, *Welfare to Work: What Have We Learned?* documented both the successes of welfare reform (in which Wisconsin played a pioneering role) and the problems that continue to face low-income families struggling to find and hold onto jobs and make their way out of poverty.

One of the most promising strategies for helping people who still face multiple barriers to entering the labor market would be an expanded trial jobs effort. The Joyce Foundation has invested some \$4 million in projects to develop such model jobs and evaluate their effectiveness. The results so far are encouraging. For example, Cuyahoga (Cleveland)

County recently completed the first year of such a pilot jobs program, which targeted welfare recipients who were experiencing the greatest difficulty in connecting to and keeping jobs. A Joyce-supported evaluation found the program served 183 individuals, of which 53 had already been placed in permanent employment. The retention rates for the program are more than double the rates of other providers serving similar hard-to-employ populations.

We are very interested in Wisconsin's participation in the proposed demonstration project. We believe it will contribute significantly to our understanding of the effectiveness of such jobs programs both regionally and nationally. As it moves forward, we will be open to exploring a potential partnering role for Joyce in this effort. In addition, we would be happy to share the information and experience of related efforts to develop and evaluate expanded trial jobs and other programs to help low-income families.

With best wishes for the success of this effort,



Ellen S. Alberding
President

ESA/lv



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1-400-701-820-002

SB 516

March 2, 2004

Representative Steve Kestell
Chair, Assembly Committee on Children and Families
Room 207 North
State Capitol - P.O. Box 8952
Madison, WI 53708

Dear Chairman Kestell and Committee Members:

I am writing in support of AB 921, offered by Reps. Huebsch, Jeskewitz, Zepnick, Gunderson, Miller, Montgomery, Shilling, Sinicki and Taylor. I am sorry that I cannot deliver this testimony personally, but my current business obligations prevent me from doing so. I appreciate the opportunity to provide the testimony, and have asked a New Hope Project representative to read it on my behalf.

My name is Thomas F. Schrader. I am currently employed at Silver Spring Networks, a small 30-person company, and previously I was the president of Wisconsin Gas Company and WICOR which employed over 2,000 people in Wisconsin. Also, I am currently a member of the Board of Directors of the New Hope Project, and served as Chair of the New Hope Board from its founding in 1991 until 2000.

The New Hope Project, whose mission is to create pathways to help people who can work get out of poverty through work, ran a research demonstration project that was rigorously evaluated by MDRC. Their evaluation reports, even two years after services ended, have consistently shown that the New Hope policy elements -- access to work, earnings supplements, and affordable health insurance and child care -- helped New Hope participants work more steadily, earn more of their income, and move out of poverty at a greater rate than the comparison group. Most notably, the results also showed positive impacts for children of New Hope participants, as measured by school progress reports and tests.

I am testifying in support of AB 921, because the proposed changes to Trial Jobs within W-2 would be similar to the way that the New Hope Project provided its guaranteed jobs-of-last-resort to participants who could not find work on their own. They, too, were time-limited and paid the minimum wage, and participants were eligible for earnings supplements, including the Earned Income Credit.

Here, from my perspective as an employer in the private sector, is why this approach makes sense:

1. There is a real financial and psychological benefit to working for a wage, rather than working off a grant. Both individuals and the State gain from capturing the federal EIC dollars. As an employer, I strongly believe it is better and far more motivating for a person to earn a wage and a paycheck that is based on actual hours worked than to be "working off" a monthly grant that they have already received.
2. Trial jobs, as amended under this provision, are more likely to be used by employers to "take a look" at workers whose work history is problematic, or spotty. This is a very tough time for jobseekers. Generally, employers can choose from many qualified candidates. A fully subsidized worker allows an employer to give someone a chance who doesn't compare well on paper. On the other hand, because the worker will generally not be immediately as productive as other employees, there is a cost to the company of taking that chance.
3. Employees, and employers for that matter, need support from time-to-time to resolve a problem or gain perspective on an issue. In the New Hope experience, transitional employers had the ability to communicate with New Hope staff as well as the worker if there were problems at work. This level of staffing is not generally found with other programs, and it's what made good work sites even better.

Thank you for this opportunity to support AB 921 and the proposed changes to Trial Jobs within W-2.

Sincerely,



Thomas F. Schrader

Comments on Trial Jobs Plus Demonstration in Assembly Bill 921

- 1) The existing Trial Job subsidy cap of \$300 per month for full time employment is simply not enough to entice employers to "take a risk" on hiring W-2 participants with few skills or a spotty work history. There have been less than 1300 Trial Job placements since the beginning of W-2 compared to tens of thousands of Community Service Jobs (CSJ's).
- 2) The policy ramifications of there not being a viable Trial Job rung of the W-2 ladder are important. CSJ placements are intended to build soft skills and a work history for people who are determined to need more assistance before they can be competitive and successful in the job market. Trial Jobs were intended to bolster spotty work histories, refine soft skills and teach job skills at a more advanced level. This pilot has the potential to create a better bridge between CSJs and employment and therefore reduce the number of people who leave W-2 for work only to encounter difficulties and return again to cash assistance.
- 3) Some labor market analysts are predicting that Wisconsin will face a labor shortage in the coming decade as the "baby boomers" retire. Simultaneously, efforts are being made to promote job growth. This pilot, as an economic development strategy, has the potential to provide work experience and on-the-job training for some W-2 families, better positioning them to take advantage of employment opportunities in the future.
- 4) W-2 participants in this pilot, like existing Trial Job participants, can earn the federal and state Earned Income Credits and the Homestead Credit. This additional disposable income not only benefits the family, but also represents one area where additional state expenditures have the potential to draw in federal dollars. It is also worth noting while reviewing the fiscal note that the participants selected for this pilot would otherwise be drawing a CSJ benefit of \$673 per month.
- 5) From a workforce development perspective, Wisconsin needs to create and maximize any opportunities it has to dispel traditional employer bias against hiring "welfare recipients." Many of the most commonly cited barriers to employment—alcohol/substance abuse, domestic violence and mental health issues—are difficulties faced by the poor and non-poor alike regardless of work history.
- 6) The Department indicates that a nationally known and well respected team of researchers from the Manpower Demonstration Research Corporation stands ready to evaluate this initiative at no cost to the state. There is potentially much to be learned from this research.
- 7) It is worth remembering that the creation of W-2, and welfare reform nationally, was made possible in large part because policymakers and program administrators had the wherewithal to experiment with pilots.
- 8) The pilot proposed in this legislation has a heavy dose of legislative oversight. The Department will have to submit a minimum of four reports over the course of the eighteen months the pilot will be in operation. These interactions will provide a good opportunity to ensure that participants in the pilot are succeeding, that the demonstration is cost effective and that employers are realizing some benefit from their participation.
- 9) Another benefit of this pilot is that it is likely to result in more intensive monitoring of other aspects of W-2—screening and assessments, case management, monitoring, CSJ placements and the provision of supportive services.
- 10) A final positive attribute of this legislation is that it is the result of a sincere effort on the part of many to come together to improve the W-2 program across political boundaries.

*New fed
comm
state
currently
have -
to be
presumably
spent
secret
services.*

Testimony in Support of AB 921

William Clingan, Administrator

Division of Workforce Solutions

Department of Workforce Development

March 4th, 2004

On behalf of Secretary Roberta Gassman and the Department of Workforce Development, I would like to offer our full support to AB 921, a bill authored by Representative Huebsch and Senator Roessler. We appreciate the patience and dedication that these two legislators have demonstrated in order to reach an agreement on this demonstration project and want to thank them for their efforts.

Trial Jobs are not unique to W-2, in fact they have been a part of the rung of W-2 since Wisconsin implemented its historic welfare reform program in 1997. As W-2 was developed, a career ladder was used to process participants through the program, gaining experience and skills as they advanced up the ladder. The highest rung of the ladder is the trial jobs tier which places participants with real employers in order to move them one step closer to self-sufficiency and out of the W-2 program, allowing them to achieve economic self-sufficiency in the workplace. However, for many reasons, the trial jobs category has been little used, serving only 2% of all W-2 participants since 1997, and has not provided W-2 agencies with the effect that it was designed to deliver.

Additionally, MDRC, a national non-profit, non-partisan research organization, under contract with the federal Departments of Health and Human Services and Labor, has selected Wisconsin for one of 6 sites where they will study techniques on how to best serve the "hardest to employ." They have selected Wisconsin because this Legislature and our administration and the administrations serving before us have been dedicated to moving our systems forward to identify and put in practice the very best strategies to move individuals out of dependency and into lives of self-sufficiency.

Through MDRC, we will have access to the very best technical assistance and all of us will have the best evaluation as we make improvements to this program. MDRC is anxious to get started and have offered their complete support to this demonstration. I have attached their letter as well as a letter of support from the Joyce Foundation offering their support for this legislation and its demonstration of enhanced trial jobs.

As indicated in our fiscal note, this legislation directs our department to submit a proposal to the Joint Committee on Finance in order to release funds set aside for W-2. We anticipate that this demonstration, to be conducted in 4 geographical areas, will need approximately \$6.4 million of the \$15.5 million already set aside in the JFC appropriation. The remaining dollars, we anticipate, will be requested for use by other W-2 agencies to meet their caseload and program needs.

I would like to provide an overview of this proposal and the improvements that we believe it will offer to give us a win/win/win for Wisconsin:

W-2 Trial "Real Work, Real Pay" (TRWRP) Jobs: An Overview

- 1. Trial "Real Work, Real Pay" Jobs are designed for W-2 participants who have basic job abilities but:**
 - a. Lack the work experience or more specific occupational skills to succeed in the competitive labor market, or
 - b. Possess a personal or work history that make them appear risky to potential employers.

- 2. We believe that this legislation allows Trial "Real Work, Real Pay" Jobs to:**
 - a. Represent real jobs that serve the business needs of an employer (not simply "make work" for the sake of generic workplace experience);
 - b. Be targeted toward labor market sectors, occupations or skill areas projected to experience growing demand;
 - c. Develop transferable occupational skills both through on-the-job experience and work-related training;
 - d. Pay wages that are the minimum wage, which will be subsidized up to the minimum wage for no more than 30 hours per week; and
 - e. Provide eligibility for state and federal Earned Income Tax Credits.

- 3. Under AB 921 Trial "Real Work, Real Pay" Jobs Employers:**
 - a. Will follow applicable fair labor standards and workplace safety regulations, including ADA and equal rights regulations;
 - b. Should be in the private sector to the fullest extent feasible, but may be in the public sector provided they can offer job placements with the attributes listed under item one above;
 - c. May not exist solely for the purpose of employing TRWRP Jobs participants, be dependent on the TRWRP Jobs subsidy for their economic viability, or employ TRWRP participants in a ratio to regular employees greater than that appropriate to their overall workforce size as determined by DWD;
 - d. Will have practices of investing in their employees through training and other career development programs; and
 - e. Will be willing to *consider* hiring TRWRP Jobs participants on a permanent basis or assist TRWRP Jobs participants to find unsubsidized employment upon completion of the TRWRP Job.

- 4. The following safeguards will discourage practices under Trial "Real Work, Real Pay" Jobs:**

- a. Although the program should be targeted to those who can benefit the most from participation, agencies should not have an incentive to place only their most job-ready participants in TRWRP Jobs. Employers that agree to serve as TRWRP Jobs worksites should make a good faith effort to accept participants referred to them;
- b. Employers who accept TRWRP Jobs placements without ever hiring at least some on a permanent basis (or without assisting those participants to find unsubsidized jobs with other employers) would be subject to re-evaluation;
- c. TRWRP Jobs will be administered in a way that does not compete with or supplant other workforce development programs or (as stipulated in TANF regulations) lead to displacement of regular workers.

5. **AB 921 would provide flexibility by allowing for the use of an:**

Optional TRWRP Jobs intermediary to demonstrate the following characteristics:

- Existing relationships with the business community, and
- A solid reputation for matching job seekers with appropriate businesses and occupations.
- A W-2 agency may, at its option, subcontract with a "labor market intermediary" to perform some or all of the following services related to the administration of W-2 TRWRP Jobs placements:
 - Job coaching, mentoring, counseling or other support services to TRWRP participants or employers;
 - Employer recruitment and worksite development; and
 - Employer-of-record functions (e.g., payroll, record-keeping, etc.).

In conclusion, I would once again add our strong support for this legislation and would be glad to answer any questions you may have. Thank you very much for your consideration.

Attachments

3-5-04

Public
Hearing

Sen. Health

Halbur, Jennifer

From: O'Neill, Eileen
Sent: Thursday, March 04, 2004 5:48 PM
To: Halbur, Jennifer
Subject: hearings

CR-
FYI

Jennifer,

Dale has a Real Estate Continuing Education Class tomorrow morning that he has to do. He will be coming after class and can vote, but I'm not sure if the hearing will still be going. (He said he would vote for your boss' trial jobs bill) He asks that you leave the roll open for him if you plan on voting on anything tomorrow.

Monday - he has a whole day planned out in the district and so he's asking for an excused absence.

Thanks.

Eileen

- Co-architect – W-2 good program but sometimes you have to look at making refinements to make a good program better after implementation.
- Went into the Transitional Jobs Task Force opposed to making changes
- Listened to “trial jobs are not working”
- Met with my counties, work force development employees and employers in the area
- Trial jobs is underutilized component on the W-2 ladder
- Less than 2% of the total paid W-2 placements since the beginning of W-2.
- In a recent survey W-2 agencies indicated a number of possible reasons for
- 3-4 areas: Milwaukee, Fond du Lac and a more rural population to get the largest cross section of Wisconsin to best evaluate
- Real paycheck – real work

Funding:

- \$15.5 million JFC set aside that has to be used
- Just under \$6.4 million to run this program



**SENATE COMMITTEE ON HEALTH, CHILDREN,
FAMILIES, AGING AND LONG TERM CARE**

**Testimony on SB 516, relating to
Trial Jobs Plus demonstration project**

Carol W. Medaris
Senior Staff Attorney

March 5, 2004

The Wisconsin Council on Children and Families is a statewide, nonprofit, non-partisan child advocacy agency that works to improve the health and welfare of families and children, particularly vulnerable children. In that capacity I served on the Department's Transitional Jobs Task Force to help frame a plan for a transitional jobs program in Wisconsin Works (W-2). I am here today to support the compromise plan contained in AB 921: a Trial Jobs Plus demonstration project.

Trial jobs are the broken rung on the W-2 ladder.

The trial job placements in the W-2 program were designed for participants who are capable of working, have a willing attitude and basic skills and education, but lack the work history or skills needed to find and hold jobs in the competitive labor market. They were intended to provide full-time employment with a public, private non-profit, or for-profit employer for which the participant would receive a regular hourly wage and training opportunities similar to the employer's other workers. Trial job workers were also eligible for the Earned Income Tax Credit (EITC).

In practice, however, trial job placement have seldom been used. Average yearly placements for 2001, 2002, and 2003 have been less than 100 W-2 workers, and total placements since the program began have been less than 2 per cent of all work program placements. These jobs have thus largely been unavailable for those participants unable to find employment in the private market, but no longer able to benefit from the lower work program placements on the W-2 ladder.

At the same time, a large proportion of those who have left the W-2 program have been unable to obtain or sustain regular employment.

The Legislative Audit Bureau's evaluation of the W-2 program, issued in April 2001, showed that more than one-third of participants who left the program in early 1998, had no reportable income for the following year. Only one third of those who did have reportable income had enough earnings to raise their families above the poverty line.

In addition, more than a quarter of these leavers returned to the program at some point within the following two years. During the economic downturn of the last several years, the inability of W-2 leavers to find and maintain regular jobs has become even more problematic.

Trial Jobs Plus should prove both more attractive to employers and more supportive to W-2 participants unable to obtain and retain work on their own.

1. Employer recruitment should be encouraged with the full subsidy provided for employee's wages – up to the minimum wage for 30 hours of work per week as well as employment taxes – instead of the current \$300.
2. For those agencies choosing to contract with an intermediary to act as the employer, some of the paperwork and other administrative burdens on employers for these short-term work slots will be removed.
3. Intermediaries may also facilitate the provision of supportive services to participants.
4. For participants there is the promise of real work with a real employer.
- ⑤ The Earned Income Credit (EIC) provides a welcome earnings enhancement to these low-income, working families.
6. There is also the potential for a permanent job with the trial job employer, because of the requirement that the employer also make a good faith effort to retain the trial job employee.
7. Work with a real employer should provide a more acceptable work record for other potential employers – a work record that will be enhanced by good references, where appropriate, from the trial job employer in cases where a permanent job with that employer is not forthcoming.

*Building
Resume.*

*Suggested
measures for
evaluation*

Success should be measured by 1) numbers placed in jobs, 2) whether jobs are full or part-time, 3) job retention rates, 4) wage levels at first hire, 5) increases in wages, and 6) availability of health and other benefits.

The bill provides for three reports to the legislature during the course of the demonstration project and reports are to include the success of the agencies in meeting performance standards developed by the Department, among other issues. The Department's performance standards include most, but not all, of the above-listed issues. The Council believes all of the above standards are essential to measuring the success of the demonstration, although it may not be necessary or feasible to report on them all much before the end of the 18-month project.



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Testimony before the
Senate Committee on Health, Children, Families,
Aging and Long-term Care
March 5, 2004

Kathleen Mulligan-Hansel, Ph.D

Good afternoon and thank you for the opportunity to speak today. My name is Kathleen Mulligan-Hansel. I am the director of the Working Families Project at Institute for Wisconsin's Future, a non-profit research and community education center headquartered in Milwaukee. IWF has been working on state policy issues for almost a decade, and has tracked progress and problems with W-2 since the concept was first considered by the legislature in the early 1990s.

In 2003, I served on the Transitional Jobs Task Force. I believe that the Trial Jobs Plus program outlined in SB 516 is an effective way of addressing many of the concerns about W-2 that were articulated in that Task Force.

Since W-2 was first implemented, the Trial Jobs tier has been underutilized. As many of you well know, the W-2 program is designed to help unemployed parents move toward self-sufficiency through work. Trial Jobs was envisioned as a critical rung on the ladder to self-sufficiency for W-2 participants who needed experience in real work environments to develop a stronger work history, build a resume, and establish connections to employers. Despite the fact that W-2 is a work program, we have found year after year that only a handful of participants have been placed in a trial job. The broader context and the demographic profile of the W-2 caseload suggest that many many more participants would benefit from access to a Trial Job.

There are several reasons why Trial Jobs are such a critical part of the W-2 structure.

- ★ First, this Trial Jobs Plus program will better connect W-2 participants with real work experience. Community Service Jobs and W-2 Transitions – the two W-2 tiers that are more commonly used – do not provide participants with real-work experience. In our research on W-2, IWF found that participants in the Milwaukee area were commonly being assigned menial and repetitive tasks such as counting hangers in thrift-stores or packing and unpacking the same box of books over and over. These activities did little to boost the skills of W-2 participants. Nor did they offer any sense of the real experience of holding a job. Instead, they left many participants feeling less gratified by work than they had

before, and with even less motivation for aggressively pursuing employment. When national research organizations, like MDRC, have evaluated our CSJ structure, among their main recommendations has been to make CSJs offer more real-world work experience. Trial Jobs Plus is a way to create an opportunity for real-world work experience within the current structure of W-2.

*Second, this program provides more support for the employer than is available in the current system. Employers across the state have been very frank that W-2 has not met their needs. The failure of the existing Trial Jobs category results from lack of connection to and support for employers. This Trial Jobs Plus program would give us an opportunity to address that lack, making W-2 perform better for both participants that businesses that hope to employ them.

Finally, because this Trial Jobs option will pay real wages for hours worked, participants will be able to take advantage of the Earned Income Tax Credits. I cannot stress enough how much the additional resources afforded by these tax credits can improve family well-being. Advocates for low-income families report that maintaining stable housing is one of the biggest challenges these families now face. We all know that loss of housing creates enormous barriers to maintaining employment, and that homelessness often pushes families into deeper crises which require longer periods of recovery. Improving the income available to low-income families helps them maintain basic necessities and ensure the safety and well-being of their children.

✓ Trial Jobs Plus offers an opportunity to make good on the promise of W-2 – to move families toward self-sufficiency through work. After six years of implementation of W-2, we know that many of the outcomes have been disappointing. Families remain in poverty, even after moving off of public assistance. Annual incomes hover far below the poverty line, with a recent study showing median incomes around \$5000 for former W-2 participants in Milwaukee. The 2001 audit showed that many participants were not receiving the services they needed to become successful in the labor force. For many families, W-2 has not been a success. This proposal represents a clear step forward, and an effort to address some of these disappointing outcomes by creating new options and new possibilities for the program, without departing from the basic philosophy that emphasizes work as the mechanism for progress. I urge you to support it.

Make it to
employers +
more support
services -
mentoring/
counseling

Employers
will qualify
for EITC.

Asbjornson, Karen

From: Hoxtell, Wade
Sent: Friday, March 05, 2004 8:21 AM
To: Asbjornson, Karen
Subject: Deb Hughes

She called and re: Trial Jobs Plus. She did call Sen. Schultz and said that they do support the legislation but has two minor concerns. The first is that they should promote hiring in the for-profit sector and not the non-profit sector. Second, they believe there should be some sort of test that would make sure that the hired employees would be people not otherwise hired. They think that through this program, the participating organizations would hire someone that they would have hired anyways. Deb and John Angelis do not work on Fridays, so they wont be in the office.

3-5-04

* AB 207

SB 516

- CR testified in support
- Trial jobs plus
- 3rd step on ladder m/w-2
- full public employment is end result, however, trial jobs is not working m/w-2.
- \$300 subsidy to employer (current trial jobs)
- Employers said that they need more of a relationship w/ work dev. / soc. serv. folks to make trial jobs work.
- more coaching / mentoring under trial jobs plus than under original trial jobs
- pilot basis
- employers w/ get help w/ maintaining payroll for ~~exp~~ w-2 employees.
- MDRC wants to study techniques w/ is using to employ w-2 pop.
 - we would rec. \$ for this.

Carpenter - would like to see more studies done to make sure it is successful.

Deadline
march 16/04

Brown - Any sites I don't as pilot -
CR yes - MKE / FDL There will be 3-4
Additional ... not determined @ this
time.

- Trial Jobs Plus - provides min. wage pay rather
than just a W2 payment of 6 dollars.

- Brown - a min. wage job not nec. a motivator.
Emp. should pay wa part. the amt that
a "reg." person would be paid when they
come through the door.

CR This is a pt. or beg. Govn State
subsidy - needs to be min wage.
After employee builds good relationship
w/ employer, the opportunities will
grow, i.e. permanent employment.

Bill Clingan - DVD testifying in Support

- written testimony

Robson - clarification - employer gets subsidy +
employer in turn pays worker -

quest ^{Answer} → 405

- what are criteria for pilot sites -

Answer - need an urban, suburban + rural area.

Rep. Heubusch
- Testified in favor

Robson - How do we prevent employers from dropping higher paid employees to hire subsidized w-2 employees -

ans

↳ Can't guarantee, will monitor. If a trend develops, then employers won't be used (the ones that are dropping employees).
↳ Grievance process / equal rights process in place if an employer feels they have been displaced by a w-2 employee.

Carpenter - How can we ensure Maximas won't rip off the taxpayers - given their past history.

ans
↳ Evaluations / monitoring has significantly increased in Milwaukee. Yearly audits.

Comp - more monitoring needs to be built in.

Braun - what does more support mean to state.

ans
↳ They will do research / evaluation + share w/ state.
Result - more thorough evaluation of pilots.

- Bill thinks cost ^{per person} under trial jobs plus is less than current trial jobs.

- Of 6.4 million. \$4 mil goes to wages.

Michele Mailand FDL County W-2 - Dept of Soc Serv.

- Current caseload right around 80.

- Support trial jobs - Michele Mailand.

- 2 of 6 placements have been very successful.

- 1 was placed in 198: 3 young children / no clerical skills

- Today - still employed w/ same co. has benefits / wage increases + bought 1st house.

New program will be better program:

① ~~the~~ economy is tough - employees have over abundance of applications.

② Being able to give an employer a higher subsidy will help greatly

③ More \$ for ~~staff~~ staff time.

Kathleen Mulligan - Hansen

- Supp

- written testimony submitted

Carol Medeiros - Council of Children + Families

- Supports
- Submitted written testimony

Patti Seger Coalition Against Dom. Violence

- Supports B 516
- Bet. 50-70% of W-2 part. have been involved in violent relationships.
- Isolation resulting from control of abuser ~~has~~ means those victims haven't worked - not much exp.

* Robson hearing from dom. violence grp. in Belmont that there is a strong need for trial jobs. But - some kind of carve out needed for ~~best~~ dom. violence pop.

* Need from Patti into about special benefit that most states have adopted to give this pop. special care.

Shaun Smith The Hudson Institute

Info only... Submitted written testimony.

Julie Kerksick New Hope Project → Exec Dr.

- Supports

- Submitting written

- made 66% loss than avg. in program (this is the CST group).

Permykovic

15 new employees app.

employment rate 59% (had been as low as 15% entrance employment rate)

↳ unsubsidized employment.

July
4th and
follow up
w/ move
into

Psychological benefit

- Participants feel differently about getting a pay check vs. a benefit check.

Speaking to hospital exp in Phil.

- normally workers don't have education to be hired right away.
- To date have hired about 80 employees.



BOB ZIEGELBAUER

STATE REPRESENTATIVE • TWENTY FIFTH ASSEMBLY DISTRICT

Committee on Health, Children, Families, Aging and Long Term Care

Senator Carol Roessler, Chair

Friday, March 5, 2004

8:30 a.m. – 201-Southeast

Support for AB 198 as amended by ASA 1

Madame Chairwoman and Members:

Thank you for scheduling this hearing on AB 198 and for your consideration of it.

AB 198 was introduced at the suggestion of a constituent who specializes in family law.

Under current law, a *payer* of a child support, family support, or maintenance order is required to notify the child support agency and the payee of any substantial increase in salary or any change in employer. However, under current law, the *payee* is not required to provide similar information to the child support agency or payer. Since the income of each of the parties is usually taken into account in determining the support order, it seems reasonable to require that such information be shared equally among the parties.

As amended, AB 198 would *permit* the court to include in a maintenance order an order that requires the payee of the maintenance to notify the county child support agency and the payer of any substantial change in the payee's income. AB 198 would also allow the court to order the payee of a child support order to notify the child support agency and the payer of that order of any substantial change in the payee's income only if the court considered the payee's income in determining the child support amount.

Thank you again for your consideration. I would be happy to answer any questions you might have.

###

STATE CAPITOL: P.O. BOX 8953, MADISON, WI 53708-8953 • (608) 266-0315
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Legislative Fiscal Bureau

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SB 576

March 9, 2004

TO: Representative Michael Huebsch
Senator Carol Roessler

FROM: Carri Jakel, Fiscal Analyst

SUBJECT: Assembly Bill 921: Trial Jobs Plus Demonstration Project

At your request, this memorandum provides information about Assembly Bill 921, which would create a trial jobs plus demonstration project under the Wisconsin Works (W-2) program.

CURRENT LAW

W-2 Employment Positions

The Department of Workforce Development (DWD) contracts with local W-2 agencies to administer the W-2 program. Under the program, W-2 agencies assign individuals to either an unsubsidized job or one of three types of subsidized employment. Placement in unsubsidized employment takes precedence over placement in subsidized employment. If a W-2 agency determines that placement in an unsubsidized job is inappropriate, the individual is placed in a subsidized employment position. Types of subsidized employment include the following, in order of priority of placement: trial jobs, community service jobs (CSJs), and transitional placements.

Trial jobs provide work experience and training to assist W-2 participants to move into unsubsidized employment. Under a trial job placement, the employer is required to pay the W-2 participant at least minimum wage, provide worker's compensation coverage, and make good faith efforts to retain the participant as a permanent, unsubsidized employee after the wage subsidy is terminated. The W-2 agency pays a wage subsidy to the employer, not exceeding \$300 per month for full-time employment. Subsidies are prorated to reflect actual hours worked if hours are missed or if employment is less than full time. There is no maximum number of work hours. Trial jobs may include education and training activities prescribed by the employer as an integral part of the work performed in the placement. The hours spent in these education and training activities are

included in determining the number of hours of work. Participation is limited to three months, which may be extended on a case-by-case basis for up to 24 months.

Community service jobs provide work experience and training to assist W-2 participants to move into unsubsidized employment or trial jobs. CSJs are limited to projects that DWD determines serve a useful public purpose, or to projects for which the cost is partially, or wholly, offset by revenue generated by such projects. Participants may be required to work up to 30 hours per week. CSJs may include education and training activities assigned as part of an employability plan. Generally, education and training activities are limited to 10 hours per week, for a total of up to 40 hours per week for both work and education and training activities. CSJ recipients receive a \$673 monthly grant paid by the W-2 agency. The grant is reduced by \$5.15 for every hour of work, education, or training missed without good cause. Generally, participation in a CSJ is limited to six months. Participants may participate in more than one CSJ, but generally may not exceed 24 months in combined CSJ participation, which may be extended on a case-by-case basis.

W-2 transitional placements are for individuals who have additional barriers to employment, and who are determined to meet one or more of the following eligibility requirements: (a) on the basis of an independent assessment by the Division of Vocational Rehabilitation in DWD or a similar agency or business, it is determined that the individual has been, or will be, incapacitated for at least 60 days; (b) the individual is needed at home because of illness or incapacity of another member of the W-2 group; or (c) the individual is incapable of performing a trial job or a CSJ. Persons assigned to transitional placements are assigned work activities, such as a community rehabilitation program, a job similar to a CSJ, or a volunteer activity. Placements may also include the same education and training activities as allowed for a CSJ. In addition, a participant may be required to participate in certain types of counseling, therapy, or other activities that the W-2 agency believes are consistent with the individual's capabilities. Generally, transitional placements may be required to engage in work activities (including counseling or other activities) for up to 28 hours per week, and to participate in education and training activities for up to 12 hours per week, for a total of 40 hours per week. Transitional placement participants receive a monthly grant of up to \$628 paid by the W-2 agency. Benefits are reduced by \$5.15 for each hour of activity missed without good cause.

Earned Income and Homestead Tax Credits

Under current law, participants in W-2 trial jobs are eligible for the federal and state earned income tax credits (EITCs), because they are being paid a wage by the trial job employer. Participants in CSJs and transitional placements are not eligible for these credits because they are paid a monthly grant rather than a wage. Under current law for the state homestead tax credit, participants in CSJs and transitional placements must reduce eligible property taxes or rent used in calculating the credit by one-twelfth for each month or portion of a month in which the individual received a grant for participation in the CSJ or transitional placement. This requirement does not apply to trial job participants.

Transitional Subsidized Private Sector Jobs Proposal

In his 2003-05 biennial budget recommendations, the Governor included the creation of a new work category under W-2 referred to as transitional subsidized private sector jobs, under which employers would have been reimbursed for wages and a number of other costs associated with employing a W-2 participant in a subsidized private sector job. Because they would have been paid a wage from an employer rather than a cash grant from the W-2 agency, it was believed that participants would have been eligible for the federal and state EITCs. Participants also would have been eligible for the state homestead credit. During the budget deliberations, a task force was formed to develop additional detail about how the new program would be administered.

The Joint Committee on Finance deleted the program and, instead, included nonstatutory language requiring the DWD Task Force on Transitional Jobs to continue its work reviewing and researching the creation and implementation of a subsidized work program under the W-2 program, and submit separate legislation based on its findings and recommendations. The Governor partially vetoed this provision to, instead, require DWD to continue the creation and implementation of a subsidized work program under the Wisconsin Works program. After passage of the budget bill, the Department announced its intention to implement the program as a pilot project in Fond du Lac and Milwaukee Counties.

At its December, 2003, meeting under section 13.10 of the statutes, the Joint Committee on Finance transferred \$5,244,900 FED in 2003-04 and \$10,489,900 FED in 2004-05 in temporary assistance to needy families (TANF) funds from DWD to the Committee's federal program supplements appropriation, and directed DWD to discontinue implementation of a subsidized work program under W-2 unless separate legislation is enacted to specify eligibility criteria, employer reimbursements, details regarding the employer-employee relationship between the participant and the employer, and other program parameters. The Governor vetoed the Committee's action. On January 26, 2004, the Joint Committee on Finance overrode the Governor's veto. As a result, \$15,734,800 in TANF funding is in the Committee's federal program supplements appropriation.

SUMMARY OF BILL

AB 921 would require DWD to design and conduct a demonstration project for a "trial jobs plus" program that would run from July 1, 2004, to December 31, 2005. The program would be limited to no more than three W-2 geographical areas and no more than 1,000 participants. Except as otherwise provided, all statutory provisions relating to the trial job program or a trial job, under current law, would apply to the demonstration project, including eligibility requirements.

Under the demonstration project, W-2 agencies would be allowed to contract with an intermediary that could act as: (a) a placement agency; (b) an employer of record for a trial job plus participant; and/or (c) a provider of supportive services, including coaching, mentoring, counseling, or job placement services.

The W-2 agency or an intermediary would be required to pay an employer that employs a participant in a trial job plus position a wage subsidy that does not exceed the federal minimum wage. The subsidy would be limited to 30 hours per week. In addition, the W-2 agency or intermediary would reimburse the employer for up to 100% of all of the following costs that are attributable to employment of the participant: (a) federal social security taxes; (b) state and federal unemployment contributions or taxes, if any; and (c) workers compensation premiums, if any. Training activities prescribed by the employer that are consistent with training provided to other employees at the worksite would be considered work for the purposes of calculating the wage subsidy.

An employer that employs a participant under the trial job plus program and receives a wage subsidy would be required to agree to make a good faith effort to retain the participant as a permanent unsubsidized employee after the wage subsidy ends if the participant successfully completes participation in the program. The employer would also be required to agree that, if the employer does not retain the participant as a permanent unsubsidized employee, the employer would serve as an employment reference for the participant, or provide the W-2 agency or an intermediary a written performance evaluation of the participant, including recommendations for improvements.

Participation in a trial job plus position would be limited to six months with a possible extension of up to three months. Payments for any participant who is accepted into the program before December 31, 2005, would have to be made until the person completes his or her participation in the program.

The bill would eliminate the nonstatutory language provided under 2003 Wisconsin Act 33, which required the Secretary of DWD to continue the creation and implementation of a subsidized work program under W-2. In addition, the bill would provide that actions by DWD relating to the trial jobs plus demonstration project would not be considered administrative rules under Chapter 227.

DWD would be required to submit a request under section 13.10 of the statutes for the release of moneys to fund the trial jobs plus demonstration project within 30 days after the effective date of the bill, which would be the day after the publication.

AB 921 would require DWD to submit reports to the Legislature on January 1, 2005, July 1, 2005, and March 6, 2006, detailing the following information regarding the demonstration project: (a) a profile of participants in trial jobs plus, including identifiable barriers to their employment; (b) the success of W-2 agencies involved in the project in meeting performance standards established under the W-2 program; (c) the number of participants offered unsubsidized employment by their trial jobs plus employers; (d) the average cost per participant in a trial jobs plus placement; (e) a follow-up on the employment status of each individual after the conclusion of his or her participation in the project, including whether the individual is employed in unsubsidized employment or participating in another job or placement under the W-2 program; and (f) an

accounting of expenditures under the project, including administration expenses, intermediary contract costs, reimbursements and wage subsidies, and any other project-related costs.

Participants in the program would be eligible for the homestead tax credit and would likely be eligible for the federal and state EITCs.

FISCAL ESTIMATE

Cost of Trial Job Plus Demonstration Project

DWD submitted a fiscal note to AB 921 indicating that the trial jobs plus demonstration project would require \$4,745,500 in 2004-05 and \$1,557,100 in 2005-06, for a total cost of \$6,302,600. This includes \$4,000,500 for reimbursements for employers' wages and other costs associated with employing persons in trial jobs plus positions, \$302,100 for mentoring, and \$2,000,000 for costs associated with an optional intermediary which would provide tracking, assignment, case management, and subsidized employment administration for trial jobs plus participants.

DWD's estimate assumes that persons in trial job plus placements would receive 90% of the maximum amount of wages for which they would be eligible. It also includes \$50 per month per participant for mentoring and other services provided to the participant. According to DWD, these services would be in addition to services the individual would otherwise receive as a W-2 participant, and would be specific to the trial job plus placement. DWD officials indicate that the \$2 million for costs associated with the optional intermediary reflect a maximum level estimated to support administrative and service activities associated with the project, such as employer liaison activities, job readiness training for a specific participant, and more intensive case management and follow-up services for the participant.

As noted above, in December, 2003, the Joint Committee on Finance transferred \$15,734,800 in TANF funding that was budgeted in 2003-05 for W-2 agency contracts to the Committee's federal program supplements appropriation. The bill would direct DWD to submit a request under section 13.10 of the statutes for release of moneys to fund the trial jobs plus demonstration project. Based on DWD's estimated program cost of \$4.7 million in the 2003-05 biennium, the amount available in the Finance Committee's appropriation would be reduced to \$10,989,300.

The DWD estimate does not include the increased cost to the state of the EITC and homestead tax credit. Based on DWD's monthly participation projections, the estimated cost of the earned income tax credit would be approximately \$50,000 in 2004-05 and \$100,000 in 2005-06. The estimated homestead tax credit cost would be \$200,000 in 2004-05 and \$400,000 in 2005-06. Unless other funds were appropriated, these costs would automatically be funded by the GPR sum

sufficient appropriations for these programs at a total cost of \$250,000 in 2004-05 and \$500,000 in 2005-06.

Cost of Trial Job Plus Demonstration Project Compared to Current Law

A person that would be placed in a trial jobs plus placement under the bill would likely be placed in a CSJ placement under current law. As noted above, a person in a CSJ placement is eligible for a monthly W-2 payment of up to \$673. In addition, the state pays worker's compensation costs associated with a person in a CSJ, for a maximum monthly W-2 benefit cost of approximately \$681. Under the trial job plus demonstration project, the state would reimburse employers for wages, federal social security taxes, state and federal unemployment contributions or taxes, and workers compensation premiums, if any. The estimated monthly wages and taxes under a trial job plus placement would be \$734 per placement. In addition, DWD indicates that there would be a \$50 per month participant mentoring fee, for a total monthly cost of \$784 per participant under the demonstration project, or an additional \$103 per participant per month over the cost of a CSJ. Over the 18 months of the demonstration project, it is estimated that the project would cost an additional \$620,000 in TANF funds for wages, employment taxes, worker's compensation, and mentoring costs associated with persons in trial job plus placements.

In addition, as noted above, DWD indicates that \$2 million would be required for the optional intermediaries that W-2 agencies could contract with under the bill to administer the trial jobs plus program. Therefore, the total increased cost to the TANF program under the bill would be approximately \$2.6 million over the 18 months of the program (excluding the EITC and homestead credit), of which \$1.7 million would be incurred in this biennium. As noted, the EITC and homestead credit would cost an estimated \$750,000 GPR over the life of the project, for a total cost of \$3.35 million compared to the existing W-2 program.

Proponents of a subsidized work program under W-2 indicate that its intent is to improve the success rate of the W-2 program in getting people into unsubsidized employment and reducing the recidivism rate to W-2, thereby, reducing the overall cost of the W-2 program. However, without demonstration of reduced costs, such savings are difficult to predict. Further, because of the time frame of the project under the bill, it is not likely that any potential cost savings resulting from the program would be realized in this biennium.

It should be noted that W-2 cash benefit caseloads for July through December, 2003, have been higher than budgeted under Act 33. The administration assumed an average monthly cash benefit caseload of 10,382. The actual average caseload for the first six months of the biennium was 11,416. The new W-2 agency contracts began in January, 2004. Based on caseloads over the last six months, it is likely that the budgeted funding levels will fall short of fully funding the current W-2 program. While W-2 agencies are ultimately responsible for ensuring that participants receive their cash benefits, any additional increased costs to the program will exacerbate the potential funding problems and pressure on the state to provide additional funding.

In January, this office estimated the state's TANF balance to be \$11.3 million on June 30, 2004 (this assumes that the \$15.7 million set aside in the Committee's appropriation will be expended for either the existing W-2 program or the proposed trial jobs plus program). However, based on current expenditure levels, there are several areas in which there may be shortfalls in funding budgeted for the TANF program in the 2003-05 biennium. The projected shortfall in the programs total \$13.2 million, including potential shortfalls in the refundable portion of the EITC under current law (\$9.0 million), the caretaker supplement (\$1.2 million), and the emergency assistance program (\$3.0 million). In addition, according to DWD, the Menominee tribe may begin its own TANF program in 2004, which could reduce the state's federal TANF revenues by \$1.6 million. Further, going into the next biennium there is an estimated \$49.7 million annual structural deficit. This means that ongoing annual expenditures exceed ongoing annual TANF revenues by \$49.7 million.

I hope this information is helpful. Please contact me if you have additional questions.

CJ/lah