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☛ Details: Follow-up: Audit Report 05-6, An Evaluation: Wisconsin Works (W-2) Program,  
Department of Workforce Development

(FORM UPDATED: 08/11/2010)

# WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

## 2005-06

(session year)

## Joint

(Assembly, Senate or Joint)

## Committee on Audit...

### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)  
(**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)  
(**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

## Record of Committee Proceedings

### Joint Legislative Audit Committee

#### Follow-up: Audit Report 05-6, (10:00 a.m.)

An Evaluation: Wisconsin Works (W-2) Program, Department of Workforce Development.

(Invited speakers only.)

April 27, 2005

#### **PUBLIC HEARING HELD**

Present: (8) Senators Roessler, Cowles, S. Fitzgerald, Miller and Lassa; Representatives Kerkman, Travis and Cullen.

Absent: (2) Representatives Jeskewitz and Kaufert.

#### Appearances For

- Bob Andersen, Madison — Staff Attorney, Wisconsin Council on Children and Families
- Pat DeLessio, Milwaukee — Legal Action of Wisconsin
- Hal Menendez, Madison — Legal Action of Wisconsin
- Victoria Selkove, Madison — Staff Attorney, Economic Justice Institute, Inc.
- Kristin Settle, Milwaukee — Working Families Project Coordinator, Institute for Wisconsin's Future

#### Appearances Against

- None.

#### Appearances for Information Only

- Janice Mueller, Madison — State Auditor, Legislative Audit Bureau
- Paul Stuibler, Madison — Legislative Audit Bureau
- Roberta Gassman, Madison — Secretary, Department of Workforce Development
- Bill Clingan, Madison — Division Administrator, Division of Workforce Solutions, Department of Workforce Development
- Alberta Darling, River Hills — Senator, Wisconsin State Senate
- Pamela Fendt, Milwaukee — Policy Analyst, University of Wisconsin-Milwaukee, Center for Economic Development
- Anne DeLeo, Milwaukee — Co-Chair, W-2 Monitoring Task Force of the Milwaukee County Board of Supervisors

- Rose Daitzman, Milwaukee — Member, W-2 Monitoring Task Force of the Milwaukee County Board of Supervisors
- Marcus White, Milwaukee — Executive Director, Milwaukee Interfaith Conference
- Julie Kerksick, Milwaukee — The New Hope Project

Registrations For

- None.

Registrations Against

- None.

March 14, 2006

**PUBLIC HEARING HELD**

- Present: (7) Senators Roessler, Miller and Lassa;  
Representatives Jeskewitz, Kaufert, Kerkman  
and Cullen.
- Absent: (3) Senators Cowles and S. Fitzgerald;  
Representative Travis.

Appearances For

- None.

Appearances Against

- None.

Appearances for Information Only

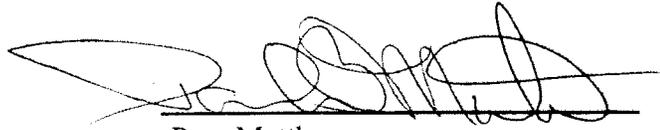
- Janice Mueller, Madison — State Auditor, Legislative Audit Bureau
- Paul Stuiber, Madison — Legislative Audit Bureau
- Roberta Gassman, Madison — Secretary, Department of Workforce Development
- Alberta Darling, River Hills — Senator, Wisconsin State Senate
- Anne De Leo, Milwaukee — Co-Chair, W-2 Monitoring Task Force

Registrations For

- None.

Registrations Against

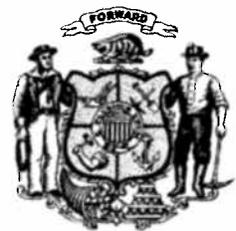
- None.

A handwritten signature in black ink, appearing to read 'Pam Matthews', written over a horizontal line.

Pam Matthews  
Committee Clerk



# WISCONSIN STATE LEGISLATURE





STATE OF WISCONSIN

Legislative Audit Bureau

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Madison, Wisconsin 53703  
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Janice Mueller  
State Auditor

DATE: April 6, 2005

TO: Karen Asbjornson and Pamela Matthews  
Committee Clerks to the Joint Legislative Audit Committee

FROM: Paul Stuber   
Program Evaluation Director

SUBJECT: Report 05-6: An Evaluation of the Wisconsin Works (W-2) Program

Enclosed is our evaluation of the W-2 program. W-2 was created by 1995 Wisconsin Act 289 to help participants achieve economic self-sufficiency through employment. It is administered at the state level by the Department of Workforce Development (DWD) and at the local level through 52 contracts with public and private agencies. From September 1997 (the date of statewide implementation) through June 2004, program expenditures totaled \$1.5 billion.

An audit of the W-2 program was requested in separate letters from Senators Darling and Panzer and from Representative Huebsch. Concerns were raised about a number of issues, including rising caseloads, the level and type of program services provided to participants, and oversight of the program by DWD.

Our report is a comprehensive review of program operations and includes information on all main program elements, as well as follow-up to recommendations made in our 2001 audit (report 01-7). Our current report includes a number of findings. One of the most significant is a measure of the program's effectiveness in assisting participants to achieve economic self-sufficiency through employment. From 1999 through 2002, approximately 20 percent of former participants earned more than the poverty level in the year after they left W-2, while the majority likely did not. Of those who left during the last three months of 1999, 42.1 percent earned more than the poverty level in 2003, after state and federal tax credits were included.

In addition, to assessing overall program performance, we have also identified management issues needing to be addressed. For example:

- The average number of work hours assigned to community service job participants declined from 26.5 hours per week in June 1998 to 17.7 per week in June 2004, and one-fifth of participants in community service jobs were assigned to no work in June 2004.
- From September 1997 through June 2004, we estimate that W-2 agencies paid 2,500 custodial parents of infants longer than the 12 weeks allowed under statutes, resulting in \$1.3 million in excess payments.

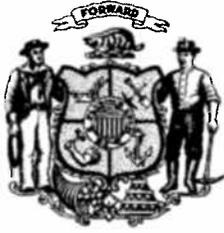
- From January 2000 through February 2004, W-2 agencies mistakenly issued approximately \$1.9 million in excess payments to participants who were in both subsidized and unsubsidized placements during the same month.

We have included numerous recommendations for program improvements and have identified a number of policy questions that the Legislature and DWD could consider with respect to the future of the W-2 program, including whether to approve the Governor's 2005-07 Biennial Budget request to create a "trial jobs plus" pilot project and extend from 12 weeks to 26 weeks the time cash benefits are paid to custodial parents of infants.

The report will be released on Thursday, April 7, at 9:00 a.m. Please contact us if you have any questions.

PS/bm

Enclosures

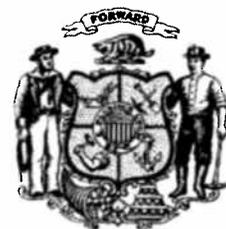


The following document was too large to scan into the committee record. The cover and table of contents, if available, have been scanned for your convenience.

Most large publications have been added to the Dr. H. Rupert Theobald Legislative Library collection. Search the LRB library catalog (LRBCat) (<http://lrbcatalog.legis.wisconsin.gov/>) for availability.

For further assistance, please contact the reference desk at (608) 266-0341 or email [lrb.reference@legis.wisconsin.gov](mailto:lrb.reference@legis.wisconsin.gov).

State of Wisconsin - Legislative Reference Bureau  
1 East Main Street, Suite 200  
Madison, WI 53703



An Evaluation

# **Wisconsin Works (W-2) Program**

*Department of Workforce Development*

## **2005-2006 Joint Legislative Audit Committee Members**

Senate Members:

Carol A. Roessler, Co-chairperson  
Robert Cowles  
Scott Fitzgerald  
Mark Miller  
Julie Lassa

Assembly Members:

Suzanne Jeskewitz, Co-chairperson  
Samantha Kerkman  
Dean Kaufert  
David Travis  
David Cullen

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## LEGISLATIVE AUDIT BUREAU

The Bureau is a nonpartisan legislative service agency responsible for conducting financial and program evaluation audits of state agencies. The Bureau's purpose is to provide assurance to the Legislature that financial transactions and management decisions are made effectively, efficiently, and in compliance with state law and that state agencies carry out the policies of the Legislature and the Governor. Audit Bureau reports typically contain reviews of financial transactions, analyses of agency performance or public policy issues, conclusions regarding the causes of problems found, and recommendations for improvement.

Reports are submitted to the Joint Legislative Audit Committee and made available to other committees of the Legislature and to the public. The Audit Committee may arrange public hearings on the issues identified in a report and may introduce legislation in response to the audit recommendations. However, the findings, conclusions, and recommendations in the report are those of the Legislative Audit Bureau. For more information, write the Bureau at 22 E. Mifflin Street, Suite 500, Madison, WI 53703, call (608) 266-2818, or send e-mail to [leg.audit.info@legis.state.wi.us](mailto:leg.audit.info@legis.state.wi.us). Electronic copies of current reports are available on line at [www.legis.state.wi.us/lab](http://www.legis.state.wi.us/lab).

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State Auditor - Janice Mueller

### Audit Prepared by

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Scott Sager

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## **Response**

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From the Department of Workforce Development



**STATE OF WISCONSIN**  
**Legislative Audit Bureau**

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Janice Mueller  
State Auditor

April 7, 2005

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

Dear Senator Roessler and Representative Jeskewitz:

We have completed an evaluation of the Wisconsin Works (W-2) program, as requested by the Joint Legislative Audit Committee. W-2 is designed to help participants achieve economic self-sufficiency through employment. It is administered at the state level by the Department of Workforce Development (DWD) and at the local level through 52 contracts with public and private agencies. From the program's inception through June 2004, expenditures have totaled \$1.5 billion. In June 2004, there were 15,539 participants, 79.8 percent of whom were in Milwaukee County.

The program's success in helping participants achieve economic self-sufficiency has been mixed. We examined Wisconsin income tax returns and quarterly wage data reported to DWD for 9,958 participants who left W-2 from 1999 through 2002. Approximately 20.0 percent of these former participants earned more than the poverty level in the year after they left the program; the majority likely did not. When tax credits are included, approximately 33.0 percent had incomes above the poverty level.

We identified concerns with DWD's management of the program and its oversight of W-2 agencies. For example, the number of work hours assigned to many participants has declined over time; some participants received payments when they were not eligible to receive them; participants are not consistently screened to determine whether they have potential barriers to employment; and sanctions are not applied consistently statewide. We make a number of recommendations for DWD to improve its management and oversight, and we identify issues the Legislature will need to consider as it debates the future funding and structure of the W-2 program.

We appreciate the courtesy and cooperation extended to us by DWD and the W-2 agencies we contacted during our evaluation. DWD's response follows the appendices.

Respectfully submitted,

Janice Mueller  
State Auditor

JM/PS/ss

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## Report Highlights ■

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***W-2's success in helping participants achieve economic self-sufficiency has been mixed.***

***An increasing number of participants are nearing their lifetime limit of program eligibility.***

***We identified concerns with DWD's oversight of W-2 agencies.***

***Service delivery among W-2 agencies statewide is inconsistent.***

The Wisconsin Works program, commonly known as W-2, was created by 1995 Wisconsin Act 289 to help participants achieve economic self-sufficiency through employment. It took effect statewide in September 1997. W-2 is administered at the state level by the Department of Workforce Development (DWD), and locally through 52 contracts with public and private agencies. It is funded primarily by the federal Temporary Assistance for Needy Families (TANF) program. From September 1997 through June 2004, W-2 expenditures totaled \$1.5 billion. Program services and cash benefits for participants, as well as W-2 agencies' administrative costs, accounted for 76.8 percent of that total.

Concerns were raised about the program's rising caseloads, how W-2 agencies serve participants, and the extent to which DWD has addressed issues we identified in prior reports. Therefore, at the direction of the Joint Legislative Audit Committee, we evaluated:

- trends in expenditures, program caseloads, and services provided to participants;
- the extent to which W-2 has helped participants achieve economic self-sufficiency;
- DWD's management of the program;
- the use of monetary sanctions on participants; and
- funding and policy issues that the Legislature and DWD will need to consider.

## **Caseload Changes**

Participants, who are primarily women with dependent children, are assigned to subsidized or unsubsidized placements based on their level of preparedness for employment. In June 2004, 79.8 percent of the program's 15,539 participants were in Milwaukee County, and 12,539 participants were in subsidized placements.

Participants in subsidized placements who meet work and other program requirements receive cash grants of \$628 or \$673 per month. Services such as job-search assistance, education, and training are also available to them. Participants in unsubsidized placements do not receive cash grants, but they may receive program services.

W-2 increasingly serves participants who are custodial parents of infants. These participants, who are not required to work outside the home, are eligible for monthly cash grants of \$673 until their infants are older than 12 weeks.

The number of new participants who were custodial parents of infants more than doubled from June 1998 to June 2004, increasing from 18.0 to 37.3 percent. W-2 agencies attributed this increase to women in jobs that do not provide fringe benefits using W-2 as a form of paid maternity leave. We found that custodial parents of infants who were never in any other W-2 placement increased from 8.5 percent of all such placements in 1998 to 49.8 percent in the first six months of 2004.

## **Eligibility Limits**

Both state and federal law limit individuals to 60 months of lifetime participation in subsidized placements. However, W-2 agencies may approve extensions to the eligibility limits under certain circumstances.

There were more requests for extensions during the first six months of 2004 than during all of 2003. In June 2004, 6.4 percent of participants had used more than 48 months of their lifetime eligibility, including 346 participants who continued to receive services through extensions after reaching their lifetime limits.

## **Program Effectiveness**

Because W-2 is intended to help participants achieve economic self-sufficiency through employment, we analyzed the extent to which

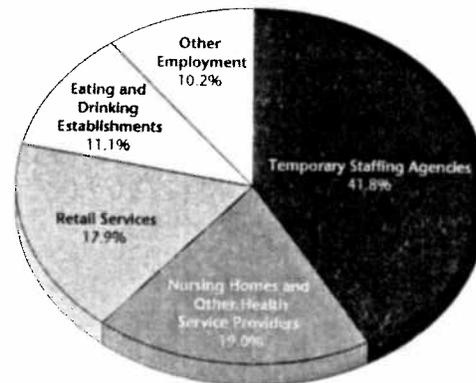
all 9,958 participants who left the program during the last three months of each year from 1999 through 2002 earned more than the federal poverty level. We found:

- approximately 20.0 percent of former participants earned more than the poverty level in the year after they left W-2, while the majority likely did not;
- the percentage of former participants with incomes above the poverty level increased slightly each year from 2000 to 2003; and
- 42.1 percent of those who left W-2 in 1999 earned more than the poverty level in 2003, after the inclusion of several tax credits.

We identified the types of employment obtained by former participants who left the program during the last three months of 2002. Figure 1 shows the types of employers that hired ten or more former participants.

Figure 1

**Employers of Former W-2 Participants**



The extent to which former participants subsequently return to subsidized placements provides another indication of how well W-2 has helped participants achieve economic self-sufficiency. Returning participants increased from 38.6 percent of all subsidized placements in June 2000 to 52.3 percent in June 2004.

## **Improving Program Management**

Community service jobs provide work experience and training to those who are able to perform some job duties. Although statutes allow participants in community service jobs to be assigned to work for up to 30 hours per week, we found the average number of work hours assigned to these participants declined from 26.5 per week in June 1998 to 17.7 per week in June 2004. Moreover, in June 2004 approximately one-fifth of participants in community service jobs were assigned to no work.

We identified other areas needing improved management. For example:

- From September 1997 through June 2004, we estimate that W-2 agencies paid 2,500 custodial parents of infants longer than the statutory maximum 12 weeks, resulting in \$1.3 million in excess payments.
- From January 2000 through February 2004, W-2 agencies erroneously issued approximately \$1.9 million in excess payments to participants who were in both subsidized and unsubsidized placements during the same month.
- From May 2003 through June 2004, only 43.5 percent of participants were screened to identify potential barriers to employment. Agencies are required to offer this screening to all participants, although participants are not required to complete it. Significant variations in agencies' screening rates raise concerns about whether all agency staff explain the benefits of screening and encourage participants to complete it.

## **Inconsistent Service Delivery**

W-2 agencies have provided considerably different types and amounts of services to participants. For example, average monthly expenditures for all program services during the 2002-2003 contract period ranged from \$310 per participant by United Migrant Opportunity Services, Inc., a private provider in Milwaukee County, to \$731 per participant by Racine County.

W-2 agencies can impose sanctions, or fines, on participants receiving cash benefits. Participants may be sanctioned \$5.15 for each hour they miss work or fail to participate in training or other required activities without good cause.

From October 1999 through June 2004, agencies imposed \$30.2 million in sanctions. However, sanctions are not applied consistently statewide. During the first six months of 2004, 7 agencies sanctioned more than 20 percent of their participants, while 25 sanctioned less than 10 percent.

### **Future Considerations**

W-2 has successfully helped some participants obtain unsubsidized employment, but it has also faced challenges, including shifts in focus that have caused confusion among W-2 agencies and others, a potential funding shortfall during the 2004-2005 contract period, and contract management issues. As DWD prepares for the next contracts, which will begin in January 2006, it will be especially important to address these issues.

### **Recommendations**

We include recommendations for DWD to:

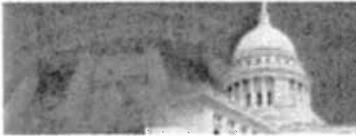
report to the Joint Audit Committee by October 1, 2005, on:

- progress in increasing consistency among W-2 agencies in approving and denying extension decisions (*p. 47*);
- actions it has taken to ensure W-2 agencies assign participants to appropriate types and hours of activities (*p. 68*);
- how it plans to ensure custodial parent of infant placements end at the appropriate time (*p. 70*);
- its suggestions for modifying administrative rule provisions for job access loans (*p. 73*);
- the results of its review of the barrier screening tool and its plans to ensure participants' barriers are appropriately assessed (*p. 78*); and
- actions it plans to take in response to its study that found different racial groups are sanctioned at different rates (*p. 96*).

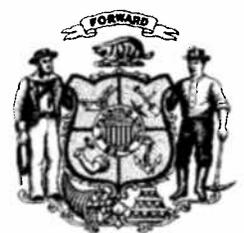
In addition, we recommend that DWD:

- ☑ ensure W-2 agencies pay the correct cash benefit amounts to participants (*p. 71*);
- ☑ provide guidance to W-2 agencies on recording accurate and complete information about participants' W-2 activities in the electronic case files (*pp. 74 and 81*);
- ☑ either instruct W-2 agencies to comply with statutory provisions relating to drug sanctions, Learnfare program sanctions, and W-2 strikes, or recommend statutory changes to eliminate or modify these provisions (*p. 90*); and
- ☑ require W-2 agencies to uniformly report information on fact-finding hearings and comply with hearing decisions within ten days (*pp. 93 and 94*).

■ ■ ■ ■



# WISCONSIN STATE LEGISLATURE



Sen. Mark Miller

**May 11, 2005**

**Audit Meeting**

**Senator Carol Roessler**

**Representative Sue Jeskewitz**

Identified General Issues

- 1) Budget Recommendations
- 2) New DWD Reporting Requirements
- 3) Oversight of Agency Contracts
- 4) Assessment and Screening Process Improvements
- 5) Restructure Job Ready Definition
- 6) Addressing Needs of Returning Participants
- 7) Improvement of Community Service Jobs, appropriate activities and Training
- 8) How are we going to examine what is happening to the children?





## WISCONSIN STATE LEGISLATURE

### Joint Legislative Audit Committee

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

For Immediate Release

April 7, 2005

For More Information Contact:

Senator Carol Roessler

(608) 266-5300

Representative Suzanne Jeskewitz

(608) 266-3796

### **Audit Finds Wisconsin Works (W-2) Program Needs Management Improvements**

(Madison) Today the nonpartisan Legislative Audit Bureau (LAB) released an Evaluation of the Department of Workforce Development's (DWD) Wisconsin Works (W-2) Program. The LAB analyzed W-2 expenditures, caseloads and services provided to participants. Key items in the review included participant's achievement of economic self-sufficiency, DWD's management of the program, and the use of monetary sanctions. This evaluation highlights several areas for program management improvement.

Separately, Senator Alberta Darling (R-River Hills), Representative Michael Huebsch (R-West Salem) and former Senator Mary Panzer (R-West Bend) requested this audit due to concerns over W-2 caseloads and the extent of program oversight. In February 2004, the Joint Legislative Audit Committee approved that request for LAB to conduct an evaluation of the W-2 Program.

"The audit revealed a few disturbing trends," remarked Joint Legislative Audit Committee Co-Chair Suzanne Jeskewitz (R-Menomonee Falls). "One particular concern is the unanticipated trend that the W-2 program is being utilized as a paid maternity leave for low-income workers who are uninsured." The number of custodial parents of infants who were never in any other placement rose from 8.5 percent of all such placements in 1998 to 49.8 percent in the first six months of 2004.

Co-chair Carol Roessler (R-Oshkosh), Senate Author of W-2, stated, "The findings are critical of agencies not following through on work requirement accountability. Work-first must remain W-2's focus. Work gives individuals the tools to escape poverty. Transitioning to the workforce must be the top priority for W-2 recipients as well as W-2's efforts to help recipients achieve self-sufficiency. We will build on the LAB findings and continue to be the model for welfare reform nationwide."

"We also need to recognize that W-2 is helping people move toward economic self-sufficiency," stated Jeskewitz. Under the old Aid for Families with Dependent Children program, the predecessor to W-2, average monthly caseloads totaled approximately 55,500 prior to the implementation of W-2, compared to approximately 15,500 W-2 cases in June of 2004. Jeskewitz further commented, "There is always room for improvement in any program and this audit comes at a perfect time. We can use the audit's recommendations as a tool for change, including making improvements to the next round of requests for proposals." RFP's for the 2006-07 contracts are scheduled to be released at the end of April.

SENATOR ROESSLER  
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(608) 266-5300 • Fax (608) 266-0423

REPRESENTATIVE JESKEWITZ  
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The audit also showed that out of the 15,539 participants in June 2004, only 346 had been involved in the program for more than 60 months. Roessler added, "The fact that a mere 2.2% of participants have stayed with the program for more than five years is a mark of success. For a 7 1/2-year-old program with over 15, 500 participants, this is a very positive finding."

Co-Chairs Roessler and Jeskewitz plan on holding a hearing on the W-2 audit in the near future and will be interested in reviewing the subject again in the fall when DWD submits their follow-up report on LAB's many recommendations to improve program management. Both Co-Chairs also express their appreciation for LAB's hard work on this large and difficult endeavor.

###



**Matthews, Pam**

---

**From:** Matthews, Pam  
**Sent:** Monday, April 11, 2005 8:24 AM  
**To:** Matthews, Pam  
**Subject:** FW: W2 payments for maternity care  
**Follow Up Flag:** Follow up  
**Flag Status:** Flagged

-----Original Message-----

**From:** Eileen Newby [mailto:newbyes@wi.rr.com]  
**Sent:** Thursday, April 07, 2005 10:28 PM  
**To:** Rep.Jeskewitz  
**Subject:** W2 payments for maternity care

Dear Rep. Jeskewitz,

Please excuse the informality of this correspondence. I heard your comments regarding W2 maternity care on the radio and wanted to send you a note on this subject. I am employed by the Ozaukee County Department of Human Services as an Economic Support/W2 Supervisor. Prior to 2004, Ozaukee County was an administrative agency for the W2 program. Currently, we are a subcontract agency providing W2 program services in a consortium with Washington County. The administrative agency for our consortium is the WOW-Workforce Development Board, Inc.

In the first several W2 contracts, we only provided W2 maternity care payments to women who had employment without maternity care benefits. W2 is a work program so we did not provide W2 maternity care benefits to woman who were not employed. If they were supported by their parents or boyfriends or whomever, we told them they were out of the workforce on a voluntary basis and had no earned income that needed to be replaced by W2 for 12 weeks. We told them that if they wanted to apply at some point in the future when they wanted to enter the workforce, we would consider them for program eligibility at that time. Many other W2 agencies understood and applied W2 program policy in the same way.

It was DWD who directed us to discontinue this program practice and told us the "Caring for an Infant" portion of the W2 program was an entitlement and we could not exclude women who were not in the workforce. You need only to look at the growing statistics to know how effective "word of mouth" has been in expanding the number of women participating in the category of W2.

If W2 is to be a legitimate work program, we must return to our earlier practice and eliminate the notion of entitlement. Furthermore, the Governor's plan to expand this part of the program to cover 6 months instead of the current 3 months is not a good idea either. I understand that the cost of W2 for 6 months is less than paying W2 for 3 months and, then, child care for 3 months. However, if we keep all of these "entitlement" people in for 6 months, we aren't saving anything because they would not have been receiving child care because they don't have employment to which they can return. For those people who have employment, they won't have jobs to return to either if they are taking 6 month leaves of absence for maternity care. The business and industry standard for maternity leave is in the 8 to 12 week range. Most employers are not going to hold jobs for more than 12 weeks.

(As I understood your concern, it was at least in part an objection to subsidizing maternity leave for employers who do not provide any maternity care benefit. I think that this is really a small concern and almost nothing compared to BadgerCare that has become subsidized health insurance for many employers.)

Our consortium is spending ahead of budget for the current contract period almost solely because of the "Caring for an Infant" portion of W2. The W2 program has other flaws but the idea of making a work program an entitlement program for a certain group of people runs absolutely contrary to the principles and purpose of W2. I

04/12/2005

realize that the amount of money is really miniscule when compared to what is spent in Medicaid for people made poor by divestment. However, I see the adoption of the entitlement approach as very damaging to the integrity of W2 as a work program.

Sincerely,

Eileen S. Newby  
Ozaukee County Department of Human Services

(262) 238-8251  
[enewby@co.ozaukee.wi.us](mailto:enewby@co.ozaukee.wi.us)



Department of Workforce Development  
Workforce Solutions Division  
Administrator's Office  
P.O. Box 7972  
Madison, WI 53707-7972  
Telephone: (608) 266-0327  
Fax: (608) 261-6376  
Email: dwddws@dwd.state.wi.us



State of Wisconsin  
Department of Workforce Development  
Jim Doyle, Governor  
Roberta Gassman, Secretary  
Bill Clingan, Division Administrator

April 15, 2005

The Honorable Carol A Roessler and  
Representative Suzanne Jeskewitz, Co-chairpersons  
Joint Legislative Audit Committee  
State Capitol  
Madison, WI 53702

Dear Senator Roessler and Representative Jeskewitz:

I am writing in response to your request for a monthly update from the Department of Workforce Development (DWD) regarding the findings of the November 9, 2004 Legislative Audit Bureau (LAB) from its review of the administration of the Wisconsin Works (W-2) program by Opportunities Industrialization Center of Greater Milwaukee, Inc. (OIC-GM). This review was undertaken as part of LAB's comprehensive 2004 audit of the W-2 program.

As you know from the Department's March 15, 2005 report, the Department has fully implemented four of the seven recommendations made by LAB in their November 9, 2004 report, including recovery of all identified disallowed and questioned W-2 funds. The Department has also taken steps to address the remaining three items in LAB's November 9, 2004 report. Final action on the remaining three items is pending the completion of the Financial Monitoring reviews of W-2 agencies that are currently underway.

Since our March 15, 2005 report, the Legislative Audit Bureau has issued Report 05-6, "An Evaluation: Wisconsin Works (W-2) Program". In this report, LAB recommends that DWD report to the Joint Legislative Audit Committee by October 1, 2005 on the recommendations contained in Report 05-6. I would like to respectfully request that the Department be given permission to provide its next update to you and to the Committee members on actions taken by DWD as a result of LAB's November 9, 2004 review of OIC-GM on October 1, 2005 when it also reports on Report 05-6.

Thank you for your consideration of this request and for your continued support of the Department's efforts.

Sincerely,

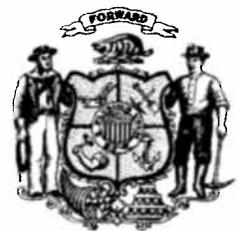
Bill Clingan  
Division Administrator

cc: Roberta Gassman, Secretary  
Senator Robert Cowles  
Senator Scott Fitzgerald  
Senator Mark Miller  
Senator Julie Lassa

Representative Samantha Kerkman  
Representative Dean Kaufert  
Representative David Travis  
Representative David Cullen  
Janice Mueller, Legislative Audit Bureau



# WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

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

April 18, 2005

Ms. Elizabeth Burmaster, State Superintendent of Public Instruction  
Department of Public Instruction  
125 South Webster Street  
Madison, Wisconsin 53707

Dear Ms. Burmaster:

The Joint Legislative Audit Committee will hold a public hearing on Legislative Audit Bureau report 05-4, *An Evaluation: Children At Risk Program*, on Wednesday, April 27, 2005, at 10:00 a.m. in Room 411 South of the State Capitol.

As this audit report relates to the activities of the Department of Public Instruction, we ask you to be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Karen Asbjornson in the office of Senator Carol Roessler at 266-5300 to confirm your participation in the hearing. Thank you for your cooperation and we look forward to seeing you on April 27<sup>th</sup>.

Sincerely,

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

Representative Suzanne Jeskewitz, Co-chair  
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller  
State Auditor



WISCONSIN STATE LEGISLATURE

**Joint Legislative Audit Committee**

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

April 18, 2005

Ms. Roberta Gassman, Secretary  
Department of Workforce Development  
201 East Washington Avenue, Room A400  
Madison, Wisconsin 53707

Dear Ms. Gassman:

The Joint Legislative Audit Committee will hold a public hearing on Legislative Audit Bureau report 05-6, *An Evaluation: Wisconsin Works (W-2) Program*, on Wednesday, April 27, 2005, at approximately 11:00 a.m. in Room 411 South of the State Capitol.

As this audit report relates to the activities of the Department of Workforce Development, we ask you to be present at the hearing to offer testimony in response to the audit findings and to respond to questions from committee members. Please plan to provide each committee member with a written copy of your testimony at the hearing.

Please contact Ms. Karen Asbjornson in the office of Senator Carol Roessler at 266-5300 to confirm your participation in the hearing. Thank you for your cooperation and we look forward to seeing you on April 27<sup>th</sup>.

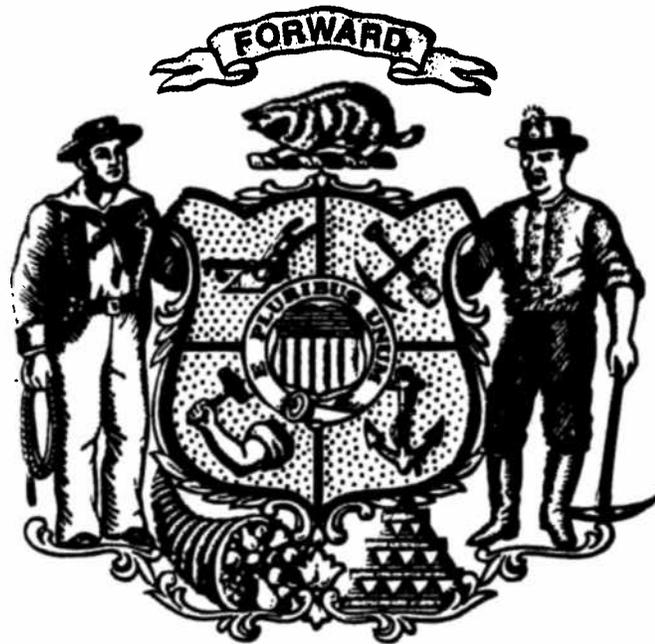
Sincerely,

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

Representative Suzanne Jeskewitz, Co-chair  
Joint Legislative Audit Committee

Enclosure

cc: Janice Mueller  
State Auditor



*Copy: Testimony sent by email 4/25*

**Jean Verber**

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**From:** Jean Verber <mitwppei@miliserv.net>  
**To:** <Sen.Roessler@legis.state.wi.us>  
**Sent:** Monday, April 25, 2005 3:38 PM  
**Subject:** W-2 Leg. Audit Hearing

APR 28 2005

Dear Senator Roessler,

Since I'm not able to be in Madison Wed. for the hearing on the recently-released Audit of the W-2 program, I wish to submit these comments to be incorporated into testimony received that day.

Being involved with the W-2 program since its beginning, our agency has struggled through the various phases of policy and implementation along with women participants. While many of my colleagues will be addressing other issues highlighted in the report, I wish to focus my remarks on the results of our most recent survey of Milwaukee W-2 families (2003). *(See Enclosed)*

The Audit clearly addresses the critical nature of our findings and serves to explain the rising numbers returning to the W-2 program. Our report demonstrates that the quality of life for many participants is gradually deteriorating and shows the impact of the other 80% not earning wages above the poverty level.

Sanction rates, not finding employment, losing jobs, meeting time limits --all contribute to severe suffering for many families. We found that 32% had no income for two months and were living only on food stamps. As a result, as other studies have documented, food pantries, shelters, meal programs, and emergency room usage has significantly increased along with the rise in those returning to the W-2 program seeking assistance. This hardly speaks to 'self-sufficiency', the goal of the W-2 program.

Reasons for this system failure can be attributed to the labor market, but also to the deficiencies cited in the Audit report.

We urge you to take the recommendations offered by the Audit report into careful consideration and direct the Legislature to take appropriate action to assure that those many vulnerable families in our community are recognized and compassionately responded to. We believe it is the responsibility of government to take a pro active role in correcting flaws in the system that, after 10 years of documented experience, are due for radical change. We believe that making 'work' pay is critical. If W-2 is based on work, how can we provide family supporting jobs?? We also believe that somehow a way MUST be found to assure employment for W-2 recipients; otherwise, the system is a sham and morally oppressive.

We also especially urge you to support the Milwaukee advocates' recommendations to the State for implementation of the "New Model for W-2 Structure" in time for the next 2006-2007 W-2 contracts.

Thank you.

Sincerely,



Jean Verber, Coordinator  
Milwaukee Women and Poverty Public Education Initiative  
3782 N. 12th Street  
Milwaukee, WI 53206

**The Plight of Families in Milwaukee  
Living Only on Food Stamps**

**Women and Poverty Public Education Initiative**

**October, 2003**

**Produced with the assistance of:**

**The Brico Fund  
The Women's Fund of the Greater Milwaukee Foundation**

**For more information, contact:  
Women and Poverty Public Education Initiative  
3782 N. 12<sup>th</sup> Street  
Milwaukee, WI 53206  
(414) 265-3925**

## **Introduction**

The Women and Poverty Public Education Initiative (WPPEI) is publishing the results of a study of low-income families in Milwaukee County. This research project was initiated after Milwaukee County officials reported that the number of families with children living only on Food Stamps had tripled since 1998. The county identified approximately 1,800 families with children who receive Food Stamps and report no other source of income. WPPEI negotiated an arrangement with Milwaukee County officials in order to make contact with these families and investigate their living arrangements.<sup>1</sup> This study brings the circumstances of these hidden families to light.

WPPEI was formed in 1995 as an outreach project of the UWM Women Studies program. Since its formation, WPPEI staff have interviewed hundreds of poor women and issued a study of low-income Milwaukee County families in 1998. WPPEI's mission is to incorporate the voices of poor women into the public debate around issues affecting their lives. Documentation of the life experiences of women seeking a meaningful livelihood for themselves and their children, especially those participating in the W-2 program, has served as a vital source of information for local advocates who are pursuing needed policy changes in the W-2 program.

The W-2 Monitoring Task Force of the Milwaukee County Board of Supervisors is collaborating with WPPEI in releasing this study. The W-2 Monitoring Task Force has followed the implementation of the W-2 program and has advocated for changes in the W-2 system in order to achieve lasting and fundamental changes in the lives of poor families in Milwaukee County. The Task Force also shares WPPEI's long-term goal of encouraging job creation initiatives to address the unemployment crisis in Milwaukee County.

## **Study Findings**

This study chronicles the circumstances of 78 low-income families in Milwaukee County who represent hundreds of families who are living in situations of extreme poverty and need. Their situations demonstrate the need to make substantial changes to the W-2 program.

### **32% of respondents reported absolutely no income in the past 2 months**

One-third of the families that participated in the study did not have any source of support other than Food Stamps. Most of the mothers interviewed for this project were not able to meet basic needs due to a lack of stable income.

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<sup>1</sup> For a complete description of the methodology used in this study, see Appendix 1.

Coping strategies reported by some of the mothers included exchanging services (such as child-care), doing occasional side jobs for cash, and going without meals. Some respondents acknowledge selling blood, and a few admitted to engaging in prostitution to acquire money to cover rent and utilities.

### **63% of respondents had been employed**

Many of the parents interviewed had complied with the mandate of welfare reform and obtained jobs. For a variety of reasons, some personal but many having to do with structural labor market issues, these parents are no longer employed.

#### **Reasons for Unemployment**

Job was temporary or seasonal	17%
Laid off/ business closed	13%
Fired	13%
Injury/illness/disability (self or child)	33%
Pregnancy	13%
Child care problems	4%

Nearly half of respondents cited the need to care for their own health situation or that of their child(ren) as their reason for losing employment. Nearly one-third of respondents lost their job through no fault of their own. The increasing use of part-time, temporary, and seasonal workers affects low-skilled workers' abilities to find and maintain a job. WPPEI staff also asked the respondents what prevented them from currently securing work. Structural problems, mainly the scarcity of jobs, but also the need for job training, were the most common obstacles to self-sufficiency.

#### **Barriers to Work**

Looking, can't find a job	63%
Need training to qualify for available jobs	43%
Need child care	14%
Transportation problem	12%
Felony record, can't get hired	9%
Injury/illness/disability	16%

NOTE: Respondents could select more than one barrier.

In the present economic context, with unemployment in Milwaukee County topping 10 percent, jobs are increasingly scarce. Women who have left welfare for work are at a disadvantage in this situation, as they are likely to be competing with better skilled or more experienced workers for the available positions. Women with a past felony conviction are barred from many jobs, which means an additional burden as these mothers try to provide for their children.

## Changes to the Social Safety Net

Cash grants in W-2, which are provided in exchange for participation in employment and training activities, are not lavish (the maximum payment is \$673 per month), but the assistance usually covers basic expenses like rent and utilities. Losing eligibility for W-2 work placements means the loss of desperately needed income for the family.

In the past, a low-income mother who lost her job could demonstrate financial need and receive AFDC payments until she was able to get a new job. Under W-2, agencies can deny assistance for women who meet all the eligibility criteria by declaring them "job ready." This means that according to the W-2 case manager, they don't have obvious barriers to employment, consequently their application for cash assistance in W-2 is denied, and they are provided only case management services. Over the past several years the job ready designation has also been used to dis-enroll parents from the W-2 program, whether they have a job or not.

### Reasons for Exit from W-2 Program

Reached time limits	51%
Declared "job ready"	17%
"Sanctioned off" *	17%
Injury/illness/disability (self or child) --unable to work	15%
Not previously enrolled in W-2	17%

\*Repeated reductions in the amount of their W-2 check for non-participation in assigned activities caused recipient to quit the program.

### Impact of Loss of Income on Families

A major result of the loss of a job or a W-2 work placement for the respondents in this study is homelessness. Without adequate or predictable income, these families are unable to pay rent and their landlords have no choice but to evict them. 45% of the families in this study were found to be homeless, and forced to double up with family or friends, or live in a shelter. Another 9% reported that eviction from their current place of residence was imminent. Shelters also have time limits, and the goodwill of family and friends grows thin, making these arrangements temporary and, in some cases, volatile. Lack of stable housing is an obvious barrier to finding a job, and even the simple matter of listing a phone number where the applicant can be reached becomes complicated when the job applicant is homeless.

Family impacts reported by study respondents are devastating. Mothers reported feeling "depressed, sad, suicidal, and desperate." Some reported resorting to drug use to numb the pain of their family's situation. Some shared their grief that their children "go without" or get teased for being poor. They report that this can cause anger and rebelliousness in their children. Many reported feelings of not being able to cope much longer.

The findings of the study clearly show the chasm that is created when W-2 participants reach their time limits in the program but have not found full-time employment. There is no safety net in place to sustain these families, especially in this lean labor market where jobs in the

central city are limited, and many of the jobs that are available do not offer family-supporting wages. Furthermore, the vast majority jobs that are being created are in outlying areas that are not accessible due to transportation problems. Central city residents are blocked from accessing housing in the suburbs. The fact of being African-American, therefore, weighs heavily against being able to find employment in the Milwaukee area.

### **Policy Responses**

While job creation initiatives such as Governor Doyle's "Grow Wisconsin" plan and Initiative for a Competitive Milwaukee have recently been launched, these programs are still in their early stages. However, the basic needs of families who are unemployed and not being served by W-2 are immediate. Until these job creation plans produce results, the focus must be on improving W-2 policies as a way to address the crisis faced by these "no-income" families. There are several W-2 policies that, if modified, would directly improve the plight of these families: extending the W-2 time limits for W-2 participants who have not found full-time employment; eliminating the "job ready" category; reviewing sanction decisions before sanctions are imposed, and providing child care assistance to mothers while they are looking for work.

As shown by the WPPEI study, these four W-2 policies would make a significant contribution to improving the living situation of the families studied. Nearly half of the survey respondents reported that they no longer receive W-2 cash assistance because they have met the time limits. The W-2 program allows participation for 24 months but this time limit can be extended. Survey respondents were either not aware of the option to have the 24 month time limit extended or were unsuccessful in having it extended. Another 17% were judged "job ready" and had their cases closed even though they had no job or had not met their time limits in the program. "Job Ready" participants are deemed to be able to find work even though they presently are not employed. Another 17% of the respondents were repeatedly sanctioned (their W-2 cash grants were reduced month after month) and they became discouraged and left the program. These sanctions were not reviewed for appropriateness nor did the repeated sanctions trigger any review by the W-2 supervisory staff. Lack of child care (or lack of ability to pay for it) was cited as a barrier to finding work by 14% of respondents. The problem of securing child care assistance for people who are looking for work is worse than for those who are working, because families need to be enrolled in a W-2 case management position or they are not eligible. Many families do not understand this.

### **Conclusion**

This study highlights the need for fundamental policy changes and new initiatives that will assure a more humane and equitable playing field for opportunity and improved well-being among the City's poorest and most vulnerable population. Hopefully this study will create an opportunity for policy makers to initiate W-2 policy changes that will connect these families with full-time jobs and the education and training needed to secure permanent family-sustaining jobs.

## The Personal Stories of Women who Participated in the Study

Selena is 25 years old and has three children under the age of 6. She was raised by a relative because her alcoholic mother could not care for her. She left high school after her sophomore year. She spent 24 months on W-2 and has had three short-term retail/service jobs. While she was on W-2 she was never assigned to work on a GED or to other training. She was fired from her most recent job in July. Her W-2 case manager told her by phone not to come back because she had used up her 24 months. She's applied for unemployment compensation but the former employer is contesting her claim. When she was interviewed in September she'd had no income since the end of July. She has been able to keep her apartment only because she is in public housing, but the \$ 50 rent for August and September is still not paid. She can't even look for work because she has no one to care for her children.

Patty is 25 years old with four children. She spent 24 months in W-2 and then was told she was job ready. She found a 2<sup>nd</sup> shift job at \$ 8.50 an hour but was fired because of child care problems. She stopped paying rent after her job ended and now she and her children are being evicted. She desperately wants training to allow her to qualify for another job but her understanding is that the W-2 program will not help her any more.

June is 47 years old with 12-year-old twins. In 2001 she was sent to a potential job through the W-2 program but after four months of training the employer decided not to hire her. She returned to W-2 and was given a CSJ assignment clearing garbage. She left W-2 to find work on her own, but after several months of sporadic income she returned to W-2. Now the W-2 program considers her job ready and will not place her in a CSJ assignment. She continues to actively search for work with no success. Her rent is paid with the help of an adult daughter.

## **Recommendations**

WPPEI and the W-2 Monitoring Task Force offer the following W-2 policy modifications to prevent the family disruption and desperation described by the survey respondents:

1. Provide extensions to W-2 time limits for participants who have not obtained full-time employment.
2. Eliminate the “job ready” category as a criteria for denying or terminating cash assistance placement within W-2.
3. Curb the use of sanctions and implement pre-sanction reviews to ensure that assigned activities are appropriate for the participant.
4. Provide a subsidy to larger families who cannot subsist on the basic cash grant.
5. Provide partial subsidy for those who are able to secure part-time employment.
6. Publicize conditions that warrant accommodations for health or disability reasons so those eligible for W-2 can apply without fear of being assigned inappropriate work activities.
7. Make contact and re-enroll former participants who met time limits or who were deemed “job ready” who currently have no earned income.
8. Provide a child care subsidy for job search activities for those who are denied W-2.

All of these recommendations to modify W-2 can be achieved administratively by the Department of Workforce Development.

## **Housing Safety Net**

Institute a housing subsidy program such as that offered in the state of New York. A voucher for rent payments would prevent unnecessary utilization of the homeless shelter system by families with children. The W-2 Monitoring Task Force of the Milwaukee County Board of Supervisors submitted a proposal in 2001 to subsidize rents of TANF-eligible families in Milwaukee County in order to maintain housing and avoid eviction and homelessness. This proposal needs renewed consideration now, as housing instability is greatly impeding these mothers' ability to get and keep a job.

## **Labor Market Recommendations**

Besides the key W-2 policy adjustments recommended here, the data from this study clearly make the case for greater urgency in the pursuit of a long-term solution. To be successful in meeting the work-first goal of W-2, there is a basic assumption that family supporting jobs are available to participants. It is incumbent upon policymakers, therefore, to provide jobs by seriously pursuing the job creation initiatives to meet the need.

1. Initiate a simple process for requesting pardon for a past felony conviction, as this is a major impediment to obtaining employment for many low-income parents.
2. Pursue recommendations of the Economic Development Subcommittee of the W-2 Monitoring Committee. This group is studying the disconnect between the lack of current employment opportunities and the mandate of the W-2 program for poor women with children to find jobs as soon as possible. The group is seeking to promote cooperation among key economic development entities, including relevant state agencies and the private sector, in order to focus development activities on promoting family-supporting job growth in the central city.

## Appendix 1 --Methodology

Upon being informed that the number of families in Milwaukee County that were receiving Food Stamps but had no other reported source of income had risen from 600 (in 1998) to more than 1,800 (in 2001), the Women and Poverty Public Education Initiative began negotiations with Milwaukee County officials in order to make contact with these families and investigate their living circumstances.

Milwaukee County selected a random sample of these families from their records and mailed an invitation to participate in this study to 895 families. Parents were assured that no personally identifying information would be used in the report and were directed to contact WPPEI via phone or mail if they were interested in participating in the study. A stamped envelope addressed to WPPEI was included in the mailing. 920 letters were mailed in 5 waves. 83 parents responded that they would like to participate. 78 of these families had previously participated in the W-2 program.

In addition to interviewing these families for this study, WPPEI offered referral services to community organizations and legal resources that may be able to provide them some assistance.

### Demographics of Study Population

Average age of respondent: 36 years old

Average number of children: 3 (range 2-8)\*

#### Educational level of respondents

High School/Some college	51%
Grade 11	24%
Grade 10	11%
Grade 9	7%
Grade 4-8	4%
Did not answer question	3%

\* The average number of children in welfare families in Wisconsin is the same as the average number of children in all families with children in Wisconsin: 2. The higher than average number of children in this study population demonstrates the particular problems that families with more children face in the current welfare reform context. With the implementation of W-2, Wisconsin converted from having a grant that varied according to family size to a "flat grant" of \$628 or \$673 per month. It is often difficult for larger families in the W-2 program to find an adequate apartment that they can afford.

*Earlier survey  
report*

***VOICES FROM THE COMMUNITY***

**Milwaukee, Wisconsin**

**June, 2002**

**WOMEN AND POVERTY  
PUBLIC EDUCATION INITIATIVE  
3782 N. 12<sup>TH</sup> STREET  
MILWAUKEE, WI 53206  
(414) 265-3925**

# **VOICES FROM THE COMMUNITY**

**Milwaukee, Wisconsin**

**June, 2002**

Within the past several months, staff and women leaders from the Milwaukee Women and Poverty Public Education Initiative have conducted one-on-one interviews with over 600 women who are or have been in the W-2 system in Milwaukee in the past three years.

Responses were gathered from women found at welfare offices, community meal programs, job centers, homeless shelters, support groups, area health fairs, child care centers.

## **RESPONSES**

When asked, "What are the three most important things you **NEED** now to provide for your family?", their responses were:

- housing.....58%
- more money..... 51%
- a job..... 35%
- food.....39%
- transportation..... 24%
- clothes.....20%
- education/training.....17%
- child care..... 14%

When asked, "If you could, what two things would you **change in W-2?**", the five most frequently mentioned responses were:

- 1.) get rid of the time limits
- 2.) provide assistance to find REAL jobs
- 3.) let us go to school to get training for a good job
- 4.) provide housing assistance
- 5.) provide better services like child care and transportation

When asked, "How are you surviving?", a few indicated with an "OK" but the majority are struggling and some "barely making it."

Living situation: at home with children.....52%  
with relatives/friends..... 25%  
(without their children - 4%)  
in a shelter..... 21%  
(without their children - 5.5%)  
treatment center or other site..... 1%

Some direct quotes follow:

- "Barely, I'm living in a shelter with my babies. My time is up."
- "Day by day"
- "Great. I found a job"
- "By God's help. I have no job, no housing, no help. W-2 is giving me a run around."
- "Not good. I'm still waiting for my assistance."
- "By my family help"
- "Attending my CSJ class so I can get a check"
- "Am living with my mother. I can't afford the rent."
- "Am living pretty good now. Got a job at \$7.50 but am just getting back on my feet."
- "Living in a treatment center to get my children back from family members who are abusing them."
- "With grandma. We're trying to survive...so many bills."
- "Through W-2"
- "Sanctioned my food stamps. I was supposed to show up at an appointment but I never got the letter."
- "Living with my two sons. One I know is selling drugs to survive."
- "Living in a shelter to escape domestic violence"
- "Living with my Dad and working part time"
- "By God's grace"
- "Walking around eating at the church"
- "Working now"
- "On my SSI check"
- "Living with my mother....not good"
- "By monthly checks of only \$628. My rent is \$450. I have 3 children."
- "My mother helps me. I'm slow and can't go to classes. I really would really like to work"
- "Barely making it"
- "Living in a shelter"

**"I got a job and depend on God"**

**"Grandma"**

**"At present time fine thank you"**

**"I lost my children's from it. And now is homeless because of it"**

**"Thank God I work because I would be homeless working with W-2"**

**"I guess I'll make it"**

**"By the help of friends and family"**

**"Like an animal in the woods"**

**"With a good friend for a short time till I find a job or get my sanctions lifted"**

**"I live in a nice apartment but I can't afford winter coats & shoes for my children because rent is payed and I have no more money."**

**"Barely. I need full time employment and more hours for child care."**

**"I'm not surviving right now, am living in a shelter, without my children. W-2 didn't work."**

## **CONCLUSION**

These responses are fairly representative of comments we have noted from other interviews we have conducted in Milwaukee these past few years. A portion of the population with some education/training beyond high school and with some prior work experience have done well and have moved on after benefiting from temporary W-2 assistance.

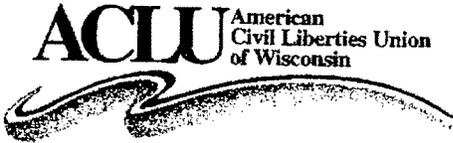
Another rather large population, however, is struggling and barely making it due to a number of factors:

1. *the job gap* in the local Milwaukee labor market; data indicates a 10 to 1 job gap (ten job seekers for every available full time job).
2. *low wage, part time service economy*
3. *two year time limit* on community service jobs
4. *little access to an education/training* component in the W-2 program to assure readiness for better paying jobs
5. a significant population of persons with addictions, mental illness, disabilities, victims of domestic abuse, and families with sick/disabled children and/or elders needing care.

All these factors contribute to the growing level of poverty among families on welfare, not only in Milwaukee, but as they are found to be the common elements in most U.S. cities. Unless they are addressed as part of the reauthorization process, we will not be able to assure a reduction in poverty and improved quality of life, which, hopefully, is the ultimate goal of the TANF reauthorization process.

Source of Income: -Doing Ok -Living -In a shelter - Need more \$  
w/others

	-Doing Ok	-Living	-In a shelter	- Need more \$ w/others
W-2 assistance (39%)	8%	20%	23%	35%
Work full time (22%)	38%	18%	11%	38%
Work Part time( 8%)	0	40%	6%	100%
Work temp job ( 6%)	0	33%	25%	100%
On SSI (17%)	0	24%	3%	100%
No income ( 8%)	0	37%	44%	100%



**FACSIMILE COVER SHEET**

**FAX # (414) 272-0182**

TO: Rep. Jaskewitz

DESTINATION FAX # 608-282-3624

FROM: Chris Ahmety

DATE: 4-26-05

TOTAL PAGES (Including cover page) 3

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MESSAGE W-2 Audit

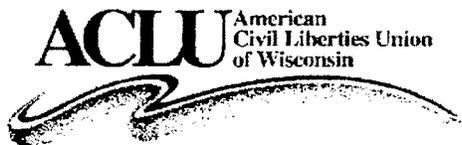
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April 26, 2005

Senator Carol A. Roessler, co-chairperson  
Joint Legislative Audit Committee  
Room 8 South  
State Capitol  
P.O. Box 7882  
Madison 53707-7882

State Representative Suzanne Jeskewitz, co-chairperson  
Joint Legislative Audit Committee  
Room 314 North  
State Capitol  
P.O. Box 8952  
Madison 53708

Via Fax to (608) 282-3624 and (608) 266-0423

Dear Senator Roessler and Representative Jeskewitz:

I write on behalf of the members of the American Civil Liberties Union of Wisconsin to comment on Audit Report 05-06, "An Evaluation: Wisconsin Works (W-2) Program, Department of Workforce Development."

The ACLU of Wisconsin has been troubled from the start of W-2 that aspects of the program may make it harder for participants to successfully transition into family sustaining employment because the program does not treat all participants fairly.

The ACLU of Wisconsin Foundation in 2002 filed a complaint alleging disability and race discrimination in W-2 with the U.S. Department of Health and Human Services, Office for Civil Rights. Our complaint remains pending.

Information in the Audit Report shows that W-2 agencies still too often fail to address the concerns raised in our OCR complaint.

For instance, Dane County screened fewer than 20% of participants for disabilities. There is no question that a substantial proportion of persons remaining on W-2, as well as many of those whose W-2 benefits have terminated, suffer from disabling impairments. In 2001 a U.S. G.A.O. report found that as many as 44% of TANF recipients reported having physical and mental impairments. W-2 agencies themselves have asserted that as

Roessler & Jeskewitz  
April 26, 2005  
page two of two.

man as one-third of W-2 participants have disabilities, AODA problems, mental health issues, or other substantial barriers to employment.

In addition to discrimination on the basis of disability, race discrimination in W-2 is a long-standing issue that recently has received considerable attention. The LAB evaluated sanctioning rates by race, using data from the first half of 2004. The review showed that in Milwaukee County, Latinos were more likely, and blacks somewhat more likely, to be sanctioned than whites. Outside Milwaukee County, blacks are twice as likely as whites to be sanctioned, while Latinos are somewhat more likely to be sanctioned than whites. This analysis reaffirms the findings of racial disparity in DWD's December, 2004 *W-2 Sanctions Study*.

DWD's *Sanctions Study* - based upon work by a Steering Committee that included numerous local W-2 agency staff, among others - developed 19 priority, consensus recommendations designed to reduce racial disparities and inappropriate sanctioning. Given the continuing racial disparities, it is critical that these recommendations be implemented immediately, as the Steering Committee recommended months ago. In addition, a majority of Steering Committee members supported beginning implementation of six additional recommendations to ensure fair and equal treatment of all W-2 participants; that process should begin promptly as well.

Further, over the past years much attention has been devoted to W-2 program problems in Milwaukee. The *Sanctions Study* and the racial disparities section of this LAB report show that racial disparities are a greater problem outside Milwaukee than in Milwaukee. It is therefore critical that adequate resources and attention be devoted to addressing "Balance of State" issues, as well as Milwaukee-focused concerns.

The ACLU asks your Committee to read the LAB report with an eye toward finding ways to make W-2 better by making it fairer for all applicants and beneficiaries.

Thank you for your consideration.

Sincerely yours,



Christopher Ahmuty  
Executive Director