

☞ 05hr_JC-Au_Misc_pt07b



☞ 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)

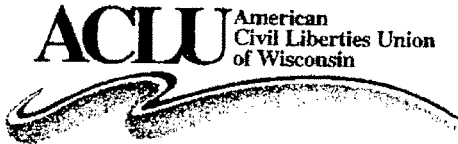
Committee on Audit...

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**



FACSIMILE COVER SHEET

FAX # (414) 272-0182

TO: Rep. Jerske, R

DESTINATION FAX # 608-282-3624

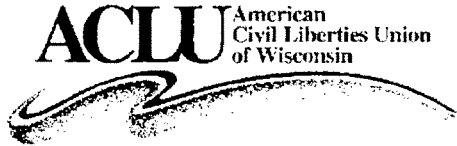
FROM: Chris Ahmety

DATE: 4-26-05

TOTAL PAGES (Including cover page) 3

If you do not receive all of the pages or have a problem with the transmission please call (414) 272-4032 and ask for _____.

MESSAGE W-2 Audit



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*.

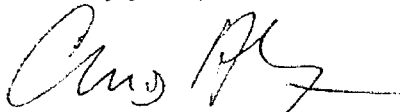
DWD's *Sanctions Study* - based upon work by a Steering Committee that included numerous local W-2 agency staff, among others - developed 19 priority, consensus recommendations designed to reduce racial disparities and inappropriate sanctioning. Given the continuing racial disparities, it is critical 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



Matthews, Pam

From: Jean Verber [milwppei@miliserv.net]
Sent: Tuesday, April 26, 2005 2:56 PM
To: Matthews, Pam
Subject: Re: W-2 Leg. Audit Hearing

Hi Pam,

Thanks for copying our letter to the other members of the Joint Audit Committee. Our organization is Milwaukee Women and Poverty Public Education Initiative. We sent copies of our report to all Legislators, but after a year or two it may have been filed away. By separate mailing, I will forward a copy to both Sue and Carol.

Thanks for responding.
 Jean Verber

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

From: Matthews, Pam
To: milwppei@miliserv.net
Sent: Tuesday, April 26, 2005 12:53 PM
Subject: RE: W-2 Leg. Audit Hearing

Dear Jean,

Sue had knee replacement surgery last week and is unable to answer you directly, but has asked me to respond to you on her behalf. I will make sure that all members of the Joint Legislative Audit Committee members receive a copy of your e-mail. However, it is unclear what organization you represent and we are unfamiliar with the report you are referring to in your e-mail. It would be helpful for committee members if they had that information. If you would like to give further clarification, you may reply back to this e-mail.

Thank you,

Pam

*Pamela B. Matthews
 Research Assistant
 Office of Representative Sue Jeskewitz*

*Madison: 608.266.3796
 Toll free: 888.529.0024
 pam.matthews@legis.state.wi.us*

From: Jean Verber [mailto:milwppei@miliserv.net]
Sent: Monday, April 25, 2005 4:08 PM
To: Rep.Jeskewitz
Subject: W-2 Leg. Audit Hearing

Dear Representative Jeskewitz and Members of Joint Audit Bureau,

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 for incorporation 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 Audit report, I wish to focus my remarks on the results of our most recent survey of Milwaukee W-2 families (2003).

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 on 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%** of families had no income for two months and were living only on food stamps. As a result, as other studies have already documented, food pantries, meal programs, shelters, and emergency room usage has significantly increased with the rise of those returning to the W-2 program seeking assistance. This hardly speaks to self-sufficiency, the goal of W-2.

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 Committee 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's the responsibility of government to take an active role in correcting flaws in the system 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 especially urge you to support the Milwaukee advocates' recommendations to the State for implementing the "New Model for W-2 Structure" in time for the 2006-2007 W-2 contracts.

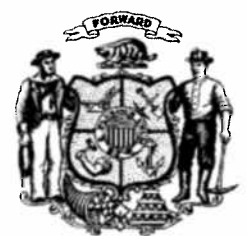
Thank you.

Sincerely,

Jean Verber, Coordinator
3782 N. 12th Street
Milwaukee, WI 53206



WISCONSIN STATE LEGISLATURE





RESEARCH • EDUCATION • ADVOCACY
16 N. Carroll Street • Suite 600 • Madison, WI 53703 • (608) 284-0580 • FAX (608) 284-0583
1442 N. Farwell • Suite 508 • Milwaukee, WI 53202 • (414) 831-8880 • FAX (414) 298-9127
www.wccf.org



A MEMBER OF THE NATIONAL ASSOCIATION OF CHILD ADVOCATES

For Immediate Release
April 26, 2005

Contact: Charity Eleson, 284-0580 ext 302
John Keckhaver, 284-0580 ext. 305
Bob Anderson, 284-0580 ext 312
Julie Landrie, 284-0580 ext 303

Report by WPRI Grossly Misrepresents Facts on Education and Training Within the “Wisconsin Works” Program

Madison – A report released today by the Wisconsin Policy and Research Institute titled “Road to Nowhere: Education and Training Under Wisconsin Works” makes critical assessments of W-2 education and training components; the Wisconsin Council on Children and Families responds.

“This report grossly exaggerates the investment the W-2 program makes in education and training activities,” responded Charity Eleson, Executive Director of the Wisconsin Council on Children and Families. “The Legislative Audit Bureau published a factual and well-researched report earlier this month that the WPRI authors would have been well-advised to review prior to the release of their report.”

John Keckhaver, Research Analyst at the Council, added, “In Wisconsin there is a decided ‘work-first’ philosophy. W-2 is known around the country as a program in which participants are put into work as quickly as possible, without focusing on building skills and gaining educational credentials. W-2 doesn’t focus enough on job skills and useful educational services, which explains why the results the program produces, according to the Legislative Audit Bureau report, leave the vast majority of W-2 participants who get jobs living in poverty.”

For example, according to the Legislative Audit Bureau (LAB):

- Approximately 20 percent of former participants earned more than the poverty level in the year they left W-2, while the majority did not.
- Between September 1997 and June 2004, only 4.9 percent of total spending for W-2 contracts was for educational activities and skills training.
- Only a very small portion of W-2 participants has received training for specific job skills development. In 2004, 6.8 percent of participants received job skills training, and 1.9 percent took part in technical college course trainings.
- About one third of W-2 participants in 2004 received basic remedial education, including just 0.9 percent who received high school equivalency services and 32.3 percent who received adult basic education services.

What’s more, the percentage of those receiving job skills training has actually shrunk considerably in recent years, from 19.7 percent in 2002 to 6.8 percent in 2004.

“There are clearly shortcomings within the W-2 program, and the LAB report has highlighted that,” stated Eleson. “But of all the shortcomings the program has, one of them is not that there is a surplus of expenditures and attention paid to education and job skills training. In fact, these results should prompt quick and immediate action from state policy makers to make changes in the program to provide expanded vocational and job skills training that can ensure better results and self-sufficiency for families. That is, after all, the goal of the W-2 program.”

The LAB report also found that:

- 80 percent of participants were at or below the poverty level in the year after they left W-2, based on their wages.
- Only 42 percent of those who left W-2 in 1999 earned more than the poverty level in 2003, after the inclusion of several tax credits.
- Returning participants increased from 38.6 percent of all subsidized placements in June 2000 to 52.3 percent in June 2004. (A returning participant is one who had previously left W-2 for at least two months and then subsequently returned to a subsidized placement.)

“W-2 may not be working to help people gain self-sufficiency, but that has nothing to do with offering too much in basic skills training, GED preparation, high school diploma completion or job skills training – as the Wisconsin Research Policy Institute would have you believe -- because those services are seldom being offered,” added Bob Andersen, Staff Attorney for WCCF.


end





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

TO: Joint Legislative Audit Committee

FROM: Bob Andersen 

RE: Audit Report 05-6, An Evaluation: Wisconsin Works (W-2) Program, Department of Workforce Development.

DATE: April 27, 2005

1. **52 % of Former W-2 Participants Return to W-2 within a Year, Only 43 % Were Screened for Potential Barriers : W-2 Participants are Being Cast Off Without Adequate Services. This Bodes Poorly for Participants Who are Part of the 40% Reduction in Caseload Projected by the Budget Bill for 2005.**
 - a. **There Needs to be Some Follow-up on the Applicants Who are Sent Off Into the Job Market.**

The report states, in its highlights, that "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." A returning participant is one who had previously left W-2 for at least two months and then subsequently returned to a subsidized placement. *Unfortunately, the report found that "returning participants increased from 38.6 percent of all subsidized placements in June 2000 to 52.3 percent in June 2004."* The highlights also state that *"from May 2003 through June 2004, only 43.5 percent of participants were screened to identify potential barriers to employment,"* even though the W-2 agencies are required to offer this screening to all participants (as the report notes, participants are not required to complete the screening, though).

We are very concerned about the findings of the Legislative Audit Bureau, because they tend to support the fears we have about what the budget bill has in store for W-2 participants over the next year. The governor's budget in brief states that the W-2 caseload has already gone down from 12,541 in June, 2004 to 10,800 by December, 2004. It projects the caseload to go down further during 2005 so that the average caseload per month reaches 7,500 by January of 2006. This means the caseload will have gone down 40% from its June 2004 level by the end of 2005. The explanation given for this

RESEARCH • EDUCATION • ADVOCACY

reduction attributes the reduction to two things: (1) an improving economy and (2) a renewed emphasis on finding people jobs. But we are concerned that the real impetus for the caseload reduction is the approximately \$20 million deficit in W-2 that the department was projecting back in June of 2004.

We have made a recommendation to the Joint Committee on Finance to adopt an amendment to the budget bill that requires at least some monthly accounting for what is happening to people who apply for W-2 and who are sent out into the job market with only minimal services. We have even recommended that there be some requirement that the Department of Workforce Development maintain some kind of accounting on its website. We respectfully request that this committee consider supporting this kind of legislation too. There needs to be some regular and careful follow-up done by the W-2 agencies with W-2 participants to find out if they got jobs, if they were able to keep those jobs, if there were barriers that prevented them from keeping those jobs -- like language, mental health, AODA , or domestic abuse issues-- or if there are support services like transportation or driver's license restoration that they need to maintain those jobs.

We would also like to respectfully request that the Legislative Audit Bureau also look into what ways the department and the W-2 providers can regularly keep in touch with participants to find out what has happened to people after they apply for W-2.

Even though the manual requires W-2 agencies to maintain contact with people who are put in the "job ready" category, that is not always done and many W-2 applicants do not get services to begin with because they sign off on receiving services once they are told that they will be put in the "job ready category" without cash assistance.

Advocates say that many applicants who have *any job experience* in their past are placed in the category which has been referred to as "Job Ready" and are denied eligibility for W-2. The Legislative Audit Bureau found a wide range of differences among W-2 agencies. Eight agencies were placing people in the "job ready" category if they worked within the previous six months; one agency if they worked within the previous nine months; five agencies if they worked in the previous year; and two agencies if they worked in the previous two years. Advocates also say that applicants are often referred to jobs that are temporary, part time or are jobs that the participants are not suited for because of the barriers they have to employment.

W-2 providers say that caseload reduction seems to be the only performance standard that exists now. They also say that they cannot any longer place people in subsidized jobs (community service jobs), because they don't have any money for those slots. As a result, they say, applicants are found to be "Job Ready" and placed in unsubsidized employment, or placed in the W-2T ("Transitional") category, which is reserved for people who have disabilities that present substantial barriers to their employment.

The legislature created three categories for W2 participants: (1) Community Service Jobs; (2) Trial Jobs; and (3) Transitional Placements, under s. 49.147. The first (CSJ's) were subsidized jobs that were created for the purpose of giving people essential work experience, even though they were jobs not in the private sector. The second were jobs in the private sector, which were subsidized only in small part. The third category was for disabled people who could not be immediately placed in full time jobs.

“Job Ready” was created by DWD when W-2 was first implemented. It has always been a controversial category because it was not created by the legislature and because it has the capacity to frustrate the purpose of the legislature by denying people access to CSJ's, Trial Jobs, or education and training. It has the capacity to deny people the help they need in making themselves self sufficient.

b. There Needs to Be Enforcement of the Barrier Screening Requirement of W-2 Agencies Before Participants are Sent Off to the Job Market

There also needs to be enforcement of the requirement that people receive the barrier screening tool *before* they are sent off to the job market. As the report indicates, DWD requires agencies to offer the “barrier screening tool” within 30 days to all new participants assigned to a subsidized placement and to those who are determined to be job ready. Yet only 43.5% of participants completed screening with DWD's screening tool. Some participants declined the voluntary screening, according to the LAB. “Nevertheless, the percentage completed raises concerns about the extent to which agencies explained the tool's benefits and encouraged participants to be screened,” the LAB reported.

Moreover, there was a wide range of completion rates both among the different agencies and even among the staff of a particular agency. Agencies in Milwaukee County ranged from 54.9% to 32.7%, while agencies in the balance of the state ranged from 87.3% in Rock County to 19.9% in Dane County.

While some variation in completion rates can be expected because W-2 agencies and staff may serve different types of participants, the LAB concluded

Nevertheless, the variation in completion rates indicates that agencies and staff have likely provided different levels of encouragement to participants to use the screening tool and that agencies may be unaware of some participants' barriers. Indeed, 8 of the 16 agencies we visited do not believe the tool is useful in identifying participants' barriers.

In addition, even where the agencies found that participants had potential barriers, remarkably, they referred only approximately 60% of these to formal assessments. The number of participants found to have confirmed barriers ranges from a low number for trauma to higher numbers for medical, mental health, and AODA.

The absence of adequate screening and referral for formal assessments causes people to be incorrectly denied critically needed cash assistance, as being job ready; causes participants to leave W-2 without addressing the problems that they have; causes participants to fail at jobs they attempt; causes participants to return to W-2 after their failures; and causes participants to fail to meet the goal of W-2 – which is to enable participants to become self sufficient.

2. **There Needs to be a New Emphasis on Education and Training – W-2 Is Failing to Lift People out of Poverty: (1) Only 20% of Participants Earned More than the Poverty Level in the Year after They Left W-2; (2) Only 42.1% of Those Who Left W-2 in 1999 Earned More than the Poverty Level in 2003; (3) Returning Participants Increased from 38.6% of All Subsidized Placements in June 2000 to 52.3% in June 2004.**

The fact that the number of former participants returning to W-2 within a year is increasing is a reflection of the barriers to employment that exist for the remaining core of W-2 participants.

But these numbers are also a reflection of the inadequate services that are being provided. According to the LAB, 32.3% of the participants were being provided with adult basic education. Only 6.3% were provided General Educational Development. Only .9% were being given services for high school equivalency. Less than .1% were offered other post secondary education. Only 1.9% were offered Technical college courses. Only 6.8% were offered job skills training.

The Department of Workforce Development is in the midst of writing the RFP's for the W-2 providers for the next two year contract cycle. We have recommended that they include in those contracts some provisions for an increased emphasis on education and training. Many of these provisions already exist within the policies of DWD, but we would like the agencies to be held to compliance with them under their contracts:

- Where it is appropriate for a participant, given the participant's needs and abilities, the agency must offer to aggregate education and training hours to allow a W-2 T and CSJ participant access to short-term intensive training programs that require more than 10 or 12 hours of participation per week. The aggregation policy shall be applied for education and training programs that a participant can complete within a one-year period with participation in up to 516 hours of education and training activity.
- The agency must provide prorated CSJ placements for individuals who are already working in an unsubsidized job less than 30 hours per week and where attempts to increase the number of hours in their current job or to find additional unsubsidized employment have not been successful due to the participant's barriers. The agency

must also provide prorated CSJ's for participants who are not in unsubsidized employment but who would benefit from combining their prorated CSJ grant with education and training activity. The total hours of participation, must not exceed 40 hours per week.

- The agency may not require participants to engage in work search while the participant is making reasonable progress while participating in approved education and training activities, if the job search would interfere with participation and training.
- Where the participant's needs and abilities indicate a need for education and training, the agency must coordinate its education and training activities with agencies providing Workforce Investment Act services, Division of Vocational Rehabilitation services, and other job training and rehabilitation programs that exist in the area served by the agency. The agency must make regular and frequent referrals to those agencies, where services are available for participants.
- The agency must offer GED/HSED completion programs to all W-2 participants who wish to engage in these activities and whose needs and abilities indicate that they would benefit from GED/HSED.
- The agency must offer short-term skills training to all W-2 participants who are interested in such skill development and whose needs and abilities indicate that they would benefit from short-term skills training.



Rose Daitsman
3211 N. Summit Avenue
Milwaukee, WI 53211
414-964-0863

April 27, 2005

Recommendations for W-2 in Milwaukee County

The administration of W-2 by private agencies in Milwaukee County has missed the mark. By and large, W-2 has not helped the needy in Milwaukee achieve self-sufficiency. Under AFDC there were numerous examples of participants who achieved self-sufficiency by taking advantage of educational opportunities. W-2 changed that with no improvement in outcomes for participants.

While private agencies amassed a total profit of \$34,000,000 since the beginning of the program, we have seen no improvement in the status of participants over AFDC. Clearly this approach has not worked to the advantage of either the community or the participants. We are not getting our money's worth. It is time to recognize that W-2 needs a new look. The program needs more oversight, better evaluation of participant needs and a more cost effective method of determining client eligibility.

The proposal by the Milwaukee County Board Task Force to Monitor W-2 for a new model for the structure of W-2 in Milwaukee would put us on the road to accomplishing these objectives.

Sincerely,
Rose Daitsman,
Member Milwaukee County Board Task Force to Monitor W-2.



AGENCIES PROFITS

The five private companies that have held W-2 contracts have received a total of \$34 million in no strings profits.

Milwaukee Journal Sentinel December 18, 2004

R Dartsman
414-964-0863

SUMMARY of EXPENDITURES OF W-2 FUNDS BY PRIVATE AGENCIES

I. Flaws in original statute created atmosphere ripe for corruption

The original statute in 1997 permitted unrestricted profits for Private W-2 Agencies in Milwaukee. Although this provision was taken out in 2001, it left a legacy. The agencies continued to function as if they were entitled to corporate benefits using taxpayer money:

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

Kathleen Mulligan-Hansel, Institute for Wisconsin's Future

"....having for-profit companies in the W-2 business is what made the mission go awry."

Senator Spencer Coggs

...holding out the prospect for millions of dollars in profits for the private W-2 agencies "obviously wasn't such a good idea" Assembly Speaker John Gard, .

A. The five private companies that have held W-2 contracts have received a total of \$34 million in no strings profits.

Steve Schultze Milwaukee Journal Sentinel December 18, 2004

B. Maximus was fined \$500,000 for misspending W-2 Funds

Steve Schultze Milwaukee Journal Sentinel January 6, 2004

Maximus spent \$1.14 million for "reinvestment growth" & \$485,000 for trips, trinkets and lavish parties.

Steve Schultze Milwaukee Journal-Sentinel December 18, 2004

C. UMOS was fined \$168,500 for improperly handling benefits.

Steve Schultze Milwaukee Journal Sentinel March 24, 2003

UMOS spent \$3.2 million on unspecified charities and \$411,000 to pay off two Mortgages.

Steve Schultze Milwaukee Journal-Sentinel December 18, 2004

D. Employment Solutions lost W-2 Contract at the end of 2001. after it was found that they used \$500,000 to seek welfare reform contracts in other states. Also, they had \$6.3 million in unreported profits.

Steve Schultze Milwaukee Journal Sentinel Jan 6, 2004 .

E. YW-Works spent its profits on a now-disbanded plastics company

YW-Works lost its W-2 contract in 2002..

Steve Schultze Milwaukee Journal Sentinel December 18 2004

F. In 2004, OIC was fined \$400,000 for administrative irregularities. .

Steve Schultze Milwaukee Journal-Sentinel January 6, 2004

Legislators cite abuses that have turned OIC into a poster child for government waste.

Steven Walters Milwaukee Journal Sentinel January 4, 2005

II. W-2 Agencies did not fulfill obligations to Milwaukee County

Five original agencies operating the W-2 program in Milwaukee County agreed in January 2000 to pay \$7.6 million from their \$17.8 million in state funding to Milwaukee County for programs for low-income families and children. Milwaukee County officials received only \$4.1 million from two agencies..

Linda Spice Milwaukee Journal Sentinel April 16, 2002

III. Problems with delivery of services in Milwaukee

A. Complaint filed with federal government that W-2 in Milwaukee County has denied benefits and participation in various aspects of the program by faulty screening, poorly trained W-2 workers, etc.

Steve Schultze Milwaukee Journal Sentinel February 12, 2002

B. Legislative Audit Bureau investigating state push for more penalties for clients in Milwaukee to see whether the net result has been to boost profits of private firms

Steve Schultze Milwaukee Journal Sentinel May 3, 2002

C. Tough economy creates bigger demand for W-2 services; providers are cutting staff.

Tom Held Milwaukee Journal Sentinel August 24, 2002

D. UMOS fined \$168,500 for shortchanging clients, delaying benefits and improperly reducing benefits

Steve Schultze Milwaukee Journal Sentinel March 24, 2003

IV. Study finds W-2 has not lifted people out of poverty

W-2 participants were just as likely as non-participants to be in poverty, according to a 2 year study of W-2 applicants by Mark Courtney at the University of Chicago. The study compared applicants to W-2 who were enrolled in the program with those who were not.

- ◆ *Those on W-2 with jobs earn about \$6,000 per year with cash payments, food stamps, etc. total income is \$9,300 below federal poverty level of \$14,000.*
- ◆ *28% patronize food pantries*
- ◆ *47% had phones disconnected*
- ◆ *19% had gas or electricity service shut off*
- ◆ *14% were evicted or lost their homes*
- ◆ *Disabilities limit the ability to work of about 19%*

Steve Schultze Milwaukee Journal Sentinel September 29, 2003

IV. Sanctions for clients are excessive

Sanctions in Milwaukee County ranged from \$269 a month to \$386 a month with grants of only \$673 a month, a cut that large really hurts..

Steve Schultze Milwaukee Journal-Sentinel May 3, 2002

V. Job gap affects employment of W-2 participants

A. In 2003, with 683 full-time job openings and 6,000 W-2 people plus 14,000 other unemployed looking for work there was a job gap in the inner city of 30 to 1.

B. Since the start of W-2, the unemployment rate for the entire city of Milwaukee increased steadily from 5.1% in 1998 to 9.0% in 2003 and the job gap in the inner city rose from 7 to 1 in 1998 to 30 to 1 in 2003.

Milwaukee Area Job Openings Survey October 2003. Private Industry Council



TESTIMONY OF W-2 MONITORING TASK FORCE OF THE MILWAUKEE COUNTY
BOARD OF SUPERVISORS TO JOINT AUDIT COMMITTEE

April 27, 2005

A little more than a year ago, the W-2 Monitoring Task Force of the Milwaukee County Board of Supervisors joined with others to urge the Joint Audit Committee to request a comprehensive audit of the W-2 program. The W-2 Monitoring Task Force has been given the task of monitoring the implementation of the W-2 program in Milwaukee County since 1997. We have identified and weighed in on a number of problems with the W-2 program in Milwaukee County.

We want to thank the auditors for now documenting some of the same W-2 issues that have concerned us, including, the disparities in sanctioning among W-2 agencies, the extreme variations in extension decisions, ineffective oversight and contract enforcement by DWD and, until this audit, the absence of accurate follow-up data showing the current financial circumstances of former W-2 participants.

This audit provides important information that should be used to build the framework for redesigning the W-2 program. This audit should not just be accepted by this committee with a thank you for the hard work by Janice Mueller and her staff. The program deficiencies listed on pages 104 and 105 must be addressed. And, special attention must be paid to Milwaukee County where 80% of the W-2 caseload lives. If the W-2 program doesn't produce positive results in Milwaukee County, then the W-2 program is a failure.

A group of Milwaukee W-2 advocates recently took it upon ourselves to design a New Model for W-2 in Milwaukee County. We believe the New Model will improve program monitoring and financial oversight, reduce duplication of services and ensure

that W-2 applicants who are capable of working are linked to employment and training and that applicants who have barriers to employment are linked to the services they need. The New Model has been presented to Secretary Gassman, and we hope that the Request for Proposals that DWD is now preparing will reflect the ideas of the New Model.

A complete description of the New Model is attached to my testimony. I'll just touch on some of the highlights. In the New Model, W-2 eligibility and Food Stamp and Medical Assistance eligibility would be determined in a one-step process. Currently, two different workers, one employed by the county and one employed by the W-2 agency, ask the same questions regarding family composition, income and assets at different times in different locations. In the New Model, an agency experienced in medical and vocational evaluation would screen eligible W-2 applicants for employment barriers. In the New Model, some W-2 applicants would be placed in alternative programming without intensive case management when screening shows that the applicant is unlikely to benefit from a job development or community service assignment.

The case management agencies would concentrate on providing employment-related services to the W-2 applicants who are most likely to benefit from those services. Those applicants would be referred for up-front job search, a trial job, a community service job or a transitional placement. DWD would contract directly with local employment and training agencies to develop and monitor a variety of trial jobs or CSJ and transitional placement sites.

In the New Model, instead of giving a few W-2 agencies enormous amounts of

public money, DWD would contract with smaller agencies that have proven experience in distinct service areas. The New Model would also significantly reduce the confusion and bureaucracy that has resulted from having six distinct regions in Milwaukee County.

We're not saying we have all the answers. We are saying that the present structure of W-2 has directly led to the deficiencies cited in the Audit and that now is the time to correct those deficiencies. Milwaukee County is not just 80% of the W-2 program; Milwaukee County is the W-2 program.

Submitted by Anne L. De Leo
Co Chair, W-2 Monitoring Task Force of
the Milwaukee County Board of Supervisors

Proposed New Model for W-2 Structure in Milwaukee County

INTRODUCTION

In the spirit of improving W-2 service delivery in Milwaukee, we call on the State of Wisconsin to acknowledge the dual goals of TANF. The focus on W-2 as only an employment program is hindering program administration and ignoring the national policy context. There is a reason we established the W-2 program instead of just expanding the Job Service program.

A better approach to the safety net functions of W-2 must be developed, particularly to safeguard housing stability, and to meet the needs of young parents. The current system does not foster economic security for families, in fact it too often serves as a destabilizing factor, because of its failures to link applicants with either full-time unsubsidized employment or place them in a meaningful W-2 employment position that will lead to employment.

These problems are having a detrimental effect on children in needy families in our community and they run counter to Governor Doyle's Kids First initiative. We believe we can have a more supportive TANF program in the state while still promoting an employment focus.

Proposed New Model for W-2 Structure in Milwaukee County

VISION: Fulfill W-2's promise as a Work-Based Family Support Program

GOAL: Responsive program that meets purposes of TANF:

- Providing assistance to needy families to care for their children
- Promoting job preparation and employment to end dependence on government assistance

This model distributes the functions of the W-2 application process, case management activities, and supportive services among more agencies, as a means to improve program and financial accountability for services and outcomes.

Overall Administration

To ensure public accountability for W-2 service delivery in Milwaukee, we advocate that DWD expand the role of Milwaukee Regional Office (MRO) to encompass overall program administration. The large caseload in Milwaukee and the history of program mismanagement here merit that a state staff person be assigned to ensure service delivery coordination and to provide oversight of the private agencies. This person would report to the MRO area administrator. Responsibility for fiscal administration would remain with DWD staff in Madison.

Ombudsman

To assist the W-2 program administrator for Milwaukee County, we call on DWD to establish an ombudsman for Milwaukee to help address problems for individual clients.

Centralized Fact-Finding

As a means to reduce costs, we advocate a centralized fact-finding contract for Milwaukee County. This would provide more uniform services for participants and reduce the duplication of services that results as each W-2 agency staffs the fact-finding function. Alternatively, centralized fact-finding for Milwaukee County could be achieved by accessing the current DHA fair hearing process.

Client Application

Step 1

Eligibility Determination

Suggested Contractor: Milw. County Department of Health & Human Services
Location: Coggs Building & Job Centers in Milwaukee County

Milwaukee County already performs many financial and non-financial eligibility functions in regard to Food Stamps, Medical Assistance, and Wisconsin Shares that overlap with W-2 processing. Any part of the eligibility determination process that involves CARES "driver flow" information should be handled by one entity.

This proposal offers many advantages. It separates CARES functions from case management functions recognizing that distinct skills are needed for each. It provides a single point of contact for clients, offering a streamlined process for determining eligibility for a host of programs that assist low-income families.

This proposal would save money by avoiding the duplication of services and overhead that having so many providers involved in these basic functions represents. We believe that placing the eligibility functions at the county level would save at least the administration portion of the approximately 6% eligibility determination costs that are allocated to W-2 and the 12% that is expended for child care eligibility determination, and probably more due to economies of scale.

The additional dollars that would be allocated to Milwaukee County would serve to further enhance Income Maintenance functions as well, resulting in improved service to Milwaukee's low-income residents. In order for this proposed change in "front door" structure of W-2 to be successful, Milwaukee County would need to receive appropriate levels of funding for the planned additional work. Milwaukee advocates believe that with the quality improvement initiatives currently underway in Milwaukee, that the County could be ready to assume this role in the next W-2 contract cycle.

Client Application

Step 2

Simultaneous Referral to Vocational Screening
and Case Management Agency

CASE MANAGEMENT

Contractor: TBD -- multiple community-based providers
Location: multiple locations throughout Milwaukee County

SCREENING

Contractor: TBD -- one county-wide provider
Location: Co-located with eligibility determination at
Coggs Building & Job Centers in Milwaukee County

Screening Agency

Following initial eligibility determination, a second, independent, provider would screen clients to assess employability (this is in keeping with W-2 statutes). The screening would be conducted by qualified trained vocational staff. This would improve W-2 by removing initial decision-making about participant employability from the case management agencies, thereby removing the incentive to make participant employability decisions dependent on the budget situation of the case management agency.

A basic screening for job readiness, that includes work history, educational level, identification of barriers and disabilities, must be part of assessing employability in order to guide subsequent case-planning decisions, as well as to be in compliance with OCR guidance for TANF funded programs.

The offer of a more complete formal assessment screening to clients who appear to need it or those who request it should also be made at this stage. This screening could utilize the existing Barrier Screening Tool or another comprehensive tool.

There is a need for improved training in how to present such standardized screening tools to improve their benefit to clients and to conform with the ADA.

Participants would be divided into four categories after screening.

1. Those who appear to be ready for employment.
2. Those who may be capable of working, but need financial assistance through a W-2 placement.
3. Those who need more assessment for physical, mental, or emotional health barriers to employment before determining whether they can work and what kind of work they could do.
4. Those who cannot participate in a W-2 employment position.

Participants in the Groups 1-3 would be served through a case management agency. Those who cannot meet participation requirements for W-2 who would qualify for other programming would be referred to alternative programs: SSI Presumed Eligibles w/ Interim Assistance Agreement, Medical Assistance Waiver Parents of Disabled Children, CMC, Kinship Care, Caretaker Supplement.

Case Management Agencies

We believe the 2006-2007 W-2 contract represents an opportunity to eliminate service delivery problems that are associated with the regional structure that has been imposed on Milwaukee County. Aligning planning for W-2 services with child welfare regions in Milwaukee County makes sense, but to avoid the myriad of problems that accompany case transfers, and to more fully implement the concept that competition among providers improves program offerings, applicants should not be artificially bound to a particular provider based on geographic divisions.

In addition, we are strongly in agreement with Gov. Doyle's suggestion to work with more vendors for W-2 case management services in Milwaukee. This would help address the current problem where only large agencies with extensive infrastructure can currently bid to be W-2 providers. We also believe that having more agencies with smaller caseloads would improve accountability and programmatic offerings of these agencies. This proposal assumes increased agency oversight by DWD's Milwaukee Regional Office in the next contract.

Another essential reform to W-2 is the establishment of a state-wide benefits pool rather than including benefits allocations in the contracts. This would help ensure that truly needy families are connected to the programs and supports they need. It would eliminate the temptation for Case Management Agencies to divert applicants or place them in inappropriate W-2 tiers in an effort to conserve benefits funding, and it would also reduce the amount of administrative dollars in the contracts, enabling DWD to redeploy these funds to the families themselves.

The first duty of the Case Management Agency is to assess any emergency needs that the family faces and mobilize available resources to address them. This approach will improve W-2's alignment with TANF goals. One flaw with the current model for upfront workforce attachment in W-2 is that many applicants are facing urgent situations of financial need when they apply for W-2. The ability to develop achievable employability plans, secure a job and keep it will be fostered by first identifying and addressing these needs (such as housing, domestic violence, lack of food or utilities, etc).

The next step of Case Management is to develop an achievable employability plan in consultation with the client and connect the client to available resources to help her reach her training, work experience, employment, and ultimately her family support goals. We believe that a more concerted effort to arrange services through proven successful vendors needs to be made in Milwaukee.

Service Provider Network

We believe that W-2 services in Milwaukee would be enhanced by designing a system where fee-for-service contracts are made with a range of community-based agencies that have experience in connecting low-income or low-skilled parents to work and/or training. Instituting an element of "provider choice," where the participant can pick from a list of agencies that perform certain services (such as basic education, employment training, job placement, and support services) could create a "friendly competition" for clients, thereby improving services. Having more than one agency that is able to provide these services, and then having agencies market their strengths to participants, would mimic the successful model used in Milwaukee during the JOBS program. County-wide provider networks are also a feature of DVR and WIA, and W-2 could draw from the experience of these programs.

Key Components of Case Management

These are the case management responsibilities for the four broad categories of participants that we defined earlier. This is not an exhaustive description, but highlights what we think are the priorities for the next stage of W-2 in Milwaukee.

GROUP 1 Upfront Workforce Attachment

For those applicants who appear to have no barriers to immediate employment, the Case Management Agency would assign them to meet with a Job Placement Specialist who will help the applicant look for employment that is suited to their skills. We have slightly modified the current definition of "job ready" in W-2:

"An unemployed individual who is appropriate for placement into Unsubsidized Employment and coded CMS has all of the following characteristics:

- Has no barriers to [full-time] work which cannot be [immediately] addressed through supportive services;
- Is capable of working and has a willing attitude;
- Has a steady and recent work experience;
- Has an education or training background that allows the individual to compete for available jobs in the unsubsidized labor market.

As is current policy, the Job Placement Specialist would be expected to have at least weekly contact with the applicant, and if the applicant is unsuccessful after 30 days of job search must consider placing the applicant in a Trial Job or a Community Service Job.

GROUP 2 Immediate W-2 Placement or short-term financial assistance

Those applicants with some barriers to immediate employment in the unsubsidized labor market will meet with a Case Manager who will explain their responsibilities and rights in the W-2 system and make a placement decision. The primary characteristic of this client group is lack of any sustained employment experience, a temporary disability or family crisis (some examples could include: unstable housing, domestic violence crisis, family crisis, such as physical or behavioral health emergency, very young parents, current or imminent involvement with child welfare system). The approach with these families is to address and stabilize the immediate situation. Within a relatively short time frame (up to 6 months), the case manager should be able to determine if the parent can move up or down the W-2 ladder. [If the assistance lasts 4 months or less, it would not have to count on the participant's federal TANF time clock).

Some families may need help only with rent and utility vouchers, making it less likely they will need ongoing help from W-2. For other applicants it may be more appropriate, due to the nature of their barriers, to place them in a subsidized W-2 position right away (i.e. Trial Job, CSJ, W-2 Transitions). The goal of placement in a subsidized W-2 position is always to help prepare the participant to move into self-supporting employment.

Planned improvements to the Trial Jobs tier, to CSJ placements, and to the education and training offerings of W-2 will be critical to improving employment and income outcomes for W-2 placements.

GROUP 3 W-2 Transitions / In-depth Assessment

Applicants who appear to have physical, mental, or emotional health barriers that may present barriers to employment will be placed in W-2 Transitions while being referred to qualified independent professionals for an in-depth assessment which would diagnose any disabling conditions and offer directions for appropriate activities. After assessment, the client may be placed in any appropriate W-2 component or referred to Alternative Programming.

GROUP 4 Alternative Programming

W-2 currently offers TANF-funded placements to accommodate families who do not have a parent who is able to work. These categories are:

1. Kinship Care
2. Caretaker Supplement
3. Case Management Caretaker of a Newborn (CMC)

We propose adding other Alternative Programming placements to support other families who cannot meet the work requirements of W-2.

4. SSI presumed eligibles – Separate program for people in SSI application process who have been assessed by a qualified evaluator who has determined that the applicant has a reasonable chance of being found eligible for SSI. This placement would include an Interim Assistance Agreement so the State can recover payments through retroactive SSI awards. This model offers new income stream for serving needy families and reduces administrative costs of case management for these parents.
5. MA waiver parents – Parents would receive payment to care for critically disabled children through the Medical Assistance program, providing them a source of income and the means to care for their own children, a goal of the TANF program. This model also offers a new income stream for serving needy families.
6. CMC – Parents would be determined eligible by Milwaukee County in Step 1, and then certified to receive payments from the State (as is current practice for Caretaker Supplement cases), taking them out of the W-2 agencies caseload. As the parent nears end of the CMC timeframe (currently 3 months, hopefully soon 6 months), the parent would receive a letter or brochure informing her that she can contact the W-2 agency for employability screening and employment case management services if desired.

Performance Standards/Evaluation

It is critical that DWD consult with a variety of stakeholders to develop measures that track process and outcomes in the W-2 program and what will constitute success in W-2. Then these measures must be vigorously monitored and reported.

Advantages to this proposal:

1. The agencies that will provide employment services can focus on job development and matching clients with jobs, not the social service needs of clients.
2. Cost savings from efficiencies of scale and elimination of duplication of services by centralizing eligibility determination function.
3. Cost savings by having statewide benefits pool – administration proportion of this funding would be freed up to meet other needs.
4. Cost savings from utilizing provider networks – not funding an entire agency, but buying slots for services.
5. Brings in new federal funding for serving same families through MA and through pro-rata share of retroactive SSI payments.
6. Smaller agencies mean more flexibility in future contracting decisions.
7. Improves service delivery and addresses needs of participant families to improve outcomes and reduce need for further assistance from W-2.

Milwaukee W-2 Reform Group

Pam Fendt
UWM Center for Economic Development

psfendt@uwm.edu

Jean Verber
Women & Poverty Public Education Initiative

milwppei@miliserv.net

Bob Magill
Mary Thomas
UWM School of Social Welfare

magill@uwm.edu
mhthomas@uwm.edu

Julie Kerksick
Terron Edwards
New Hope Project

juliek@newhopeproject.org
terron@newhopeproject.org

Dick Buschmann
Retired DES administrator

dbuschmann@msn.com

Pat DeLessio
Anne DeLeo (consultant)
Bob Anderson
Legal Action

pdl@legalaction.org
adeleo50@yahoo.com
rja@legalaction.org

Marcus White
Nicole Carver
Interfaith Conference of Greater Milwaukee

MarcusWhite@aol.com
NicolelFC@aol.com

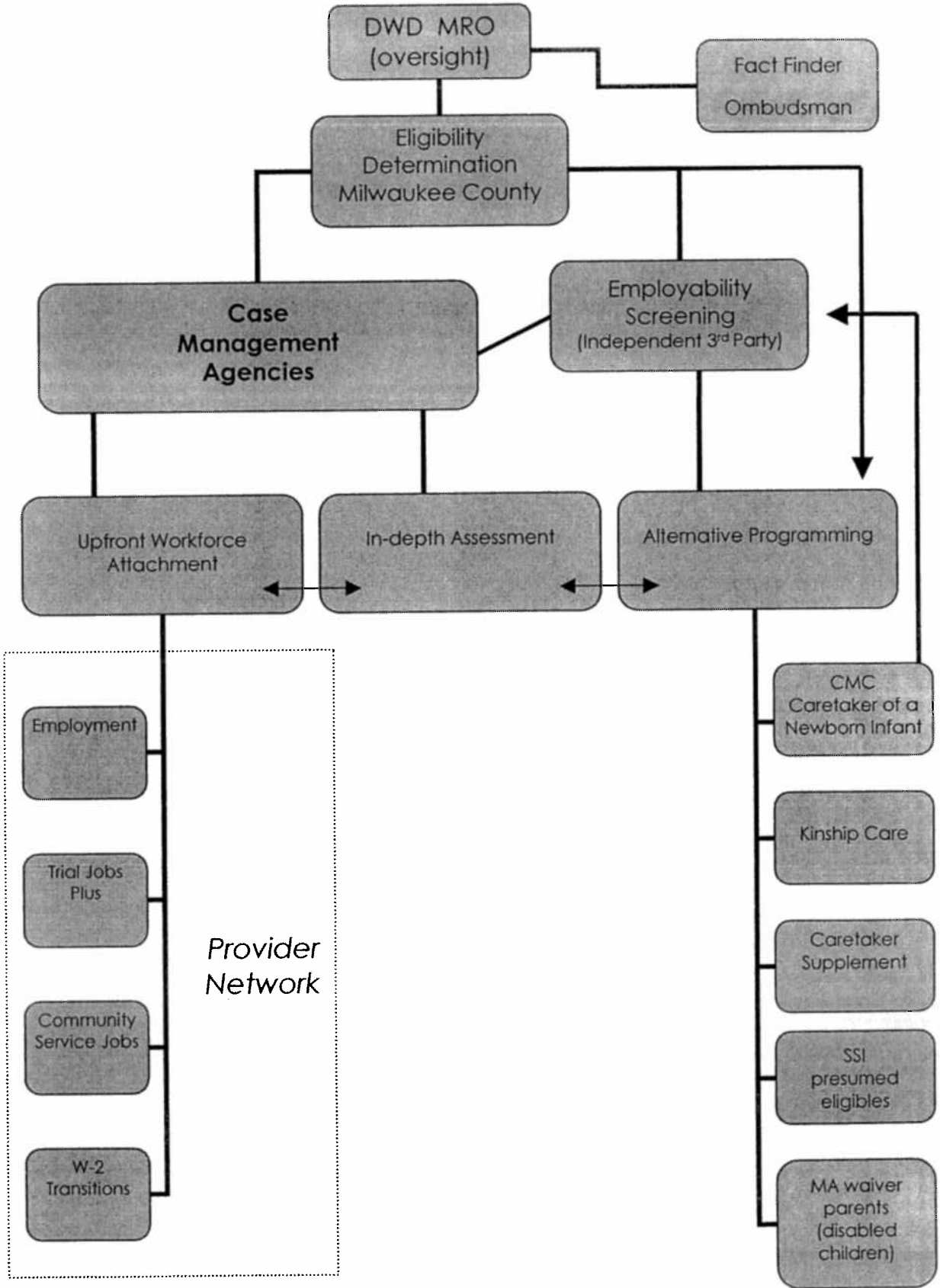
Amy Stear
Mildred Navedo
9 to 5 National Association of Working Women

amys@9to5.org
mildredn@9to5.org

Karyn Rotker
ACLU of Wisconsin

krotker@aclu-wi.org

Proposed New Model for W-2 Structure in Milwaukee County





WISCONSIN STATE LEGISLATURE



LEGAL ACTION OF WISCONSIN, INC.

MILWAUKEE OFFICE

Serving Milwaukee and Waukesha Counties

230 West Wells Street, Room 800, Milwaukee, Wisconsin 53203-1866

Phone (414) 278-7722 Toll-free (888) 278-0633 Fax (414) 278-7126 Web www.legalaction.org

To: Joint Legislative Audit Committee

From: Pat DeLessio, Legal Action of Wisconsin

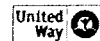
Date: April 27, 2005

Re: W-2 Audit

At the outset, I would like to thank the audit committee for requesting the audit of the W-2 program, which is extremely well done. On behalf of the families Legal Action represents I urge you to use the audit as a basis for fostering positive and effective change in the program.

The audit addresses many features of the W-2 program. I would like to focus on the screening and assessment process.

Screening is the process of determining an individual's job readiness by identifying their abilities and limitations and any barriers and/or disabilities they, or a member of their family, might face. A good assessment, the second part of the process, examines the individual's educational and work experience, family circumstances, and determines whether, in fact, there are barriers or disabilities, the nature of the barrier or disability, how it impacts the individual's ability to perform W2 activities and work in the unsubsidized job market, and what training, modifications to policies and reasonable accommodations are needed to allow the individual to participate in activities and/or work. In short, a good assessment tells us how best to serve W-2 participants, whether a participant will be able to secure and maintain employment and, if so, the type of employment.



GREEN BAY - Brown, Calumet, Door, Kewaunee, Manitowoc and Outagamie Counties Phone (920) 432-4645 Toll-free (800) 236-1127 Fax (920) 432-5078

LA CROSSE - Buffalo, Crawford, Grant, Jackson, Juneau, La Crosse, Monroe, Richland, Trempealeau and Vernon Counties Phone (608) 785-2809 Toll-free (800) 873-0927 Fax (608) 782-0800

MADISON - Columbia, Dane, Dodge, Green, Iowa, Jefferson, Lafayette, Rock Counties and Sauk Counties Phone (608) 256-3304 Toll-free (800) 362-3904 Fax (608) 256-0510

MIGRANT PROJECT - Statewide Phone (608) 256-3304 Toll-free (800) 362-3904 Fax (608) 256-0510

OSHKOSH - Adams, Fond du Lac, Green Lake, Marquette, Ozaukee, Sheboygan, Washington, Waushara and Winnebago Counties Phone (920) 233-6521 Toll-free (800) 236-1128 Fax (920) 233-0307

RACINE - Kenosha, Racine and Walworth Counties Phone (262) 635-8835 Toll-free (800) 242-5840 Fax (262) 635-8838

Since its inception the W-2 program has been held out as a program that fosters an individualized approach. Both federal law and state rule require a screening and assessment process. And yet according to the recent audit, from May 2003 through June 2004, only 43.5% of participants completed the Barrier Screening Tool (BST). Only 60% of those identified with potential barriers were referred for formal assessments. The percentage varies significantly among the W2 agencies as well as among staff within agencies calling into question the agencies' presentation and understanding of the BST.

A few case examples illustrate why good assessments are crucial. The first is a 42 year old divorced mother who was abused as a child, who suffers from a learning disability, whose basic skills in math, reading and writing are at the 3rd-4th grade level and who has been diagnosed with degenerative disc disease and a herniated disc. This participant has been receiving W-2 for almost four years, she left for brief spells for seasonal retail jobs. She has been assigned to various activities, yet her skill levels have not improved. A recent assessment, that Legal Action requested on her behalf, concluded that she was able to perform work that offers a sit/stand option with low stress and limited public contact. The assessment recommended that she receive supportive work services from DVR and noted that in order to be successful she will need considerable support, guidance and monitoring. It also recommended therapy to deal with her past abuse issues. She currently attends basic education classes three times a week and therapy once a month. She is on a waiting list for DVR services.

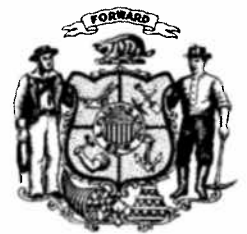
The second case involves a participant who speaks only Hmong, lacks any formal education and has a limited unskilled manual work history. She was assigned to English classes and work at a thrift store. Both her teacher and her work supervisor repeatedly advised the W-2 agency that she had trouble understanding and following directions and did not seem to retain information from one day to the next. Finally, after three years of receiving W-2 (and at one point being found job ready), an examination was conducted by a licensed psychologist. It was established that her IQ was below 59 and she qualified for SSI disability benefits.

These two cases illustrate that assessments are not only a necessity, but are cost effective. They allow the agencies to better focus limited resources. Despite the recognized need, not enough is done to insure that the agencies obtain

comprehensive assessments. As a result, we have seen participants improperly denied benefits, sanctioned, assigned to activities they are not capable of completing and languishing on W2 without any meaningful services. We know that increasing numbers of W2 participants are exhausting their time limits and that in June 2004 52% of the program's participants had been enrolled in the program before. A proposal for the next contract period has been submitted that recommends a single screening-assessment agency for Milwaukee county. If the program is to better serve parents and children we must provide effective targeted services, we must link and train participants for jobs they can actually sustain and help those who are disabled secure disability benefits. The only way to achieve this result is through the assessment process.



WISCONSIN STATE LEGISLATURE





Center for Economic Development

PO Box 413
Milwaukee, WI
53201-0413
414 229-6155 *phone*
414 229-4370 *fax*

April 27, 2005

Statement of Pamela Fendt, policy analyst

I have studied W-2 issues since the program's introduction in 1995. The primary reason W-2 has attracted world-wide attention over the years is that we rolled out a radical new policy design & a new service delivery model simultaneously. Program evaluation methods can be used to discern whether problems in W-2 stem from bad policy or bad implementation.

When I review the findings of this new and comprehensive audit of W-2, I see a number of problems that I would categorize as implementation problems. For instance, in 2004 just 21% of participants statewide received "employment counseling" and 51% "employment search" services. The reason I would categorize this as an implementation problem is that the change in policy to an employment focus has clearly been communicated by the Wisconsin legislature, but it seems to have not been taken seriously by the agencies under contract to provide W-2 services. Now these numbers could mean that half of W-2 participants really didn't receive employment search services or that their case manager didn't record it. Either way, it's an implementation problem.

Several additional audit findings relative to employment outcomes stand out, and emphasize the persistence of this implementation problem.

- 42% of W-2 leavers work for temporary staffing agencies
- There is an extremely low proportion of former W-2 families getting out of poverty through the work
- There is an increasing number of people returning to W-2 for help

A reasonable overall analysis of these findings could lead to the conclusion that W-2 didn't help anyone get jobs they couldn't have gotten on their own. Where do we go from here?

The solutions to W-2 implementation problems are largely the responsibility of DWD as the contracting entity, but there is much that the legislature could do to support better program results, and since the first seven years of the program cost \$1.5 billion, such efforts would matter a lot.

Demand monitoring and accountability

DWD's Milwaukee regional office is doing a good job and needs to be supported. Frankly there's been too much politicking to maintain contracts. Troubled agencies shouldn't be able to bypass monitoring with the help of friends in high places

Focus program allocations on the W-2's original goals

So far, emphasizing work is costing more than the old welfare system did. There are better ways to promote workforce attachment, and this audit shows we should get serious about real workforce development and job matching. The Legislature and DWD need to be more prescriptive about the kinds of services W-2 should offer to help attach parents to work and help keep them there. Allocate sufficient funds for cash benefits. Get rid of the amorphous "services" category and create a line item for short-term targeted job skills training to prepare participants for better-paying jobs.

Support a new approach to Milwaukee contracting

It is especially important to get W-2 right in Milwaukee, where 80% of the caseload lives. The regional structure currently in place has not produced the lean, competitive, responsive, business-like model promised by W-2 inventors. In fact, we have been stuck with agencies long after they have been shown to be ineffective because the contracts were so huge and there wasn't another provider prepared to quickly replicate the infrastructure developed at public cost. There are a number of wasteful duplicative aspects in the regional structure we have in Milwaukee (12-15% administrative allocation for each region; lack of unified or shared administration of any aspect of job training, Community Service job, or job placement programming; public dollars pay for buildings and furniture that are lost to the public when the contractor is let go, etc). Milwaukee County's W-2 Monitoring Task Force has offered a realistic proposal to change Milwaukee's service delivery system to be more accountable and cost-effective, and we hope it will impact the design of the next contracts.

Remember the kids

This audit shows that less than a 1/3 of Wisconsin's total spending under W-2 went directly to support low-income families. W-2 should be viewed as a work-based family support program, not a free standing work program. If it was only a work program you wouldn't need to have a child to qualify for it. TANF is what replaced AFDC, and TANF's first goal is to "provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives." Progress toward self-support through work is the second goal of TANF. Wisconsin has not done a good job of supporting families as they transition, and local emergency service programs have been trying valiantly to fill the gap in our communities. Statements that W-2 is not supposed to address poverty are unworthy of us. W-2 did promise a better life for its participants. We can fix the problems outlined in this audit and create a W-2 program worthy of world-wide admiration.

Temporary Assistance To Needy Families (TANF)

SEC. 401. PURPOSE.

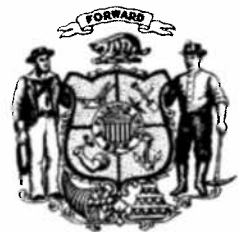
(a) **IN GENERAL-** The purpose of this part is to increase the flexibility of States in operating a program designed to--

- (1) provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives;
- (2) end the dependence of needy parents on government benefits by promoting job preparation, work, and marriage;
- (3) prevent and reduce the incidence of out-of-wedlock pregnancies and establish annual numerical goals for preventing and reducing the incidence of these pregnancies; and
- (4) encourage the formation and maintenance of two-parent families.

(b) **NO INDIVIDUAL ENTITLEMENT-** This part shall not be interpreted to entitle any individual or family to assistance under any State program funded under this part.



WISCONSIN STATE LEGISLATURE





**Testimony of Secretary Roberta Gassman
Wisconsin Department of Workforce Development
April 27, 2005
Joint Audit Committee Hearing on the Legislative Audit Bureau Report on
Wisconsin Works (W-2) Program**

Good morning Co-chairs Senator Roessler and Representative Jeskewitz and members of the committee. Thank you for the opportunity to address the Legislative Audit Bureau's 2005 evaluation of the Wisconsin Works (W-2) program. The Department of Workforce Development recognizes the significant work that the Audit Bureau invested in producing this report. We appreciate the recommendations included in the report and we are already working on their implementation. We look forward to reporting to the Joint Legislative Audit Committee by October 1, 2005, on our follow-up actions regarding each of the recommendations. I offer the following comments on some of the broad findings included in the report.

The Goal of W-2 is Workforce Attachment

The Department strongly supports the goal of W-2 to assist low-income families in achieving economic self-sufficiency through employment. The audit notes that too few families achieve economic self-sufficiency through W-2 alone. While we do not believe that W-2 was designed to be the sole vehicle for moving families out of poverty, we do believe that the program must strengthen outcomes for participants. With ultimate self-sufficiency as the goal, W-2 is a key step in a continuum of workforce development programs and services that must help families become self-sufficient. Related to this, the economic supports that W-2 provides, such as access to child care, medical assistance, FoodShare and strong child support collection, are also critical in helping low-income families move from poverty to self-sufficiency.

DWD is Committed to Strong W-2 Program and Financial Management

The Department has taken many positive steps over the past two years to strengthen the program and financial management of W-2. Our goal is to ensure that W-2 is administered in a manner that best serves our customers while protecting public resources. I would like to highlight the progress we have made over the last two years in some very important areas.

- **Improving Agency Assignment of Community Service Job (CSJ) Participants**

In 2004, the Department issued a series of administrative memos providing guidance to W-2 agencies on appropriate assignment of activities for CSJ participants. These memos required W-2 agencies to review all CSJ placements to ensure that all participants were intensively engaged in work experience activities, in appropriate placements and at required levels.

- **Improving Agency Payment Practices to W-2 Participants**

To address agency processing errors related to when participants move from a subsidized placement to an unsubsidized placement, the Department in 2004 began providing remedial training for all W-2 agency case managers on appropriate practices. Improvements have resulted since the training began.

The Department has reviewed the use of custodial care of an infant (CMC) placements intensively and has taken strong steps to eliminate inappropriate payments. Beginning in 2004, we have been generating a monthly report to provide follow-up to each W-2 agency that has any CMC cases open for longer than twelve weeks. The Department's regional monitoring staff review these reports with the W-2 agencies to ensure that proper steps are taken to either close such cases or reassign them to a different W-2 placement category. We are pleased, as reflected in the report, that such steps taken by the Department have resulted in a marked decrease from prior years in the number of CMC cases inappropriately open beyond the twelve week period in 2004.

- **Implementing the Barrier Screening Tool**

The Department updated its policies on barrier screening and assessment in January 2003 and implemented the Barrier Screening Tool (BST) in May 2003. W-2 agencies are required to offer the BST to W-2 participants within thirty days after initial placement in the program. If the BST indicates the potential presence of an employment barrier, the agency is required to assist the participant in obtaining a formal assessment. In complying with the Americans with Disabilities Act, the Department has made completion of the BST and cooperation with formal assessment voluntary on the part of W-2 participants. All W-2 agency staff who administer the tool must go through training on its use. Since implementation of the BST, the Department has begun monitoring agencies through targeted case reviews and distribution of monthly reports that identify potential problems. An evaluation of the barrier screening and assessment process is currently underway.

- **Applying Program Sanctions Consistently**

The Department implemented an extensive study on how W-2 agencies were applying W-2 sanctions from the middle of 2003 to December 2004. The Sanction Study Steering Committee included representatives from W-2 agencies, community groups, Department staff and a national researcher with expertise in this area. The Steering Committee's final report was published in March 2005 and contains nineteen priority recommendations for steps the Department can take to ensure more equitable treatment of all participants in the application of W-2 sanctions by agencies. The Department supports these recommendations and is prioritizing work to implement them.

- **Improved Monitoring**

Since the inception of W-2, each two-year contract cycle has seen the Department strengthen its monitoring techniques to assure the highest quality service for all customers. Some of the Department's improvements in program monitoring over the past two years include:

- Monthly reviews of performance standards to ensure positive performance outcomes and identify and correct any performance problems;
- Case reviews to monitor appropriate placements, quality case management, and the completion of employment plans for participants by Financial and Employment Planners (FEPs);
- Reviews of a sample of twenty-four and sixty month extension requests to determine if requests were approved or denied appropriately;
- Reviews of all non-extension requests on a monthly basis to determine if the agency's decision not to grant a participant extension request was appropriate;
- Reviews of all subcontracts that agencies enter into for provision of W-2 services; and,
- Monthly fact-finding reviews of all agencies.

The Department has implemented many financial monitoring changes including:

- In 2002, the Division of Workforce Solutions (DWS) began contracting with independent accounting firms to conduct on-site financial reviews of all Milwaukee agencies and many of the larger W-2 providers in the balance of the state;
- DWS regional monitoring staff review all W-2 agency expenditure reports on a monthly basis and meet with the management of W-2 agencies to reconcile all questionable billing or cost allocation practices;
- DWS central staff review all single agency audits that all agencies are required to submit; if discrepancies or questionable practices are found, DWS audit staff work with the regional monitoring staff to reconcile these areas with the W-2 agencies; and,
- The Department, when necessary, has required a W-2 agency to hire a different firm to conduct its annual single agency audit to ensure an independent review of the agency's financial status.

Future Considerations

As we plan for the next two-year W-2 contract, we will be making additional improvements to the program. We have been seeking suggestions on how to strengthen W-2 from a host of stakeholders and I thank the many individuals and legislators, especially the co-chairs, who have given us tremendous feedback on needed improvements for this most important program. The Department is committed to ensuring that the W-2 program advances participant connections to employment and career ladders. This focus on workforce attachment will build upon the more than 11,200 job placements that we have seen since the start of the current contract in January 2004 through February 2005.

The Department will focus future contracts and program services on strengthened participant connections to work and career ladders, providing employment stabilization services and, for those individuals with multiple and severe barriers, assistance in obtaining Supplemental Security Income (SSI)/Social Security Disability Income (SSDI).

The Department also believes that implementing the Trial Jobs Plus budget initiative, increasing the minimum wage and increasing service integration will better support the success of W-2 participants.

Regarding Trial Jobs Plus which is now before the Joint Finance Committee, the Governor was pleased to include in his budget the exact proposal introduced by Representative Mike Huebsch and Senator Roessler last year as they worked to improve W-2 and make trial jobs a more workable option for truly helping W-2 participants and Wisconsin's employers. I was very pleased last year when this proposal, with strong business and community support, won bipartisan unanimous support in both of the Legislature's standing committees to which it was referred. With continuing data regarding the positive impacts of a strong trial jobs "real pay for real work" program on low-wage workers, their children, and even increased job retention and marriage rates, we are hopeful that the Finance Committee will advance this demonstration effort. I especially thank co-chairs Roessler and Jeskewitz for their strong on-going support and leadership on behalf of "trial jobs plus."

W-2 must be viewed as one program within Wisconsin's broader public workforce system. W-2 is often the program that supports individuals in making their initial connection to employment. Once unsubsidized employment is obtained, connections to other workforce programs, such as those provided under the Workforce Investment Act and through the technical colleges, will allow individuals to continue to move up a career ladder, closer to the goal of achieving economic self-sufficiency.

To better connect individuals to work and career ladders, the Department has already begun to work with W-2 agencies to: improve connections to employers; strengthen case management; enhance services to participants who have not yet obtained employment through increased services to a "job ready" category; provide more intensive activities and services for individuals in CSJs; and, promote advancement opportunities to better jobs through improved career development activities.

Once a participant obtains employment, it is critical that agencies provide services to stabilize the individual's ability to retain that employment. The Department is committed to ensuring that agencies strengthen participant connections to job centers, Workforce Investment Act services and the technical colleges.

For some individuals, assistance and advocacy in obtaining SSI/SSDI are the most appropriate services for a W-2 agency to provide.

As the Department continues to strengthen outcomes for families, we believe it is essential that we increase service integration. DWD is working with the Departments of Health and Family Services, Corrections, and Public Instruction to improve services for those families who are involved with multiple programs administered by different state and local agencies. Improved coordination across programs through service integration will improve outcomes, especially for Wisconsin's most vulnerable children and families.

The W-2 program presents a variety of challenges, but we are dedicated to improving outcomes for participants, increasing W-2 agency accountability, connecting W-2 individuals to the broader public workforce system and career ladders to better jobs and improving service integration across programs.

I appreciate the opportunity to comment on the Audit Bureau's report and to offer this testimony. I offer my deep appreciation for the hard work and dedication of the LAB staff on this important report as well as the outstanding public service of the many DWD staff who operate this complex program.

I would be pleased to answer any questions that you may have.