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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**

## Matthews, Pam

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**From:** Asbjornson, Karen  
**Sent:** Monday, May 02, 2005 3:23 PM  
**To:** Matthews, Pam; Shannon, Pam; Chrisman, James  
**Subject:** FW: follow up from hearing

Fyi...

Karen Asbjornson  
Office of Senator Roessler  
608-266-5300/1-888-736-8720  
Karen.Asbjornson@legis.state.wi.us

-----Original Message-----  
From: psfendt@uwm.edu [mailto:psfendt@uwm.edu]  
Sent: Monday, May 02, 2005 2:00 PM  
To: Sen.Roessler  
Subject: follow up from hearing

Dear Sen. Roessler,

I did find the old W-2 document that lists payments through the CMC category as "12 weeks paid maternity leave." I am mailing you a copy of the document with a cover letter. Thanks for your interest in this matter. Sincerely,

Pamela Fendt  
UW Milwaukee Center for Economic Development





Center for Economic Development

MAY 09 2005

PO Box 413  
Milwaukee, WI  
53201-0413  
414 229-6155 *phone*  
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May 2, 2005

TO: Senator Roessler, Rep. Jeskewitz, and Sen. Darling,

FROM: Pamela Fendt, policy analyst *PJ*

I want to again extend my appreciation to the Audit Committee for holding the hearing on the W-2 Audit report in such a timely fashion. There are great expectations among the W-2 stakeholders in Milwaukee that the lessons from the audit will be reflected in changes DWD is making to the RFP for the next contracts. If you have any questions about the restructuring proposal presented to Sec. Gassman and her staff by the W-2 Monitoring Task Force please don't hesitate to contact Sup. Roger Quindel (278-4259), Atty. Anne DeLeo (476-1015), or me (229-6155).

### **CMC Case Management Custodial Parent of an Infant**

I am sending you a copy of a publication issued by DWD in 1997. You'll see on page 4 that the 12 weeks of W-2 payments for the mothers with newborn children is in fact listed as "12 Weeks Paid Maternity Leave."

In addition, I have pasted in here the criteria from the W-2 Manual that the FEPs use in processing an application for CMC.

"A custodial parent of an infant who is 12 weeks old or less and who meets the financial and nonfinancial eligibility requirements for W-2 employment positions may receive a monthly payment of \$673 and will not be required to participate in an employment position unless he/she volunteers to participate. It is expected that a single parent probably could not maintain full-time employment and care for a child less than 12 weeks old at the same time. W-2 provides a placement for these single parents so they can stay at home and care for the child during the first few months of the child's life. This policy is based on the Family Medical Leave Act with the exception that the W-2 placement

offers income support during the first 12 weeks of the child's life." Chapter 7.5.0

I wanted to share these official documents with you as a response to the discussion between Sen. Darling and Sen. Roessler about program intent on this matter. I think it has only gained public scrutiny recently because of budget shortfalls, not misuse by low-income mothers.

I am also including a copy of some Census Bureau statistics on the work patterns of mothers of infants as information for evaluating Gov. Doyle's proposal to extend the CMC placement from 3 months to 6 months. As you probably already know, the federal TANF parameters allow voluntary work participation for 12 months, but Wisconsin has historically opted for a stricter program model. Nationwide, only one-third of mothers of babies under 1 year of age work full-time.

### **W-2 is more than a work program**

This concept is another issue I wanted to share a bit more about. Research shows that for many former AFDC recipients the program used to function as poor woman's unemployment insurance program, a support to use between jobs. Historically, slightly more than half of AFDC recipients left the program in less than 2 years, usually using the program while their child was a baby (or ill as receipt of Medical Assistance was tied to AFDC enrollment - this is a key positive change of W-2, the institution of BadgerCare that removes the health insurance disincentive to work).

In the transition to W-2, the ability to access public assistance in between jobs has completely evaporated. If the applicant is deemed "job ready" (a highly subjective determination which can mean the denied applicant had a 5 week job 6 months ago as we heard from testimony last week by a Dane County lawyer) then there is no cash assistance for them. Most people turn to W-2 for an immediate financial need. If the mother is struggling to avoid eviction, then her ability to respond to the offer of help in finding employment is severely curtailed. This is what advocates mean when they ask that the "safety net" function of W-2 be strengthened. This does not mean that the work message is "softened." It means it is put in a package that includes making sure the parent is ready to go to work because her children are cared for, a key function of W-2 as outlined in the enabling TANF legislation and funding. The four purposes of TANF are as follows:

- (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.

### **Job Ready Category not Provided for in State Law**

Finally, I would like to contribute to the discussion of the "job ready" designation within W-2. When W-2 was designed, the outline of the program offered 4 tiers: unsubsidized employment (a real job with a real employer), trial jobs (a "test" job with a real employer), community service jobs (work-like activities), transitions (activities for people with multiple barriers). Nowhere in this 4 step ladder is there a category for "currently unemployed but possibly employable." Putting these applicants in a position where they have no financial assistance while they look for work can present a very destabilizing situation for the family, especially in terms of their ability to maintain housing. The tightening of the use of this category in Milwaukee has been completely appropriate, and better still would be legislative direction to cease using it all together.

Thank you for your leadership on these issues. I hope the information I have shared will be helpful to you.

April 1, 2003

TO: Senator Gwen Moore  
FROM: Pamela Fendt, policy analyst

I know you are well aware of the potential benefits to Gov. Doyle's budget proposal to allow mothers participating in the W-2 program to be exempt from mandatory participation in work requirements until the child is 6 months old because you have offered a similar proposal to modify W-2 in the past. I am providing you with some information from research I have conducted that I thought might be helpful to you, other members of the Joint Committee on Finance, and other legislators as you deliberate this budget issue.

Although the federal TANF guidelines allow states to offer exemptions until the child is 12 months old, Wisconsin currently requires "up to" 40 hours of weekly participation once the youngest child in the family reaches 3 months of age. Wisconsin is one of twelve states that require mothers to participate in welfare program work requirements so soon after giving birth.

As public policy decisions are made, it may be instructive to review Census data on employment trends of women with children. Of the 24.9 million working mothers in 2000, only 9% were mothers of infants. A substantial proportion of mothers of babies do not work at all.\*

**Of mothers with infants (under the age of 1):**

45% were not working (not in labor force)  
34% were employed full-time  
17% were working part-time  
5% were unemployed

**Of mothers with a child over the age of 1:**

27% were not working (not in labor force)  
54% were employed full-time  
16% were working part-time  
3% were unemployed

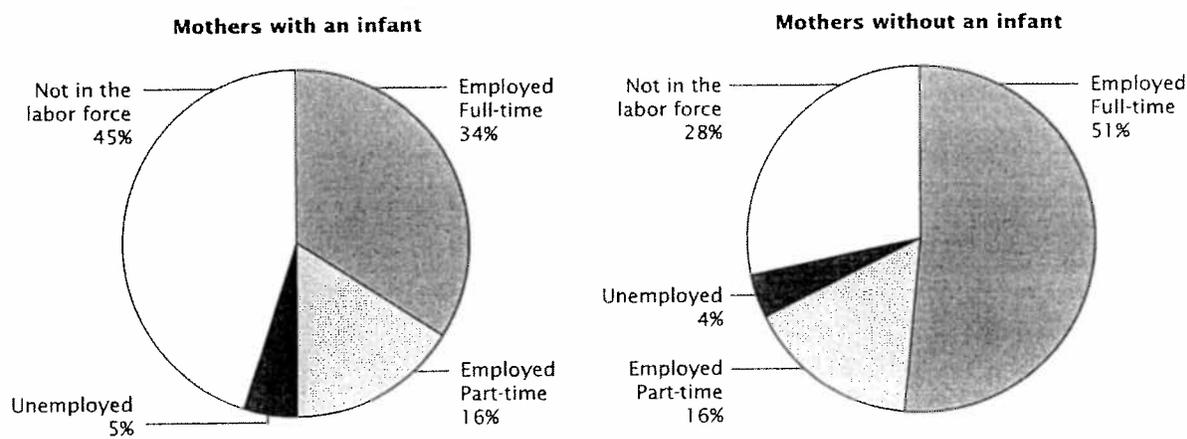
As a means to promote employment and to facilitate participation in W-2 work preparation activities, the State of Wisconsin dramatically expanded the amount of funding for the child care subsidy since W-2 was enacted. In Milwaukee alone, close to \$500 million has been spent for child care since W-2 began. The provision of this support service was part of the promise of welfare reform. The supplementation of child care expenses is essential, as research has shown that in many cases the day care costs exceed parents earning capabilities. Just a rudimentary example demonstrates the problem. A worker making \$7 per hour would have gross wages of \$14,560. 52 weeks of infant care at the going rate in Milwaukee would be \$10,400. Welfare to work will not work without the child care subsidy program.

In an era of scarce resources, requiring women with very young babies to participate in work requirements when infant child care is so expensive would appear to be an adherence to a "work at any cost" mindset rather than a careful cost/benefit analysis. There is a net savings projected if Governor Doyle's proposal is adopted (when the cost of three more months of W-2 benefits is subtracted from the cost of three months of infant child care), and when this consideration is placed in the context of current research on the importance of the bonding and development that take place in the first months of life, the proposal appears to benefit the families involved and the taxpayers of Wisconsin.

Please feel free to contact me if you have any questions about this information.

\* From: "Fertility of American Women: June 2000" by Amara Bachu and Martin O'Connell, Current Population Reports P20-543RV, US Census Bureau.  
Note: Full-time is defined as 35 hours or more per week.

Figure 3.  
**Employment Status Among Mothers 15 to 44 Years Old: June 2002**  
 (Percent distribution)



Source: U.S. Census Bureau, Current Population Survey, June 2002.

These data suggest that women with higher levels of education return to work more rapidly after giving birth and are more likely to return as full-time workers than are women with fewer years of schooling. The likelihood of returning to work after a child's birth is highly related to work experience prior to and during pregnancy (for example, hours worked per week and when the woman stopped working).<sup>14</sup>

#### Demographic differences in labor force participation

What other factors influence the decision to return to work after childbirth? The marital status of the mother is related to her labor force participation. Women who are unmarried and who lack a spouse's income may be more dependent on

their own employment to support their families. However, the absence of a husband may restrict the economic resources available for child care services and means one fewer adult is available as a potential child care provider.

Table 6 shows that despite these potential impediments to working, 45 percent of separated, divorced, and widowed women with infants were employed full-time — about the same as women who were married (36 percent) and more than women who had never married (26 percent). Among mothers in the labor force who have infants, unmarried women or those living without their spouses were most likely to be unemployed and possibly in need of child care services or job training assistance.

Among mothers without infants, those who were separated, divorced, and widowed were the most likely to work full-time, followed by those who never married, then those living with a

husband. Never-married mothers without infants were most likely to be unemployed, while their married counterparts were least likely to be looking for work.

Native women with infants participated in the labor force at a considerably higher rate (57 percent) than foreign-born women with infants (42 percent). A similar difference was evident for native and foreign-born mothers without infants (74 percent compared to 60 percent), perhaps suggesting that language or job skills influence these differences.

Young mothers, regardless of the age of their children, are less likely to be in the labor force than older mothers. Thirty-nine percent of teen mothers with infants were in the labor force, compared to 61 percent of new mothers age 30 and over. A similar pattern existed among mothers without infants.

Which mothers with infants experience the greatest difficulty in

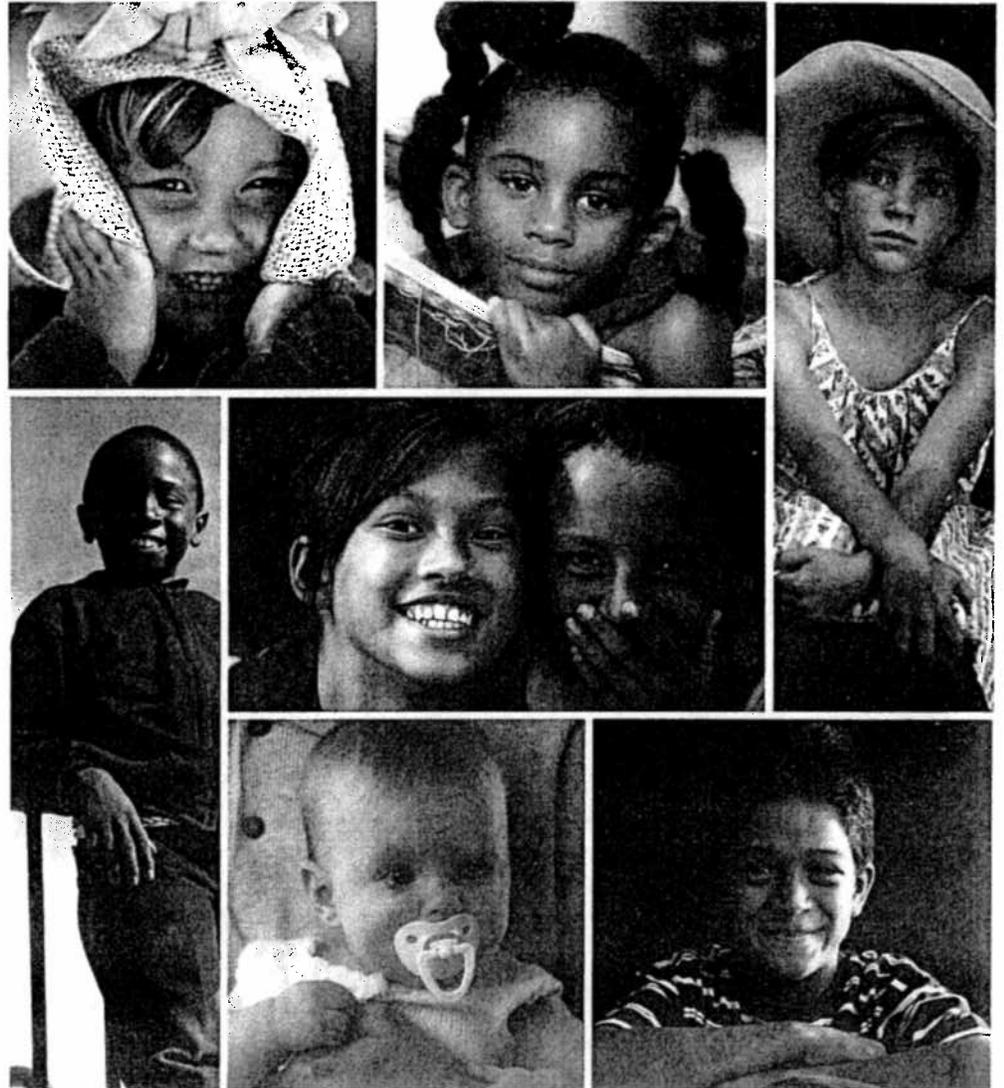
<sup>14</sup> Martin O'Connell. *Maternity Leave Arrangements: 1961-85*. Current Population Reports, P23-165. U.S. Census Bureau. Washington, DC, 1990; Kristin Smith, Barbara Downs and Martin O'Connell. *Maternity Leave and Employment Patterns: 1961-1995*. Current Population Reports, P70-79. U.S. Census Bureau. Washington, DC, 2001.



# BUILDING A BETTER SAFETY NET

1 9 9 7

Wisconsin Works (W-2) replaces monthly cash benefits with services that support work – help in finding and keeping a job, child care, health care, employment-related cash loans, transportation assistance, and more. For those who are not job-ready, W-2 works with employers and community organizations to make subsidized jobs, work experience through community service jobs, and other paid work-readiness placements available. Medicaid and food stamps continue for families and individuals who meet the eligibility requirements for those programs.



## STRENGTHENING FAMILIES THROUGH EMPLOYMENT

W-2 provides comprehensive job search assistance and a link to employment resources through Job Centers, which offer varying service tracks to all job seekers depending on the degree of assistance required.

As one resource offered through the Wisconsin Job Center system, W-2 is available for eligible families to consider. If job skills or job histories are not sufficient to independently secure and keep employment, a family may choose to participate in W-2. After assessment, parents in W-2 are placed at the highest suitable rung on

the employment ladder, representing a range of opportunities from unsubsidized employment to a set of work readiness responsibilities tailored to their skills and situations. As skills increase, participants move up the ladder.

# STRENGTHENING FAMILIES THROUGH EMPLOYMENT (cont.)

The W-2 **Financial and Employment Planner** (FEP) helps develop a customized **Employability Plan** to fit the needs of each participant, mapping a course toward self-sufficiency. If appropriate, training on family budgeting and other life skills that support employment can be included in the plan.

For parents who are not ready to immediately get and hold an unsubsidized job, W-2 provides work training programs and opportunities to learn and practice the soft skills needed for employment through specially-designed Community Service Jobs. If parents have an injury, physical or mental problem or incapacity that prevents work, or personal situation requiring the care of an incapacitated child, addiction, or other problem that will make full-time, regular participation in work activity unlikely, W-2 Transition can provide referral to treatment or provide closely supervised work experience for those who need the extra services and accommodations.

## BUILT-IN EDUCATION AND TRAINING

W-2 will provide the training needed for entry into the workforce, and support parents in their continuing education efforts. On-the-job training, basic skills education, occupation-specific short-term training, and continuing education grants for those who have established a connection to the workplace are all available through W-2. Staff will also refer parents to education and training resources and financial aid available through other state and federal programs.

### EDUCATION AND TRAINING

W-2 work assignments include training both on-the-job and off. Short-term, occupation-specific training can be made part of a required work assignment. Training hours can be aggregated up front, or spread out over the course of the W-2 employment position.

Through the Employment Skills Advancement Program (ESAP), W-2 provides matching grants to low-income workers motivated to improve the quality of their lives through educational or training activities beyond what is required by W-2.

Many part-time jobs pay as much as a full-time W-2 employment position, particularly when the advanced Earned Income Credit (EIC) is factored in. Packaging part-time school with work is a good way to continue education, especially if working toward a longer-term degree program. (See example, "Making It As A Mom Working Part-Time")

The state Higher Education Aids Board administers several need-based grant and financial aid programs for low-income students. In addition, students may tap into federal grant and loan programs.

Child care is provided for coursework while in a CSJ or W-2T, and for two years while working and in school once a nine month commitment to the workforce has been demonstrated.

## MOVING UP THE W-2 EMPLOYMENT LADDER

Unsubsidized employment – regular job paying market wage plus Earned Income Credit (EIC) for those who are job-ready and just need assistance with placement.

Trial Jobs (subsidized employment) – Individuals are hired into three to six month slots that are expected to become permanent. Participants earn at least minimum wage plus EIC. Employers receive a wage subsidy up to \$300 per month to offset some of the initial costs of new employee training and supervision.

Community Service Jobs (CSJs) – Available for those who need to learn and practice the work habits and soft skills necessary for employment in a private business. Participants receive a monthly grant of \$673 for spending up to 30 hours per week in work activity and up to ten hours per week in training or education. Failure to participate results in a payment reduction for each hour missed without good reason.

W-2 Transition (W-2T) – A mix of training, treatment, work activity, and services are provided for those with the most serious barriers to independent, self-sustaining work. Participants receive a monthly grant of \$628 for participating in appropriately assigned activities, based on the individual's level of ability or personal needs of the family. Failure to participate results in a payment reduction for each hour missed without good reason.

### SERVICES AVAILABLE IN YOUR LOCAL JOB CENTER MAY INCLUDE

- *Job Readiness Training & Motivational Activities*
- *Employment Counseling*
- *Help With Resumes, Job Applications, & Interview Techniques*
- *Individual & Group Job Search*
- *JobNet—A Statewide Computerized Link for Employers & Job Seekers*
- *Job Survival & Job Retention Strategies*
- *Job Development to Expand Job Opportunities & Market Participants*
- *Life Skills Training - Parenting, Budgeting, Interpersonal Skills, Time Management, & Finding Child Care.*

## A FULL ARRAY OF SERVICES TO SUPPORT WORK

W-2 is committed to helping families find and maintain employment. Flexible funding was built into the W-2 agency budgets to provide such services as job coaches, training and education, and transportation – any or all of which may be necessary to be successful on the job. This funding is in addition to the amount needed for child care subsidies, health care, and payments to participants and employers.

## ACCESSING FOOD STAMPS AND HEALTH BENEFITS

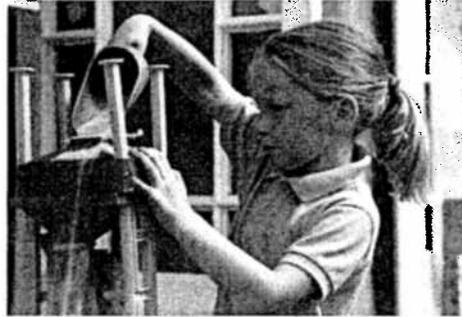
The Food Stamp and Medicaid Programs remain available to low-income families and individuals who meet the eligibility requirements for those programs. In addition, transitional health benefits to low-income families moving off welfare will continue to be available as they were under AFDC. Longer term, comprehensive health benefits are available to families who meet income and asset tests under Medicaid and Healthy Start. The Department of Workforce Development, which oversees W-2, is committed to continuing coordination with the Department of Health and Family Services to make health care available and accessible.

*Note to Table: Parents who join the co-pay plan when their incomes are below 165 percent of the Federal Poverty Level (FPL) may continue to participate in the subsidy program until income reaches 200 percent FPL (\$26,660 per year for a family of three). Children are eligible up to age 13. There is no time limit.*

## FINDING AND AFFORDING CHILD CARE



W-2 makes child care subsidies available on a sliding fee scale to all low-income working families, whether or not they've ever been on welfare. By limiting parent co-pays to between two percent and 16 percent of family income, W-2 makes a full range of child care options affordable – giving families the opportunity to choose whatever type of child care they like best.



Low-income working parents pay only a fraction of their child care costs under W-2. For example, although the full cost of child care for two children would average \$930 to \$1,128 per month for licensed care and \$466 to \$800 for certified care in our state, a single mother of two would pay only \$47 to \$69 per month for those same services under W-2.

The Child Care Resource and Referral network (CCR&R) helps all parents locate safe and affordable care throughout the state. The W-2 work requirement will not be enforced unless child care is available.

To encourage additional training for providers, without eliminating the option for parents to choose informal care by relatives and neighbors, Wisconsin's child care subsidy system reimburses the providers of licensed child care at a higher rate than it pays for certified care.

*In July 1997, Working Mother magazine again named Wisconsin one of the ten best states in the country for child care.*

1997 W-2 CHILD CARE CO-PAY RATE FOR A SINGLE MOTHER WITH TWO CHILDREN				
Hourly wage	Average monthly income, working full-time	% Federal Poverty Level (FPL) based on earnings, full-time	Monthly co-pay for two in Certified Care (statewide average cost is \$233 to \$400 per child)	Monthly co-pay for two in Licensed Care (statewide average cost is \$465 to \$614 per child)
\$ 5.15	\$ 894	80% FPL	\$ 47	\$ 69
\$ 6.50	\$1,127	101% FPL	\$ 86	\$125
\$ 8.00	\$1,387	125% FPL	\$112	\$159
\$10.00	\$1,783	156% FPL	\$181	\$262

## CHILD SUPPORT

Under W-2, in most cases, full child support payments are passed on to the parent. This represents a significant change from the previous system where parents were permitted to keep only \$50, and the rest went to government to offset the cost of providing AFDC payments. This will reverse the disincentive to cooperate with child support authorities to pursue support and make the W-2 experience more like that of the real world. Wisconsin is the only state in the nation making this commitment.



If parents need help establishing paternity and securing child support, W-2 will link these parents to the child support enforcement system and help them pursue that additional support. W-2 has two programs that serve noncustodial parents to increase the number of child support payments. The first program is a voluntary case management service to noncustodial parents of W-2 children. W-2 case managers assist these noncustodial parents in their effort to find employment, which will lead to increased ability to pay support.

The second program is Children First, a court-ordered initiative geared toward noncustodial parents who are unemployed and delinquent in their child support payments. These noncustodial parents are court-ordered into the program with three options: 1) pay their child support payment for three months, 2) spend 16 weeks in an unpaid work assignment (with case management) to gain the experience needed to hold a job, or 3) go to jail. Most parents comply immediately with child support orders and often become more involved in the lives of their children as well. Children First has been operating successfully in a growing number of counties since 1990. The latest evaluation of Children First showed increased collections, up an average of 118 percent or \$242/month; a 93 percent increase in the number of people paying child support; and a 123 percent increase in the number of noncustodial parents with jobs.

## 12 WEEKS PAID MATERNITY LEAVE

W-2 allows a single parent to receive a payment without meeting a work requirement until his/her child reaches 12 weeks of age — this time period is equal to the unpaid leave provided under the Federal Family and Medical Leave Law. At this point, s/he is expected to join the workforce, just like most other parents of young children. Of mothers with children under three, national data show that 42 percent of single mothers and 62 percent of married mothers work either full- or part-time.



## MAKING IT AS A MOM WORKING PART-TIME

Many mothers can work part-time in an unsubsidized job and still take home more money than they would in a W-2 work program, and more than they did under the old AFDC program. Child support payments make the financial position even stronger. For example, a mother of two earning \$6.00 per hour (average starting wage for people leaving welfare) working 22 hours per week takes home \$13,200 per year after taxes, including food stamps and EIC, compared to \$11,920 in a W-2 Community Service Job or \$9,504 under the former AFDC system.

# HELPING CHILDREN SUCCEED

W-2 offers training in child development, parenting skills, life skills and finding quality child care. Local W-2 Community Steering Committees and Children's Services Networks can help ensure that children have access to the programs or support they need to be successful.

In addition, the Learnfare program has been redesigned to serve as a resource to W-2 families. Since dropouts, truants, and teen parents are the groups most likely to eventually rely on public assistance, Learnfare case managers will identify these at-risk students and offer case management within the first few weeks of W-2 participation.

Some of the most effective services offered include counseling, alternate education programs, child care, and transportation.

*"The old system wasn't compassionate, it was apathetic. We care enough about these children and families to help them become self sufficient, instead of just handing them a check and then walking away."*

*Tommy G. Thompson  
Governor*

This new direction will build on the success that existing Learnfare case managers have experienced with at-risk students. For example, over 300 of the 400 Milwaukee high school dropouts served by Learnfare case managers in the 1995-96 school year returned to school. Other Learnfare services were provided to teen parents to enhance parenting skills and decrease subsequent teen pregnancy rates across the state.

Welfare families took note of these successes, evidenced by the fact that more and more families are voluntarily going to the Learnfare case management agencies seeking help. In Milwaukee, up to 20 percent of the cases are self-referred.

Another way W-2 Learnfare will benefit families is by fostering a strong connection between school and career. Each W-2 agency is required to develop a partnership with its local School-to-Work program, which will ensure that more at-risk students participate in Youth

Apprenticeships and career planning activities. Learnfare case managers state that the most successful cases include the participation of parents, therefore parental involvement has been built into all facets of the program.



## NEW POLICIES FOR TEEN MOMS

Of all families in poverty, eight out of ten are headed by a teen parent who had a baby without being married and dropped out of school. In order to provide adult guidance and supervision, and to encourage teens to postpone parenting and complete their educations, minor teen moms are counseled to live with their parents and finish high school. Although cash payments are no longer available to minor teen parents wanting to establish independent households, Financial and Employment Planners (FEPs) offer case management services including career guidance, life skills training, and other services to help young parents prepare for an independent future. Child care is also available to help keep teens in school. Minor teens who are not safe at home may be placed with a relative or in another adult-supervised setting. Innovative pregnancy prevention programming is being developed statewide.

# ADDITIONAL SERVICES FOR CHILDREN

W-2 offers significant opportunity for partnerships between participating families and the array of service providers involved with any particular family -- from employment counselors, to health workers, to social workers, to children's teachers.

*Fond du Lac County, a W-2 pilot site, reports that there is much more support at the local level for families than there was in the past -- all agencies that impact the family, both community and government providers, are coming together to help develop a plan that works for the whole family.*

For parents who need services that go beyond what is available through W-2 directly, the W-2 Children's Services Network provides one-stop access to all services in the county that benefit children and families -- from soup kitchens and clothing banks, to preventive and support services offered by non-profits, religious groups, and government.

Local W-2 Children's Services Networks collaborate with local W-2 Community Steering Committees (CSCs) to help shape services to meet the needs of children and families. As public/private partnerships designed to provide ties to local business and the community, W-2 CSCs provide mentoring, address child care and transportation issues, ensure that training and education programs are relevant to the community's business needs, and identify and create job opportunities at all skill levels. In practice, CSCs are going beyond what is required. For example Pierce County, a W-2 pilot site, is involved with helping participants through all phases of employment -- from resume and interview preparation, to negotiating job retention and employment progress.



## PROTECTING MOTHERS AND CHILDREN FROM DOMESTIC VIOLENCE

Some parents may be caught in a domestic abuse situation where neither they nor their children are safe. FEPs are trained to recognize signs of abuse and refer these families to counseling and other services. FEPs may adjust the work requirement as needed for reasons of safety or treatment. Enabling work is a key strategy to becoming self-supporting and financially free of abusive relationships.

## PROTECTING CHILDREN

Although there is no indication in the W-2 pilot counties that work requirements increase child abuse and neglect, all W-2 staff who play a key role in working with families and children have been designated as mandatory reporters of suspected child abuse and neglect, with the same reporting responsibilities to Child Protective Services as doctors and teachers.

If Child Protective Services finds that a child is unsafe in his or her own home, they may provide services that will assure safety or they may find it necessary to place the child in the home of a relative or other out-of-home care provider. Under these circumstances, the Kinship Care program provides cash payments of \$215 per month per child to caretaker relatives of minor children. During that time, the parent is encouraged to seek necessary treatment and take the steps needed to enable the child to return home as quickly as possible. Treatment for physical and behavioral health problems may be covered under Medicaid.

Even in families where there is no issue of child abuse and neglect, W-2 participation may lead to detection of previously undiagnosed health conditions and other problems that, once addressed, will result in a higher quality of life for participating families.

# EMERGENCY SITUATIONS, INCLUDING HOMELESSNESS

The Emergency Assistance Program provides up to \$150 per household member for families facing an emergency due to fire, flood, natural disaster, energy crisis, or homelessness. The Low Income Home Energy Assistance Program is available to help with home heating bills.

**Job Access Loans** are new under W-2. These short-term, no-interest loans are designed to assist with emergency needs to support employment. This money can be used to buy work tools or uniforms, repair a car, or make a security payment on an apartment, if that would help a person get or keep a job. Loans may be repaid through a combination of community service and cash.

## MEDICAID

*Eligibility for Medicaid remains an entitlement, based on the state's AFDC standards as of July 16, 1996. Healthy Start criteria also provide higher income and asset tests for pregnant women and certain children.*

*Medicaid is not linked to W-2. Low-income children, pregnant women and families are eligible for Medicaid even if they elect not to participate in W-2 work or child care programs. No work requirement applies to Medicaid benefits.*

*There is no time limit or 60-day residency requirement for Medicaid benefits.*

# MAKING EXCEPTIONS

Some parents may not find a job within the national 60-month limit on cash payments because they have cognitive limitations or some other illness/disability that is serious, but not serious enough to qualify them for Supplemental Security Income (SSI) or Social Security Disability Insurance (SSDI) or because of a child with disabilities that must be cared for at home. Extensions to the W-2 work program time limits can be made on a case-by-case basis.



## MAKING WORK PAY

Families are better off when parents work. Access to food stamps, health care, child care subsidies, and the Earned Income Credit (EIC) add significantly to earnings. Just counting earnings and the EIC, a single mother of two working full-time, even at minimum wage, earns enough to bring her family income above the poverty level – a goal she would never have reached under AFDC.

## OUT OF POVERTY, EVEN AT MINIMUM WAGE

A single parent of two working full-time at \$5.15, the minimum wage beginning Sept. 1, 1997, has a total family income of \$15,655 or 117 percent of poverty after taxes and benefits – far more than the \$9,504 package s/he had under AFDC. This family income figure does not even include the \$7,000 to \$12,000 value of child care benefits, the \$4,800 value of health benefits, or any child support payments that s/he may receive.

• Cash earnings:	+	\$10,712
• State and Federal EIC:	+	\$3,869
• Food stamps (approximate):	+	\$2,560
• Income tax:	-	\$0
• Social Security tax:	-	\$810
• Child Care Co-pay (annual parent share for two in licensed care):	-	\$676
• Medicaid:	-	\$0
• Total family income:		\$15,655 or 117 percent of poverty

### Notes:

- 1997 Federal Poverty Level (FPL) for family of three: \$13,330.
- AFDC payment for family of three: \$6,204 plus about \$3,300 in food stamps and free health care, totaling \$9,504 in family income, or 71 percent of poverty.

## ENOUGH JOBS

Wisconsin's strong economy and continued job growth indicates that there are enough jobs for all new job-ready job seekers – even at the entry level, and even in Milwaukee. There is growth at both ends of the labor market in terms of skills and pay, and only a portion of the W-2 caseload will be job-ready in any given month.

## WORKER PROTECTIONS

For all unsubsidized workers regardless of their W-2 involvement, our state already has a strong workplace safety net in place. Unemployment benefits protect employees during layoffs. The Fair Labor Standards Act and the Fair Employment Law protect employees from discrimination and other unfair labor practices. Worker's Compensation protects workers in case of workplace injury.

## W-2 AGENCY MONITORING AND PROGRAM EVALUATION

Agency performance and program outcomes will be closely monitored to help ensure that participants meet their employment goals. In addition, the Management and Evaluation Project will involve experts from around the country in designing and tracking the impact of W-2 on child and family well-being, the labor market, and other key indicators. W-2 is a work in progress – policy will continue to be shaped as more is learned in order to meet the needs of Wisconsin families.

## W-2 INCORPORATES SEVERAL OF THE MOST PROMISING STRATEGIES

*For improving conditions and earnings for low-income families, the Urban Institute suggests:*

- Investing in supportive services for workers at the low end of the wage scale
- Providing more labor market information to women about where the jobs are and how they can combine work and education
- Concentrating employer subsidies on workers without high school diplomas
- Helping the working poor pursue life-long learning
- Supporting “work first” strategies that are participant-oriented



Build  
A R C



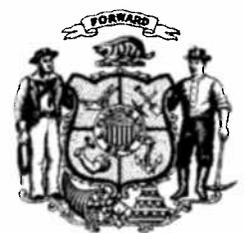
State of Wisconsin  
Department of Workforce Development

Available on the Web at:  
<http://www.dwd.state.wi.us>

SEC-10809-P(N. 08/97)



# WISCONSIN STATE LEGISLATURE



LEGAL ACTION OF WISCONSIN, INC.

MAY 02 2005  
MAY 04 2005

MILWAUKEE OFFICE

MAY 04 2005

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

May 3, 2005

Senator Carol A. Roessler  
State Capitol  
P. O. Box 7882  
Madison, WI 53707-7882

Representative Suzanne Jeskewitz  
State Capitol  
P. O. Box 8952  
Madison, WI 53708

Dear Senator Roessler & Representative Jeskewitz:

I want to thank you for requesting the audit of the W-2 program. As an advocate for low-income families it is my sincere hope that the audit's findings will serve as a starting point for discussion of the need to restructure the W-2 program.

One area that I was not able to discuss at the audit hearing is that of services to teens and young parents. In my opinion, addressing the needs of these parents, both mothers and fathers, is crucial to limiting the future need for public assistance. Enclosed for your information is a recent letter I sent to Secretaries Gassman and Nelson regarding this issue.

If you would like to discuss any of the issues raised in my letter I can be reached at 278-7722 ext. 3069.

Very truly yours,



Patricia DeLessio  
Attorney at Law



Enclosure

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) 635-8836 Toll-free (800) 242-5840 Fax (262) 635-8838

# 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](http://www.legalaction.org)

April 14, 2005

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

Helene Nelson, Secretary  
Department of Health and Family Services  
1 West Wilson Street, Room 650  
P. O. Box 7850  
Madison, WI 53707-7850

Dear Secretaries Gassman and Nelson:

In late January I sent an email to Secretary Gassman, DWD regional office staff, and county officials regarding child care for teen mothers. As I noted in my original email this office was contacted by the principal for Northern Star School, an alternative MPS school, on behalf of teen mothers who are not able to attend school on a regular basis because they lack child care. We were also contacted by a MPS school social worker and a city public health nurse regarding teens in similar circumstances. Since that time I have discussed this issue with both DWD regional office and Milwaukee County staff as well as Denise Revels-Robinson, Bureau of Milwaukee Child Welfare. Although some individual cases are now resolved and the teens are receiving child care, others are not, and many other issues remain. This is written with the hope that your departments can begin to discuss some of the issues facing these young mothers and their children.



**GREEN BAY** - Brown, Calumet, Door, Fenimore, Manitowish and Outagamie Counties Phone (920) 432-3633 Toll free (800) 236-1122 Fax (920) 432-5078

**LACROSSE** - Buffalo, Crawford, Grant, Jackson, Juneau, La Crosse, Monroe, Richland, Trempealeau and Vernon Counties Phone (608) 785-2801 Toll free (800) 923-0922 Fax (608) 782-0802

**MADISON** - Columbia, Dane, Dodge, Green, Iowa, Jefferson, Lafayette, Rock Counties and Walworth County Phone (608) 278-3994 Toll free (800) 362-3994 Fax (608) 278-3516

**MILWAUKEE PROJECT** - Waukesha Phone (414) 278-3333 Toll free (800) 923-3994 Fax (414) 278-3333

**OSTEREAU** - Adams, Fond du Lac, Green Lake, Manitowish, Oconto, Oshkosh, Waubesa, Waushara and Winnebago Counties Phone (920) 233-6221 Toll free (800) 236-1122 Fax (920) 233-1590

**RACINE** - Fond du Lac, Racine and Walworth Counties Phone (262) 533-0600 Toll free (800) 236-3630 Fax (262) 533-0600

As you know, one of the predictors of childhood poverty is being born to a teen mother. Many teens who become mothers have themselves grown up in poverty, some have a history of physical, social and/or emotional abuse, others lack a stable home and other necessary supports and opportunities. The teens I spoke with recently illustrate the obstacles and lack of opportunities many of them face.

One of the teens is 17 years old, she has two children and is homeless, living from friend to friend. She is not eligible for child care assistance because she does not live with a responsible adult. Her mother will not allow her to return home. A school official contacted child protective services on her behalf but was advised there was no action the agency could take because there is no threat of abuse or neglect. She has not attended school for the last year and lacks all but a few high school credits. Another teen parent, 16 years old, lives with her grandmother who receives kinship care payments. She advised me that her grandmother has little, if anything, to do with her and will not care for her child on a regular basis so the teen can attend school. Because the grandmother does not work, the teen is not eligible for child care and, as a result, misses school often. She currently has a worker with the Bureau of Milwaukee Child Welfare.

A third teen I interviewed has been in and out of foster care most of her life. She is 16 years old, has two children and attends school off and on. As a child she was subject to physical and sexual abuse by family members. From what she told me, she has been involved with the child welfare system for most of her life. Recently, an adult sister agreed to take her in and she is now able to receive child care. A final example, is a 15 year old with one child. She lives with her mother who works off and on. Her mother will not take the action needed in order to obtain child care for her grandchild. Because she will not watch the child on a regular basis, the teen often misses school.

The above examples are not unique, they are familiar to school, county and child welfare workers. These teens become the young adults who enter the W-2 system and, in some case, the child welfare system. Their children are often the victims of the same chaotic life that plagued the parents, many live in dire poverty and are often only minimally connected with the school system and social welfare agencies.

In order to begin to address the issue of teen pregnancy we need to better focus the resources of the various public and private agencies that serve children and families.

As a beginning immediate step, your departments should devise a method to secure child care for teens under 18 years of age who are still in high school and who do not live with a responsible adult. A solution might be using TANF monies that are now available to the Bureau of Milwaukee Child Welfare or establishing a fund at the county. To address the larger issues at stake, the departments, together with DPI, Milwaukee Public Schools and other public and private service providers, should set up a task force to address issues such as the following:

- establishing housing for homeless teens and their children.
- addressing the victimization of children and teens (many of the teens I spoke with, and many of the clients I represent who were teen mothers were subject to abuse as children; in addition, all of the teens I spoke with recently, some as young as 14, indicated that the fathers of their children are 18 years or older),
- developing tangible incentives for teens (both boys and girls) to, complete high school and postpone having children (currently seven states have some type of monetary bonus),
- providing opportunities in the form of technical training, college and apprenticeships for teens and young parents (both boys and girls) who complete high school,
- developing resources within the W-2 program to address the needs of teen and young adult parents (this office encounters many cases in which parents enter the system at age 18 and exhaust their W-2 time without gaining any job skills or practical life experience),
- insuring that the children of these young parents have access to quality child care, including Headstart programs, that will prepare them for school (studies show that children of young parents start school less prepared than children of older parents),
- developing programs that provide practical training to teens and other young parents in such areas as banking, credit, renting a home, paternity establishment, employment etc., and

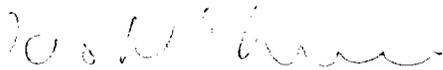
- developing case management and/or mentoring programs to assist teens and other young parents in much the same way as parents assist their teen and adult children as they start out on their own.

The above are just a few areas of need, I am sure direct service providers will have many other ideas. And although there are agencies in Milwaukee that provide some of the above services, it is not enough and there is a lack of coordinated effort.

Given the numbers of homeless children in MPS, the young mothers moving in and out of the W-2 system and the persistence of child poverty in Milwaukee, it is important that concrete action be taken. Focusing on the population of young parents and providing actual tangible services would be a good first step.

I look forward to your response and to working with you.

Very truly yours,



Patricia DeLessio  
Attorney at Law

PDL/eca

- cc: Representative Tamara Grigsby  
County Supervisor Roger Quindell, W-2 Task Force  
Elizabeth Burmaster, Secretary, DPI  
Rob Henken, Director, Milwaukee County Department of Human Services  
Denise Revels-Robinson, Bureau of Milwaukee Child Welfare  
William Andrekopoulos, Superintendent, MPS  
Norma Madison, Milwaukee Urban League  
Valerie Benton-Davis, Northern Star School  
Mary Thomas, Chair, CAP Public Policy Committee





WISCONSIN STATE LEGISLATURE

*Joint Legislative Audit Committee*

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

May 20, 2005

Mr. Bill Clingan, Administrator  
Division of Workforce Solutions  
Department of Workforce Development  
201 East Washington Avenue, Room A200  
Madison, Wisconsin 53703

Dear Mr. Clingan:

Thank you for your letter, dated April 15, which updates the Committee on the status of the Department of Workforce Development's efforts to implement the recommendations presented in the Legislative Audit Bureau's evaluation of the Opportunities Industrialization Center of Greater Milwaukee (letter report, November 2004).

Your letter requests permission to delay the next report on the implementation status of these recommendations until October 2005 when the Department submits a report in response to the Audit Bureau's evaluation of the Wisconsin Works (W-2) program (report 05-6). Enclosed, please find a letter we sent to Secretary Gassman, dated March 23, which requests the Department to report to the Committee by August 15 on the status of recommendation implementation and other issues.

We look forward to reviewing both your August and October reports. Thank you for your cooperation and assistance.

Sincerely,

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

Representative Suzanne Jeskewitz, Co-chair  
Joint Legislative Audit Committee

Enclosure

cc: Roberta Gassman, Secretary  
Department of Workforce Development

Janice Mueller  
State Auditor



WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

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

March 23, 2005

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

Dear Ms. Gassman:

Thank you for your testimony before the Joint Legislative Audit Committee on March 2, 2005. We also wish to acknowledge receipt of the Department's third monthly report, which updates the Committee on the status of actions taken by the Department in response to the Legislative Audit Bureau's November-2004 letter report on OIC-GM. We appreciate the Department's cooperation in providing monthly updates to the Committee in 2005, and note the Department's progress in meeting the recommendations presented by the Legislative Audit Bureau.

These reports clearly indicate that four of the seven formal recommendations now have been fully implemented or addressed. Given the attentiveness the Department has demonstrated to the recommendations, it seems appropriate to suspend our request for monthly updates. In your latest report, we note that the three outstanding recommendations involve future actions that will be completed this summer. Therefore, we ask that you submit your next follow-up report to the Committee on August 15, 2005. In addition to a general status update on the Department's overall monitoring of W-2 agencies, we anticipate that this report will include:

- key findings of the Department's comparison of the salaries of W-2 agency executives and key managers with the *2003 Compensation and Benefits Survey for Nonprofit Agencies* and the *Salary Guide for Accounting Occupations*;
- information the Department has collected on telecommunications expenditures through its financial monitoring program, and a discussion of any problem areas found; and
- information the Department has collected on advertising and information expenditures through its financial monitoring program, and a discussion of any problem areas found.

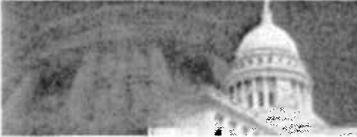
Thank you for your cooperation. We look forward to receiving your report on August 15<sup>th</sup>.

Sincerely,

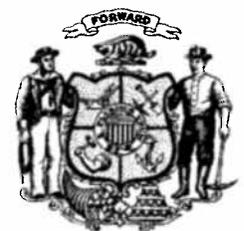
Senator Carol A. Roessler, Co-chair  
Joint Legislative Audit Committee

Representative Suzanne Jeskewitz, Co-chair  
Joint Legislative Audit Committee

cc: Janice Mueller  
State Auditor



# WISCONSIN STATE LEGISLATURE





**STATE OF WISCONSIN**

**Legislative Audit Bureau**

22 E. Mifflin St., Ste. 500  
Madison, Wisconsin 53703  
(608) 266-2818  
Fax (608) 267-0410  
Leg.Audit.Info@legis.state.wi.us

Janice Mueller  
State Auditor

August 9, 2005

Mr. Bruce L. Caswell, President  
Human Services Group  
Maximus, Inc.  
11419 Sunset Hills Road  
Reston, Virginia 20190

Dear Mr. Caswell:

We have received your letter of July 28, 2005, regarding our July letter report on the financial management of selected W-2 agencies. You wrote to “give a sense of scale and context to any misperceptions that may have been created as a result of [our] review.”

As you know, Maximus had five working days to review and comment on the draft letter report before its publication, and some modifications were made in response to your firm’s concerns. Nevertheless, a Maximus official was quoted in a local newspaper suggesting that our report included inaccuracies about Maximus. I hope this is only a misunderstanding. Your more recent letter of August 1, 2005, described for the first time the specific bonus amounts paid to each employee. This information was provided to us more than six months after it had been requested in writing.

Your letter also indicates that the level of compensation provided by Maximus needs to be measured in the context of caseloads and performance. We discussed Maximus’ performance in a comprehensive review of W-2 program performance that was published in April 2005 (report 05-6). Our July report included compensation data that were requested by the Joint Legislative Audit Committee during a public hearing on the earlier report. Furthermore, although Maximus now has a greater level of responsibility than any other provider within the state, at the time compensation data were collected in 2004, Opportunities Industrialization Center of Greater Milwaukee, Inc. (OIC-GM) served substantially more participants than Maximus did. In addition, Employment Solutions, Inc., served more participants than Maximus during most of the prior years of W-2’s operation.

You indicate that Maximus has consistently exceeded state performance benchmarks and that its service quality rankings exceed those of other providers in Milwaukee. I agree that these measures are an indication of good performance, and they were identified in our comprehensive review of W-2. However, they are not the only measures of performance. For example, we pointed out in April that 33.0 percent of former W-2 participants served by Maximus from October through December 2002 were above the federal poverty level in 2003. This percentage is below both the statewide average of 33.7 percent, and the rates of two other Milwaukee agencies—OIC-GM and United Migrant Opportunity Services, Inc.—which were 37.4 percent and 34.6 percent, respectively. In addition, from May 2003 through June 2004, Maximus screened a smaller percentage of its participants for potential barriers to employment than any other Milwaukee agency did. Maximus was also significantly below the statewide average in the percentage of participants it screened.

Mr. Bruce L. Caswell, President

Page 2

August 9, 2005

While your letter accurately notes that Maximus' employee bonus compensation plan was approved by the Department of Workforce Development, the plan clearly states that the vice president, project director, and project managers of the W-2 program are not included in the compensation plan. As a result, Maximus was recently found in violation of its W-2 contract.

I hope this clarifies the content of our July 20, 2005, letter report.

Sincerely,



Janice Mueller  
State Auditor

JM/PS/bm

cc: Senator Carol A. Roessler, Co-chairperson  
Joint Legislative Audit Committee

✓ Representative Suzanne Jeskewitz, Co-chairperson  
Joint Legislative Audit Committee

Ms. Roberta Gassman, Secretary  
Department of Workforce Development

Mr. William Clingan, Administrator  
Division of Workforce Solutions  
Department of Workforce Development



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



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

August 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 to submit the August report 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 earlier reports, DWD fully implemented recovery of all W-2 funds from OIC-GM that were identified as being disallowed or questioned by LAB in their November 9, 2004 report. The Department has now completed the Financial Monitoring reviews of W-2 agencies that were referenced in DWD's earlier reports and we have included our findings from these reviews in this report.

With regard to salary information on staff positions supported by W-2 funds, DWD has increased its oversight in this area and now requires all agencies to submit more detailed information to the Department on an annual basis. In addition, DWD collected salaries for W-2 administrative staff from all agencies as part of the current W-2 Request for Proposal (RFP) process for the 2006-2009 contract period. DWD will determine the reasonableness of administrative salaries by comparing the reported salaries to the salaries for similar positions at similar agencies as listed in the July 2005 LAB Letter Report. Please see item numbered one in the attachment for additional details.

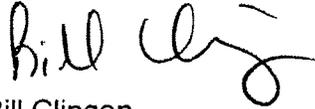
Based on the results of the reviews conducted by the Department through its contracted Financial Monitoring program, it appears that OIC-GM was the only agency where telecommunications, advertising/information, and legal costs were deemed to be excessive. DWD will continue to monitor these areas closely, and we are reviewing data for each of these cost elements as part of the current RFP process for the W-2 program in 2006-2009. These data will be used in the fall of 2005 to issue further guidelines in each of these areas. Please see items numbered four and seven in the attachment for additional details.

The Department will update the Joint Legislative Audit Committee and LAB on decisions regarding cost containment caps for the three cost elements mentioned above in November, 2005.

Senator Roessler and  
Representative Jeskewitz  
August 15, 2005  
Page 2

Thank you for your continued support of the Department's work on the W-2 program. I am available to answer any questions you may have regarding this report.

Sincerely,



Bill Clingan  
Division Administrator

Enclosure

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

**DWD Report to the Joint Legislative Audit Committee**  
**LAB Findings and DWD Action Taken in the OIC-GM Financial Audit**  
 August 15 2005

LAB Recommendation	Actions Taken	Future Planned Actions	Comments
<p>1                      LAB recommended that the Department of Workforce Development (DWD) require all W-2 agencies to provide information annually on the number of full-time equivalent (FTE) administrative and program staff positions supported with W-2 funds during the previous contract year. DWD will also include indirect staff and administrative staff salary costs in the request. (Page 8)</p>	<p>1. FTE information is required as part of all W-2 agencies' original agency program plans at the start of every contract period.</p> <p>2. Substantial changes to original agency program plans must be submitted to DWD via a plan modification process during the contract period.</p> <p>3. DWD issued Administrator's Memo 05-03 requiring an annual FTE count, including indirect staff and administrative staff salary costs, from each W-2 agency on March 1, 2005. This requirement will begin for calendar year 2004 and will continue as an annual requirement. W-2 agencies have already started submitting their 2004 FTE reports. DWD will include oversight of the requirement to provide FTE information through on-site monitoring visits to W-2 agencies. (Ongoing)</p> <p>4. DWD collected salary information from selected private W-2 agencies in June 2005 as part of on-site financial monitoring visits. Data was</p>	<p>1. As a result of actions #4 and #5, DWD will issue further salary guidelines to W-2 agencies in the Fall of 2005 for the 2006-2009 contract period.</p>	

**DWD Report to the Joint Legislative Audit Committee**  
**LAB Findings and DWD Action Taken in the OIC-GM Financial Audit**  
 August 15 2005

LAB Recommendation	Actions Taken	Future Planned Actions	Comments
	<p>collected from Forward Service, Shawano Job Center, ACS, Maximus, Kaiser and UMOS. The data collected was for all staff whose salary exceeded \$50,000 annually and who charge part or all of their salary to the W-2 program.</p> <p>DWD compared the salary data collected during the monitoring visits to the 2003 Compensation and Benefits Survey for Non-profit Agencies and/or the Salary Guide for Accounting Occupations. DWD also compared the salary data collected for administrators to that contained in the July 2005 LAB Letter Report.</p> <p>5. In addition, DWD collected salaries for W-2 staff from all agencies as part of the current W-2 Request for Proposal (RFP) process for the 2006-2009 contract period. As part of the RFP review process, DWD is reviewing the reasonableness of salaries by comparing the reported salaries to the salaries for similar positions at similar agencies as listed in the July 2005 LAB Letter Report.</p>		

**DWD Report to the Joint Legislative Audit Committee**  
 LAB Findings and DWD Action Taken in the OIC-GM Financial Audit  
 August 15 2005

LAB Recommendation	Actions Taken	Future Planned Actions	Comments
	6. DWD has incorporated reviews of salaries into its ongoing financial monitoring reviews to determine the reasonableness of these salaries by comparing the reported salaries to the Compensation and Benefits Survey for Non-profit Agencies and/or the Salary Guide for Accounting Occupations. DWD will also compare these salaries to similar positions at similar agencies as listed in the July 2005 LAB Letter Report. (Ongoing)		

**DWD Report to the Joint Legislative Audit Committee**  
**LAB Findings and DWD Action Taken in the OIC-GM Financial Audit**  
 August 15 2005

LAB Recommendation	Actions Taken	Future Planned Actions	Comments
<p>2 LAB recommended that DWD (\$241,318), Department of Administration (DOA) (\$31,558), and Department of Public Instruction (DPI) (\$20,132) require Opportunities Industrialization Center of Greater Milwaukee, Inc. (OIC-GM), to reimburse the State for \$293,008 in state and federal funds used in supporting payments to Mr. Sostarich. (Page 19)</p>	<p>1. DWD sent a letter to OIC-GM on 11/29/04 identifying DWD funds to be recovered as a result of the LAB audit, SFS monitoring and DWS review. DWD also identified the method of recovery in this letter.</p> <p>2. Recovered all DWD funds (\$241,318) from the December 2004 and January 2005 checks to OIC-GM.</p>	<p>1. No additional action required.</p>	
<p>3 LAB recommended that DWD (\$95,000), DOA (\$11,200), and DPI (\$7,000) require OIC-GM, to reimburse the State for \$113,200 in state and federal funds used to support payments to Richard Porter since 1999, and that these State agencies no longer fund legal services provided by Richard Porter while he is an officer of the corporation. (Page 20)</p>	<p>1. DWD sent a letter to OIC-GM on 11/29/04 identifying DWD funds to be recovered as a result of the LAB audit, SFS monitoring and DWS review. DWD also identified the method of recovery in this letter.</p> <p>2. Recovered all DWD funds (\$95,000) from the December 2004 and January 2005 checks to OIC-GM.</p>	<p>1. No additional action required.</p>	

**DWD Report to the Joint Legislative Audit Committee**  
**LAB Findings and DWD Action Taken in the OIC-GM Financial Audit**  
 August 15 2005

LAB Recommendation	Actions Taken	Future Planned Actions	Comments														
<p>4 LAB recommended that DWD, as part of its ongoing fiscal monitoring efforts, closely review the telecommunications expenditures that agencies charge the W-2 program and the procedures W-2 agencies use for allocating telecommunications costs across programs. (Page 23)</p>	<p>1. DWD has increased the sample size of their financial monitoring and auditing processes. (December 2004)</p> <p>2. DWD added more specific monitoring requirements in the W-2 Agency Financial Monitoring Guide. (December 2004)</p> <p>3. DWD conducted on-site financial reviews of the agencies listed below through its contracted monitoring program using an updated guide that contained increased sample sizes and more specific monitoring requirements. As part of these reviews, DWD collected the following cost data in June 2005 on W-2 program telecommunication costs for 2004 from each agency monitored. (June 2005)</p> <table border="1" data-bbox="1136 982 1437 1459"> <thead> <tr> <th>Agency</th> <th>2004 W-2 Telecommunication Costs</th> </tr> </thead> <tbody> <tr> <td>ACS</td> <td>\$13,971</td> </tr> <tr> <td>Kaiser</td> <td>\$2,756</td> </tr> <tr> <td>UMOS</td> <td>\$72,304</td> </tr> <tr> <td>Forward Service</td> <td>\$2,668</td> </tr> <tr> <td>Shawano Job Center</td> <td>\$1,206</td> </tr> <tr> <td>Dane County</td> <td>\$17,082</td> </tr> </tbody> </table>	Agency	2004 W-2 Telecommunication Costs	ACS	\$13,971	Kaiser	\$2,756	UMOS	\$72,304	Forward Service	\$2,668	Shawano Job Center	\$1,206	Dane County	\$17,082	<p>1. DWD will review the information gathered on telecommunication costs through the RFP process and issue further guidelines on expenditures in this area in the Fall of 2005 for the 2006-2009 contract period. (Fall, 2005)</p>	
Agency	2004 W-2 Telecommunication Costs																
ACS	\$13,971																
Kaiser	\$2,756																
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Shawano Job Center	\$1,206																
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**DWD Report to the Joint Legislative Audit Committee**  
 LAB Findings and DWD Action Taken in the OIC-GM Financial Audit  
 August 15 2005

LAB Recommendation	Actions Taken	Future Planned Actions	Comments
	<p>Ashland County      \$460            Winnebago County      \$3,474</p> <p>OIC-GM had a two-year cost of \$330,677 for 2002-2003. Based on these results, it appears that the issue of excessive telecommunication costs was limited to OIC-GM.</p> <p>4. DWD will continue to monitor this area through the contracted financial monitoring process. (Ongoing)</p> <p>5. In addition, DWD collected telecommunication cost budgets from each proposer as part of the current RFP process for the W-2 program in 2006-2009. This data will be used to assess risk so that DWD can focus future monitoring efforts on agencies with the highest risk. (Ongoing)</p>		

**DWD Report to the Joint Legislative Audit Committee**  
**LAB Findings and DWD Action Taken in the OIC-GM Financial Audit**  
 August 15 2005

LAB Recommendation	Actions Taken	Future Planned Actions	Comments
5 LAB recommended that DWD require OIC-GM to repay \$6,930 in unallowable costs (\$5,532 for a consultant for WIA; \$1,118 for bank fees for insufficient funds; \$145 in rental late fees; and \$135 for towing and impound charges to the City of Milwaukee). (Page 25)	1. DWD sent a letter to OIC-GM on 11/29/04 identifying DWD funds to be recovered as a result of the LAB audit, SFS monitoring and DWS review. DWD also identified the method of recovery in this letter.  2. Recovered all DWD funds (\$6,930) from the December 2004 and January 2005 checks to OIC-GM.	1. No additional action required.	
6 LAB recommended that DWD require OIC-GM, to either repay the \$86,375 in questioned costs or have OIC-GM provide additional documentation that adequately justifies the expenditure of program funds (\$75,100 for radio station programming sponsorship; \$9,015 in RFP 2004-05 consultant fees; \$1,900 for van transportation; and \$360 in undocumented retail supplies). (Page 25)	1. DWD sent a letter to OIC-GM on 11/29/04 identifying DWD funds to be recovered as a result of the LAB audit, SFS monitoring and DWS review. DWD also identified the method of recovery in this letter.  2. Recovered all DWD funds (\$86,375) from the December 2004 and January 2005 checks to OIC-GM.	1. No additional action required.	

**DWD Report to the Joint Legislative Audit Committee**  
**LAB Findings and DWD Action Taken in the OIC-GM Financial Audit**  
 August 15 2005

LAB Recommendation	Actions Taken	Future Planned Actions	Comments
<p>7 LAB recommended that DWD, as part of its ongoing fiscal monitoring efforts, closely review the advertising and information expenditures agencies charge to the W-2 program to ensure such expenditures are necessary to the W-2 program's administration, and place limits in future contracts on the amount of advertising and information expenditures that agencies are allowed to charge to the W-2 program. (Page 28)</p>	<p>1. DWD provided enhanced training on Financial Monitoring to Regional Office Staff. (December 2004)</p> <p>2. DWD has increased the sample size of their financial monitoring and auditing processes. (December 2004)</p> <p>3. DWD added more specific monitoring requirements in the W-2 Agency Financial Monitoring Guide, including collecting information on advertising expenditures, legal services and the use of legal retainers. (December 2004)</p> <p>4. DWD conducted on-site financial reviews of the agencies listed in Attachment 1 through its contracted monitoring program using the updated guide that contained increased sample sizes and more specific monitoring requirements. As part of these reviews, DWD collected the cost data that appears on Attachment 1 in June 2005 on W-2 program costs for 2004 from each agency monitored.</p>	<p>1. DWD will review the information gathered on advertising and information costs, legal services and legal retainers through the RFP process issue further guidelines on expenditures in these areas in the fall of 2005 for the 2006-2009 contract period. (Fall, 2005)</p>	

**DWD Report to the Joint Legislative Audit Committee**  
**LAB Findings and DWD Action Taken in the OIC-GM Financial Audit**  
 August 15 2005

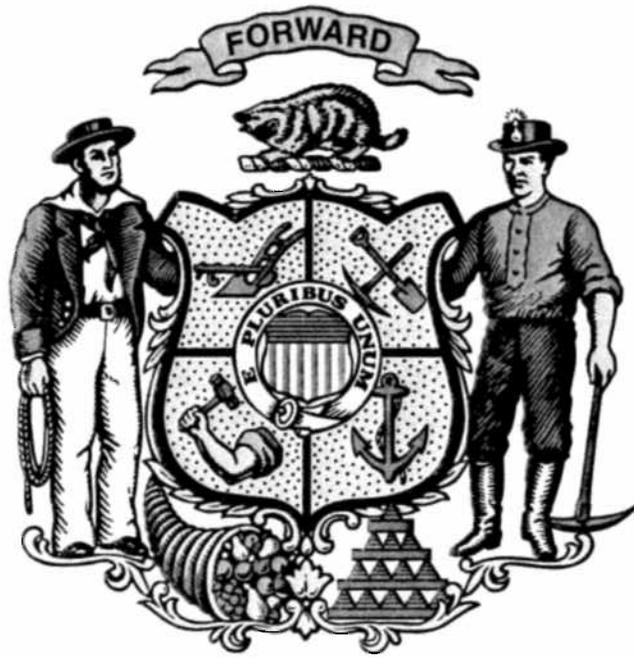
LAB Recommendation	Actions Taken	Future Planned Actions	Comments
	<p>Based on these results, it appears that the issue of excessive advertising and legal costs was limited to OIC-GM.</p> <p>5. Financial on-site monitoring of all Milwaukee agencies and a sample of agencies in the balance of the state will be conducted to identify and resolve issues prior to becoming an audit issue. (Ongoing)</p>		

**Attachment 1**  
**LAB Recommendation Number 7 – Actions Taken – Item 4**  
**August 15, 2005**

Through its contracted financial monitoring program, DWD conducted on-site financial reviews of the agencies listed below using the updated monitoring guide that contained increased sample sizes and more specific monitoring requirements. As part of these reviews, DWD collected the following cost data in June 2005 on W-2 program costs for 2004 from each agency monitored.

Agency	Advertising	Legal Services	Legal Retainer
ACS	\$0	\$0	\$0
Kaiser	\$0	\$169	\$0
UMOS	\$2,130	\$0	\$0
MAXIMUS	\$0	\$0	\$11,626
Forward Service	\$408	\$0	\$0
Shawano Job Center	\$0	\$0	\$0
Dane County	\$0	\$0	\$0
Ashland County	\$65	\$0	\$0
Winnebago County	\$0	\$0	\$0
OIC-GM Costs for 2003	\$81,523*	\$115,214	\$50,330

\* The Advertising amount for OIC-GM is for the two-year period 2002-2003. A breakout is not readily available.





WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

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

August 23, 2005

Mr. Bill Clingan, Administrator  
Division of Workforce Solutions  
Department of Workforce Development  
P.O. Box 7972  
Madison, Wisconsin 53707-7972

Dear Mr. Clingan:

We have received your letter of August 15, 2005. Thank you for providing us with an update on the efforts that the Department of Workforce Development (DWD) has taken to oversee Wisconsin Works (W-2) agencies in response to the Legislative Audit Bureau's November 2004 report on the Opportunities Industrialization Center of Greater Milwaukee, Inc. (OIC-GM).

The need for effective oversight was again demonstrated earlier this month, when the Audit Bureau identified that Maximus had failed to comply with the provisions of its bonus plan and had inappropriately paid bonuses to its senior managers. We commend DWD's prompt action in recovering these funds.

We look forward to receiving in November 2005 the additional information about the cost containment caps that DWD is considering for W-2 agencies' telecommunications, advertising and information, and legal expenditures. Even though only OIC-GM may have incurred excessive expenditures in these three areas to date, it is important that DWD take steps to ensure that future expenditures are limited to those reasonable and necessary to serve program participants.

Thank you again for the information you have provided to date.

Sincerely,

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

Representative Suzanne Jeskewitz, Co-chair  
Joint Legislative Audit Committee

cc: Roberta Gassman, Secretary  
Department of Workforce Development

Janice Mueller, State Auditor  
Legislative Audit Bureau



Aug. 29, 2005

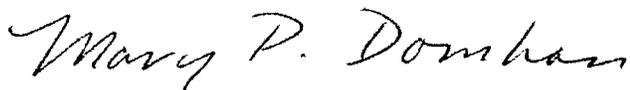
Representative Suzanne Jeskewitz  
Room 314 North  
State Capitol  
P.O. Box 8952  
Madison WI 53708

Dear Representative Jeskewitz,

Enclosed you will find a copy of a letter sent to Ms. Roberta Gassman in regard to my experiences with the Maximus office located at 6550 N. 76<sup>th</sup> St., Milwaukee, WI, 53223 and another W-2 venue located at 1220 W. Vliet St., Milwaukee, WI, 53205.

I feel it is important at this time that you are made aware of these issues. I look forward to hearing your views in regard to the enclosed letter.

Sincerely,



Mary P. Domhan  
3166 S. Austin St.  
Milwaukee WI 53207  
[mirabai777@earthlink.net](mailto:mirabai777@earthlink.net)  
414 737 2044

Aug. 29, 2005

Ms. Roberta Gassman  
Secretary  
Wisconsin Department of Workforce Development  
201 E. Washington Ave. A400  
Madison WI 53707-7946

Dear Ms. Gassman,

After reading an article in the Milwaukee Journal Sentinel dated July 21, 2005, regarding bonuses paid to Maximus employees, I was compelled to contact you and several other officials. This in regard to the negative experiences I have had in dealing with the Maximus office located at 6550 N. 76<sup>th</sup> St., Milwaukee, WI, 53223 and another W-2 venue located at 1220 W. Vliet St., Milwaukee, WI, 53205.

The opening paragraph in the article stated: "Maximus Inc., the state's largest Wisconsin Works provider, gave some \$700,000 in bonuses to rank and file employees from 2002-04 and paid for them in part with taxpayer money, according to a state audit report released Wednesday." Being a recipient of terrible service from the Maximus office and the W-2 office at 1220 W. Vliet St., the information contained in this article infuriated me.

In January 2005, as part of my job search, I went to the Maximus located at 6550 N. 76<sup>th</sup> St. to make use of their services. What I saw there was a disgrace. The staff were standing around, joking and doing nothing that appeared to be an aid in anyone's job search. I asked to use the internet but no stations were available. Clients were using the internet service for game playing in full view of Maximus staff.

I requested to have my resume faxed to a prospective employer. There was only one staff member sending faxes while several other staff members lingered around her desk. I was told it would be a long time before my fax was sent and it would be placed in a "to be faxed" pile. I left, trusting that my fax would be sent. I called the employer later on and was informed that my fax had not been received. I don't think the excuse of understaffing can be used in this instance. This was infuriating not only in regard to my job search, but also for the fact that the personal information on my resume was available to anyone at that Maximus office.

I also had a negative experience with this Maximus office in regard to food stamp benefits. On June 6, 2005, I received a letter from Maximus stating that an eligibility review had been scheduled for me at 9.30 am on June 15, 2005. It was stated in the letter that I needed to contact my case worker, Kamaria L. Flowers, immediately if I was unable to attend the interview. Since my work schedule conflicted with the eligibility review time, I responded with a letter sent on June 7, 2005 informing her of this. I also informed her of my availability for a review and a request to reschedule. I heard nothing back from her in regard to this. Another problem with Maximus - it is impossible to get through on the phone number given on their notices. In a letter dated June 17, 2005, I was informed that my eligibility had been evaluated and it had been determined that effective June 30, 2005 my food stamp benefits would end. It was stated that this determination was arrived at because the eligibility review was not completed. I made it clear in my letter, which included my phone number, address and email contact, that I would be happy to reschedule my review. I tried calling again but could not get through.

I was directed to go to 1220 W. Vliet St. for my eligibility review. This venue is located in a very unsafe area of Milwaukee. I do not know whose decision it was to hold interviews for these benefits in such an area, but it definitely serves to discourage people from applying.

My initial contact with the venue at 1220 W. Vliet St. was in April 2004. At that time my employer, The Milwaukee Athletic Club reduced my full time hours to part time and ended my health benefits. On my first visit to schedule an eligibility interview for food stamps and health insurance, I waited two hours without getting an interview scheduled, having to leave for another appointment. On the second visit I had to wait almost two hours to finally schedule an interview. The actual interview on my third visit was not much better.

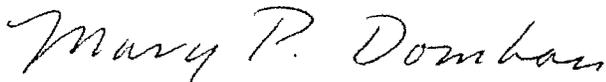
During the third visit, I was called in to a back office area and made to wait while my case worker, Tenna M. Freeman, chatted with a co-worker while I stood waiting to be led to her cubicle. This went on for about five minutes. It was rude and unprofessional.

During the interview Ms. Freeman was agitated and made me feel as if I didn't have any right to apply for these benefits. She told me straight out I was not eligible for any state health insurance programs. She also made reference to the fact that I was receiving unemployment benefits and that due to that I most likely would not be eligible for food stamps. I was amazed that she actually went through the required process of eligibility determination at all. As it turned out, I was eligible for \$10 per month food stamp benefits.

According to a representative from the State of Wisconsin Legislative Audit Bureau, The Wisconsin Department of Workforce Development contracts Maximus as a facilitator of W-2 services. While looking for full time employment and assistance during times of difficulty, I have found dealing with Maximus and the office at 1220 W. Vliet St. to be humiliating and frustrating. The level of service at both venues is unacceptable. As a taxpayer I am outraged that the Department of Workforce Development has outsourced business to an organization such as Maximus.

I appreciate your time taken in reading this and look forward to hearing your views in regard to the situation with Maximus.

Sincerely,



Mary P. Domhan  
3166 S. Austin St.  
Milwaukee WI 53207  
[mirabai777@earthlink.net](mailto:mirabai777@earthlink.net)  
414 737 2044

cc: Mr. William R. Clingan  
Representative Suzanne Jeskewitz  
Senator Carol A. Roessler  
Mr. Paul Stuiber  
Senator Jeffrey Plale