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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**

FORWARD

**Alberta Darling**  
**Wisconsin State Senator**  
Joint Committee on Finance

**Joint Audit Committee Hearing**  
**March 14, 2006**  
**MATC downtown Milwaukee**

RE: W-2 Audit

I am here today because I am a strong supporter of the W-2 program but I have found over the years, there are areas related to the program in need of review and improvement. That is why I requested an audit of the W-2 program in December of 2003. I was pleased when that request was granted and the Legislative Audit Bureau provided a report of the program in April of 2005. I would like to thank the co-chairs of the Joint Committee on Audit, Senator Carol Roessler and Representative Sue Jeskewitz, for holding this hearing today so we might continue our investigation of the strengths and weaknesses of W-2. I am particularly interested in the progress we have made since the audit was released and the success rates of the clients enrolled. With that in mind, I have prepared the following questions:

- A. Please explain exactly how oversight will be improved under the new W-2 contracts, particularly in Milwaukee County.
- B. How many new agencies in Milwaukee County received W-2 contracts? How are you monitoring those agencies to ensure the taxpayers are well-served by these contract expenditures?
- C. Please update me on the activities of the Milwaukee W-2 office and the specific steps they are taking to improve oversight of the contract agencies.
- D. You have reported strengthening the contract language regarding penalties if W-2 agencies fail to fully comply with all contract requirements. Have any penalties been imposed to ensure accountability from all W-2 agencies?
- E. W-2 agencies must now have board members who are trained in management responsibilities such as financial statements, auditing, and codes of conduct. Who is providing this training? Have you seen any results?
- F. Of the total contract dollars awarded, how much has been used for job training? Please be specific to each agency.
- G. Please describe the types of training offered specific to each agency.
- H. How many people have been trained since the recent contracts were awarded and again, please be specific to each agency?
- I. What is the cost of training per participant and who provided the training?
- J. How many trained individuals have secured employment? What is the retention rate for those workers?
- K. What is Milwaukee Jobs Development (MJD) doing differently than the W-2 JDPAs? If they are recruiting from outside W-2, why are they getting funding from W-2?

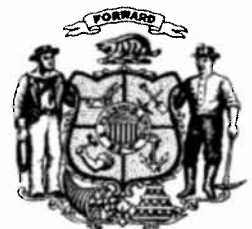
- L. Is MJD doing any job training with their \$700,000 in WIA money or are they sending clients through WIA to receive training?
- M. What assessment tools are being used by MJD? What about background checks and drug testing?
- N. What are the criteria used for enrollment in MJD? How many people have enrolled since 2005? It is my understanding enrollment began in Jan. 2006. If that is the case, how does MJD plan to spend \$700,000 by June of this year?
- O. What is the Department doing to partner with agencies that have a proven track record of success?
- P. Why does the Department require the agencies to contract with Milwaukee County for services they could likely perform with their own staff? Wouldn't these resources be better used serving clients? (\$210,000 in '06 at the YWCA)
- Q. Why does the Department continue to support the Milwaukee Regional Office? Doesn't this simply add a layer of bureaucracy for the agencies to navigate? Wouldn't it be better to make the bright minds in Madison more accessible to the most challenging county to serve—Milwaukee County?
  - a. MRO does not understand own policies.
  - b. Discourages fact finding process.
  - c. Slow response to questions by agencies.
- R. Why are the agencies given little notice for new requirements? For example, why did they learn of the 15% required allocation of funds for training after their budgets had been established? Why wasn't this spelled out in the RFP?
- S. Why isn't there a cohesive approach to the Department's new model? I have heard services and policies vary significantly between regions? This leads to "shopping around" by clients. As a result, one agency can be overburdened why another is not serving its clients.
- T. Is it true the SSI agency was using a "caseload containment strategy?" In other words, were they turning away potential clients so they didn't exceed the number of people they had been contracted to serve regardless of the need? Does the fact that the SSI agency has no incentive pay play into this policy?

Thank you for allowing me to provide this testimony today. I composed the preceding questions with the aid of a number of individuals who work directly with the W-2 program. Their input was invaluable to me and while I am sure we could come up with even more areas to discuss with the Department, I think this puts us on the path to better accountability to Wisconsin taxpayers and stronger outcomes for W-2 clients.

I would be happy to address any questions you may have.



# WISCONSIN STATE LEGISLATURE



Testimony of Anne L. De Leo, Co-Chair W-2 Monitoring Task Force of the Milwaukee County Board of Supervisors March 14, 2006

Thank you for convening this Audit Committee Hearing here in Milwaukee today. The Audit Committee's efforts at improving the W-2 program should start here in Milwaukee. As the April 2005 W-2 Audit said "determining how best to provide W-2 services to Milwaukee County participants who represent 80% of the statewide caseload will be important to W-2's overall effectiveness." (See p.105)

The organization I represent--the W-2 Monitoring Task Force of the Milwaukee County Board of Supervisors-- has been gathering information and weighing in on W-2 legislation and policy since 1998. The April 2005 Audit discussed many of the issues that we had identified as deficiencies of the W-2 program.

I want to focus today on three of the issues mentioned in the audit--effective screening of W-2 applicants, the use of the job ready category to divert applicants and the need for DWD to increase its oversight and monitoring of the W-2 agencies to ensure consistent and fair treatment of W-2 participants.

The Audit discussion of the Job Ready category and points out that DWD's instructions to the W-2 agencies regarding who should be assigned to job ready are vague and subject to widely varying interpretations. Even a simple term like recent and/or steady employment, one of the characteristics of a job ready person, has never been defined

by DWD.

Frankly, Job Ready has been a convenient place to dump or divert W-2 applicants and participants. Placement in Job Ready postpones assignment to a subsidized activity like a Community Service Job. In the past last two years, DWD given the W-2 agencies another too. DWD requires the W-2 agencies to refer applicants to up-front job search without requiring any screening to determine if up-front job search is appropriate for the applicant.

I can best illustrate how up-front job search and the job ready placement work by using the a hypothetical example taken from several actual client situations.

Lisa is 24 years old and has two children, 8 and 7. Lisa never completed high school, having dropped out after her second child was born. She reads at a fifth grade level. After leaving high school, she was employed at a series of fast food restaurants. In 2004, she participated in W-2 and was enrolled in a Certified Nursing Assistant program.

Lisa completed the CNA program and got a job at a nursing home. The nursing home in Waukesha County uses a private van driver to get the employees to work. Lisa's pay covered the cost of her weekly payment to the van driver, her rent and utility expenses. She continued to be eligible for food stamps, medical assistance and subsidized child care.

After two years and a series of back injuries, she could no longer work as a nursing assistant. When she lost her job in the middle of January for missing too many days, she visited the nearest W-2 agency to ask for help. Lisa is one of the many returnees discussed in the Audit (see p 62), former participants with temporary jobs or jobs in nursing homes who lose employment.

Lisa's last paycheck was not enough to cover her rent for February and her landlord told her he would have to evict her. Knowing that an eviction order would ruin her chances for future housing and employment, Lisa chose to move before she was evicted. She used what money she had to pay for one month of storage and moved to her mother's apartment with her children and a few baskets of clothing.

When she came to the W-2 agency she hoped for a placement in a Community Service Job that would lead her to employment in a new field. Her doctor had warned her away from any jobs that would require lifting more than 10 pounds. And she could no longer stand for more than one hour at a time. She also hoped for emergency assistance to pay for housing.

Her application for Emergency Assistance was denied because she did not have a five-day notice from her landlord and she was not living in a homeless shelter. She was told she would not be considered for a Community Service Job until she completed up-front job search for two weeks while her application was being processed.

She explained that she could not stand for any length of time or lift more than 10 pounds, but was told that unless she had a completed form, called Medical Examination & Capacity Form, signed by her doctor she had to participate fully in Job Search. She made a doctor's appointment for her two weeks later. Meanwhile she missed Job Club twice because of back pain.

When she met with a FEP eight days after she first applied, the FEP criticized her for missing Job Club and told her she could deny her application outright, but instead would put her in the Job Ready category. The FEP explained that her recent employment and her willing attitude meant that she could compete for available jobs. Lisa explained about the back injury and the FEP encouraged her to bring in the completed medical form. Meanwhile, as a Job Ready individual she was required to contact 25 potential employers each week for the next 30 days and participate in Job Club. If she failed to fully comply she would be denied W-2.

She tried to comply, but missed Job Club again after her mother's landlord threatened to evict her mother. Lisa packed up her kids and moved to a cousin's place for three days. Then she moved again. Someone told her to call 211, the emergency social services number to try to get into an emergency shelter. She knew that if she got into a shelter she might be eligible for \$ 450 in emergency assistance. She reached someone at 211 who told her she and her children could not move into a shelter together because there were no available family spaces in any Milwaukee County shelter.



The rest of the story gets worse. All of Lisa's belongings were sold by the storage facility; she continued to move with her children from house to house; and her children stopped attending school regularly. She was never placed in a Community Service Job. She was never referred to a short-term employment-linked training. She was never screened.

Lisa's family is now one of the 4500 families with children in Milwaukee County who have no income and receive no assistance from the W-2 program.

Let me tell you what should have happened to Lisa when she first visited the W-2 agency. She should have been provided emergency help to stabilize her housing situation. Ideally that help would have come before she vacated her apartment. She should have been screened to determine if she had any barriers to employment before she was assigned to up-front job search. She should not have been required to obtain a completed medical form from her doctor before any screening was done. If the screening had been done, the results would have directed the W-2 agency to arrange a vocational assessment to identify which types of jobs Lisa could perform even with her limitations. The Division of Vocational Rehabilitation should have been consulted.

The W-2 program is built on a system of discretionary decisions being made by front-line staff. Practices vary widely from agency to agency. It is possible that in the W-2 agency on the other side of town, Lisa's explanation of her medical problems might have been heard. It is possible that a worker there might have decided to place Lisa in

a Community Service Job where her ability to work in an office or small assembly setting could have been explored.

The audit rightly questioned wide program variations. DWD needs to increase its oversight and monitoring in order to avoid these variations.

DWD candidly revealed in its March 2005 Sanction Study that some disparities in client treatment occurred because of racial discrimination. But the recommended policy changes in the Sanction Study are still to be implemented. The ACLU of Wisconsin recently sent DWD a detailed point-by-point letter about the Sanction Study and a copy of that letter is being provided this Committee.

Yes, it is good that DWD is bringing in a new emphasis on job development. Whether having more job developers will connect W-2 participants to jobs that last will not be known for awhile. Yes, it is good that DWD is hiring an ombudsman to field client complaints and oversee policy implementation in Milwaukee.

I urge the Audit Committee not to file away the W-2 Audit. DWD should be invited back again to report on any progress it has made toward creating a program that lives up to its name – Wisconsin actually Works for the clients it serves.



Testimony of Pamela Fendt, policy analyst  
UW Milwaukee Center for Economic Development  
Joint Legislative Audit Committee hearing  
3-14-06

I would like to speak to the audit recommendation to improve service coordination for families in the child welfare system with other services, particularly W-2.

Pr. Mark Courtney, director of the Chapin Hall Center for Children at the University of Chicago, has conducted a number of child welfare and welfare reform studies. His work offers us direction on this subject of service coordination. I was fortunate to be at a briefing in Milwaukee a couple of years ago that was also attended by Secretary Gassman. Pr. Courtney noted that he had been struck by findings of his research in Wisconsin showing similarities in circumstances between families in the child welfare safety services program and the pool of applicants for W-2. He concluded by saying -- If you want to prevent entry into protective services, make sure you're serving the families in W-2.

As a member of the W-2 Monitoring Task Force of the Milwaukee County Board of Supervisors and a researcher that has studied W-2 since its inception, I can't say we're doing that.

Recently the "job ready" designation in W-2 has been in the news. This issue is a priority concern for advocates in Milwaukee. Quite simply, this placement creates a major destabilizing effect on families. It means that the parent can receive case management services but that she won't receive cash assistance. It can leave the family with no source of income for 30 days or longer.

Here's how "job ready" ties into child protective services. Courtney's research found that economic hardship and parental stress significantly increase the likelihood of a CPS intervention. Homelessness doubles the risk. Applying for W-2 and being told you won't receive cash assistance leads directly to any or all of these situations of risk if the parent does not secure a job, and DWD figures show that only 16% of "job ready" applicants actually got a job in 2005.

Last year, DWD directed W-2 agencies in Milwaukee to consider ways to expand use of the "job ready" placement as part of ongoing efforts to meet budget constraints in W-2. "Job ready" is not one of the original 4 tiers of the W-2 program, and is not provided for in state statutes. DWD argues that it is part of the "unsubsidized employment" tier. 1,806 parents were declared "job ready" by Milwaukee W-2 agencies in 2005.

([http://www.dwd.state.wi.us/dws/rsdata/docs/docs\\_2005/w2\\_unduplicated\\_placement\\_county05.xls](http://www.dwd.state.wi.us/dws/rsdata/docs/docs_2005/w2_unduplicated_placement_county05.xls))

As this committee seeks to improve services to vulnerable families served by DWD and DHFS, I hope you will stress vigilance in service delivery, especially the issue of approving cash assistance to eligible families -- to support them until they can obtain a job and to help prevent them from needing a CPS intervention. I would be happy to answer any questions committee members might have.



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State of Wisconsin  
Department of Workforce Development  
Jim Doyle, Governor  
Roberta Gassman, Secretary

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## Wisconsin Works is Working

### Statement by Secretary Roberta Gassman Department of Workforce Development Joint Legislative Audit Committee on W-2

March 14, 2006

#### The Goal of W-2 is Workforce Attachment

The Department fully supports the goal of W-2 to assist low-income families in achieving economic self-sufficiency through employment. With ultimate self-sufficiency as the goal, W-2 is a key step in a continuum of workforce development programs and services that help families become self-sufficient. 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.

The Department has taken many positive steps over the past three 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.

Chief among the positive steps taken by DWD are improved W-2 contracts focusing on outcomes and job retention for participants; increased financial accountability; effective connections with employers, strengthening participant connections to work and career ladders; providing employment stabilization services; and, for those individuals with multiple and severe barriers, providing assistance in obtaining Supplemental Security Income and Social Security Disability Income.

Wisconsin has a unique opportunity before us, presented by a recovering economy and an aging population. More people are retiring and leaving the workforce than those entering. This means an increased demand for workers, in health care, technology, and construction and in many other industries. With each passing month, these labor shortages intensify and our W-2 participants have even greater opportunities for employment and paths to economic self-sufficiency.

W-2 participants must be prepared for these opportunities and for the fact that the first job a W-2 participant receives need not be the last job he or she obtains. W-2 must be viewed as one program within the broader public workforce system that supports individuals in making their initial as well as next step connections 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 career ladders and pathways to economic self-sufficiency.

To better connect individuals to work and career ladders, DWD is continually working 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 case management services category; provide more intensive activities and services for individuals in CSJs; and, promote advancement opportunities 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.

We have already shown great success in moving W-2 participants to employment. Since 2004, Wisconsin has had over 9,000 entered employments. Related to this, we have improved job attainments, beginning wages and the types of placements for our W-2 participants.

### **Contract improvements**

DWD entered into our latest contracts with W-2 agencies in January 2006 with improved financial and programmatic controls and stricter performance outcomes.

Chief among the improvements in our latest W-2 contracts are specific changes for the delivery of services in Milwaukee County, where the largest population of the state's caseload resides, separating the different W-2 functions of case management, job development and Social Security Income/Social Security Disability Income (SSI/SSDI) eligibility determination (see attached diagram). Having different entities specialize in the delivery of separate W-2 services will produce better outcomes for participants and stronger connections to employers and jobs.

For some individuals, assistance and advocacy in obtaining SSI/SSDI are the most appropriate services for the 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 families.

### **Improved Financial and Administrative Management**

- Increased management and financial accountability for W-2 Agencies in financial reporting, cost reimbursement controls and cost oversight by limiting, prohibiting and/or requiring additional reporting for promotional expenses, telecommunications, executive compensation, legal services and retainers and rent;
- Requirement of fidelity bond backing from all private agencies to reimburse the state in the event an agency does not fulfill its contractual obligation;
- Performance based incentive reimbursement by DWD ensuring that large agencies earn final 20% of state allocation based on success in meeting program outcomes;
- New standards and incentives focusing on the successful outcomes of participants to obtain and retain employment; and,
- Increased oversight of agency governance for non-governmental agencies including operations of board of directors, bylaws, training and maintenance of records and minutes.

## **Improved Program Management**

- New performance standards focusing on successful participant outcomes in areas including obtaining and retaining employment, enrollment in relevant job skills training and receiving eligibility for SSI/SSDI support;
- Increased requirements that agencies connect to local employers to expand job opportunities for W-2 participants;
- Increased requirements that agencies assist participants in retaining new jobs;
- New requirements that agencies ensure the provision of short-term skills training for participants, where appropriate, to ensure improved job placement success; and,
- New requirements that agencies integrate services with other workforce development and community support programs and providers in areas such as child welfare to better serve participants facing multiple challenges.

## **Changes for Milwaukee County W-2 Agencies**

- Increased focus on effective participant workforce attachment through stronger connections with employers and the use of Job Development and Placement Agencies;
- Increased focus on the provision of effective case management services through specialized Case Management Agencies;
- Increased focus on expeditiously assisting people who are likely eligible for SSI/SSDI benefits through a specialized countywide SSI/SSDI Advocacy Agency;
- Creation of a Preferred Provider registry to be used by Milwaukee W-2 Agencies for providing specialized case services that will assure quality, cost savings and community involvement;
- Increased number of W-2 Agencies and, as a result, a reduction in the concentration of W-2 resources in a few entities whose performance could jeopardize the overall program; and,
- Creation of an Ombudsperson at DWD to support W-2 applicants and participants in rapidly addressing their needs and challenges in accessing W-2 services.

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 three 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.



## **Additional Milwaukee Improvements**

DWD has also reinforced services to W-2 Milwaukee participants by: retaining the Milwaukee Regional Office for on-site monitoring and continual communication with the Milwaukee W-2 agencies; creating an ombudsperson to ensure agencies' responsiveness to participant concerns; creating a Job Development Placement Agency network to coordinate job placements throughout the county; consolidating job center service points; refocusing connections to the Division of Vocational Rehabilitation and maintaining a registry of preferred providers in Milwaukee.

## **The Future**

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 9,000 entered employments since 2004.

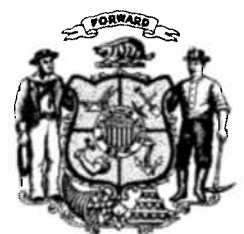
The Department is focusing program services on strengthened participant connections to work and career ladders, employment stabilization services and, for those individuals with multiple and severe barriers, assistance in obtaining Supplemental Security Income (SSI)/Social Security Disability Income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

The Department also believes that implementing a Trial Jobs Plus initiative, increases to the minimum wage and increasing service integration will support the success of W-2 participants. W-2 is often the program that supports individuals in making their initial connection to employment. We want that connection to provide the foundation for moving to self-sufficiency and for leaving poverty.

All individuals deserve a chance to move up the career ladder and the opportunity to support their families.



# WISCONSIN STATE LEGISLATURE



## Making Wisconsin Works Work

Secretary Roberta Gassman  
March 14, 2006

## Purpose and focus of W-2 ... workforce attachment

- Prepare individuals for employment
- Strengthen connections to employment
  - First job is not the last job
- Improve employment retention
  - Help to succeed at work
- Cross system career ladders for participants (TANF, WIA, etc.)
- Assist vulnerable for SSI/SSDI eligibility

## Outline of Presentation

- Audit: importance of improved accountability and connections to economic self sufficiency
- Challenges
- Improvements to W-2 and new contracts
  - Statewide
  - Milwaukee
- Update on W-2 and child welfare recommendations
- Additional steps ahead

## Challenges

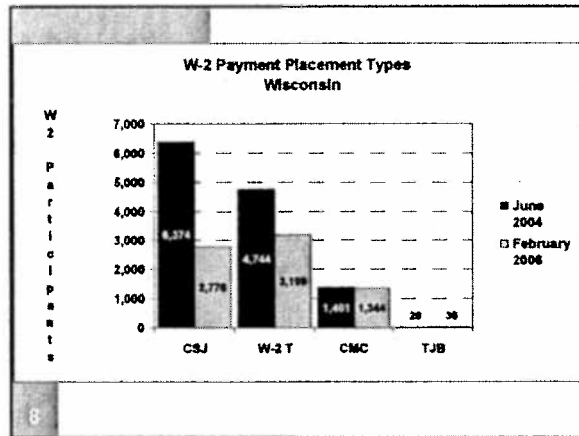
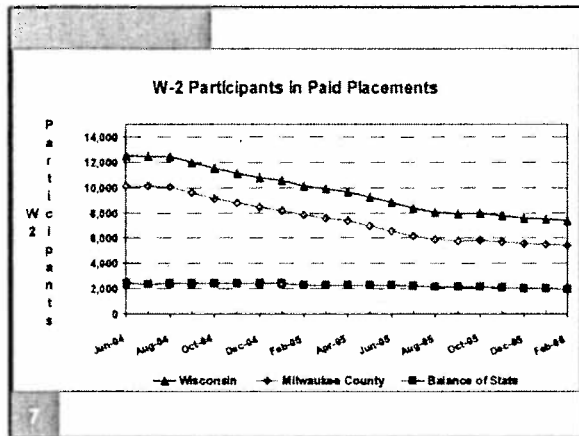
- Identify skills needed for today's jobs
  - Unique opportunity with future labor shortages
  - Broad need for qualified workers for quality jobs
- Ensure support systems in place to retain employment
  - Quality child care
  - Housing
  - Transportation
  - Specialized training
  - Work experience
- Connect to the workforce system after W-2
- Link to additional strategies for breaking cycle of poverty and underemployment

## Connect to the Workforce System

- Job Center
  - Must be welcoming to all workers and employers
  - Stronger connections to employers and skills needed
- Regional cooperation, must include:
  - Early education, K-12, WTCS
- Skills Enhancement, ongoing opportunities
  - Gain additional skills while working
- Moving Job Service and WDBs to higher road
  - Business service teams and industry liaisons
  - Spending at least 35% on training
  - Identifying higher wage employers

## Caseload observations

- Moving more participants to employment
  - 9000 entered employments in 2005
  - CSJs down
- Core of individuals in W2T will need new strategies to mix work with ways to address barriers
  - SSI advocacy model
  - DVR successes as model
- CMC caseload constant
- Caseload trending toward pre 9/11/01 numbers
  - Improved economy
  - Better case management



- ### 2006-09 Contracts: Making Improvements
- RFP preparation outreach
    - Legislators (including co-chairs)
    - Advocates (meetings in office)
    - Providers (individually and with counties)
    - Academics (IRP, etc.)
  - Outreach produced improvements found in RFP and contracts

- ### RFP Improvements
- Outcomes measured for obtaining and retaining jobs
  - Connection to local employers
  - Short-term skills added
  - Must work with child welfare and other providers

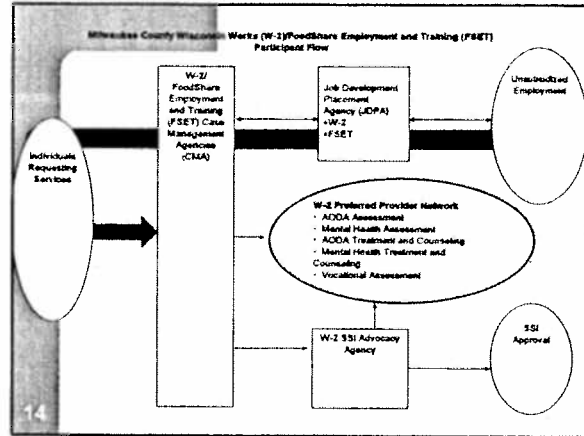
- ### Statewide Contract Improvements-Administrative
- Strict limits:
    - Promotional expenses
    - Telecommunications
    - Executive compensation
    - Legal services and retainers
  - Fidelity bonds for all private agencies
  - Increased oversight of governance: boards of directors, bylaws, training, maintenance of records, minutes
  - Use of penalties

- ### Statewide Improvements-Programmatic
- Strengthened and new performance standards
    - Wage at placement (new)
    - Employment within 60 days of skills training (new)
    - Job placement rate
    - Job retention rate, 30, 60 and 180 days
  - Financial incentives
    - 80% allocation upfront
    - Must earn remaining 20% by meeting standards
  - Improved training for W-2 agency staff
    - Labor shortages, LMI, wages, career ladders
    - SSI population and referral needs

## Milwaukee Improvements

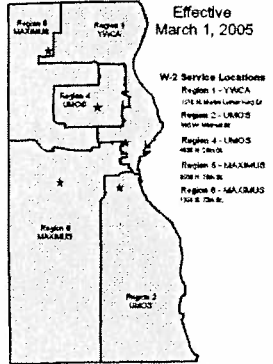
- Separating out functions
  - Case Management
    - Addresses support systems of the individual
    - Conducts assessments of barriers and skills
  - Job Development and Placement
    - Connects with employers (specific job developers)
    - Matches clients with appropriate jobs
    - Retention specialists
    - Customized skills training plans for participants
    - Requiring spending on training
  - SSI/SSDI Advocacy
    - Help individuals more quickly access SSI
  - Preferred Provider Network

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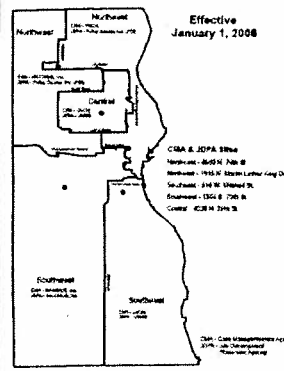
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## Milwaukee W-2 Regions and Offices



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## Milwaukee W-2 Regions Map



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## Other Milwaukee Improvements

- Milwaukee Regional Office
  - Retained with reorganized W-2 oversight
- Ombudsperson
  - Helping participants get services
- JDPA networking
- Job Centers-consolidating service points
- DVR a key partner

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## Audit recommendation 1 Increase consistency in extension decisions

- Regional staff now review all extension denials
- Operational memos issued to reflect policies and procedures
- New and on-going training offered, including mandated training for new workers
- Increased training and monitoring to increase consistency

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### **Audit recommendation 2 Assign participants to appropriate activities**

- New weekly monitoring reports implemented in May, 2005 used by regional staff to advise W-2 providers
- New activity codes developed to reflect appropriate assignments
- Refresher training offered every 3 years to update long-term staff
- Increased monitoring and training to improve assignments

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### **Audit recommendation 3 Ensure appropriate CMC placement and dates**

- Improved guidance given to agencies
- IT system changes alert agencies 1 week prior to end dates
- Online training offered for appropriate end dates
- Other improved monitoring reports being implemented to achieve full compliance
- New monitoring report indicates case at 70-84 days and > 84 days
- Inappropriate end dates reduced by 60% since 2004
- Additional reductions expected by June '06 report

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### **Audit recommendation 4 Modify Job Access Loans**

- Policy recommendations for rule changes being previewed this month
  - Will eliminate requirement that JALs not exceed an average of \$800 and instead state that any single JAL cannot be in excess of \$1600
- Public hearings on proposed administrative rule changes planned for May, 2006

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### **Audit recommendation 5 Review Barrier Screening Tool and ensure proper assessments**

- Barrier Screening Tool and Assessment Evaluation completed in January, 2006
- Key findings shared with JLAC on Jan. 31, 2006
- Other states using our tool as model
- Additional actions planned
  - Review of timing of BST (participants don't always want to discuss sensitive information early in process)
  - Review of those individuals who did not participate but successfully attached to workforce
  - Improved training to assist workers in promoting the tool

22

### **Audit recommendation 6 Progress on disparities in sanctions**

- Updated 2004 Sanctions study (findings shared with JLAC on January 31, 2006):
  - Sanction disparities between blacks and whites decreased between 2000 and 2004
  - Blacks in Milwaukee County no longer sanctioned more than whites
  - Hispanics did not experience disparate treatment in sanctioning
  - Balance of state still shows some disparity but universe much smaller to study
- Increasing monitoring, training and individual case reviews

23

### **Audit recommendation 7 Ensure correct cash benefit amounts to participants**

- New operational memos established 2 worker approval process
- New worker training provided and incorporated into ongoing training
- Noted decline in incorrect payments to participants
- Major CARES changes in June 06 will further reduce incorrect payments

24

### **Audit recommendation 8 Provide guidance to agencies on participant activities in case files**

- In March, 2005 held two-day classroom training for W-2 staff, incorporating guidance on case file information into ongoing training
- On-line training offered for areas with potentially high error rates
- Provided specific training to Milwaukee W-2 staff on CARES process - will be ongoing
- Working with DHFS on Electronic Case Files
- Noted improvement in information included in files

25

### **Audit recommendation 9 Instruct agencies or change statutory provisions on drug sanctions, Learnfare, and W-2 strikes**

- Reviewed W-2 policy on strikes and now drafting recommended changes to these policies
- By June, 2006, as consider budget and other changes, will issue new policy on strikes and other non-participation issues, followed by training

26

### **Audit recommendation 10 Require agencies to uniformly report on fact-finding and hearing decisions within 10 days**

- Work with IT staff to create a new online fact-finding database began in September, 2005 and completed in July, 2006
- Will develop operations memo highlighting these changes by June 2006
- Regional Office now reviews each fact-finding on monthly basis and requires that agencies comply with hearing decisions within 10 days
- Noted improvements in reporting and continued improvement expected

27

### **Child Welfare Audit**

- 2006-09 contract changes
  - Agency plans require cooperation and collaboration with child welfare agencies to work with vulnerable families
- Vendor review
  - Issued letter to Co-Chairs indicating that DWD has reviewed common vendors with CW and reported our findings to Co-Chairs

28

### **Other Upcoming Changes and Improvements**

- Federal TANF required work participation rates
  - Require 50% participation rate for all families (Wisconsin at 67%)
- Trial jobs
- Child care
  - Quality Care for Quality Kids (need to ensure sound support systems for working families)
- Continued linkages to overall workforce development system improvements and career ladders
- Mystery shopper program
- Continually strengthened monitoring regarding placements

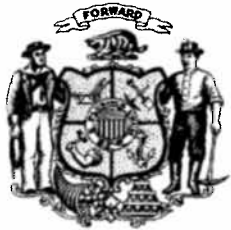
29

**Thank you!**

30



# WISCONSIN STATE LEGISLATURE





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# Wisconsin Works (W-2) Program

Legislative Audit Bureau

March 2006

1

## LAB Audits of the W-2 Program

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Jul. 2005	Letter report	Financial Management of Selected W-2 Agencies
Apr. 2005	Report 05-6	W-2 Program
Nov. 2004	Letter report	Opportunities Industrialization Center of Greater Milwaukee, Inc.
Dec. 2002	Letter report	Sanctioning of W-2 Participants
Apr. 2001	Report 01-7	W-2 Program
Feb. 2001	Letter report	Employment Solutions, Inc., and Other Selected Agencies
Jul. 2000	Letter report	Maximus, Inc.
Feb. 1999	Report 99-3	W-2 Expenditures

2

## Key Facts and Findings

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- ◆ From September 1997 through June 2004, W-2 expenditures totaled \$1.5 billion
- ◆ In June 2004, 79.8 percent of the program's 15,539 participants were in Milwaukee County
- ◆ Approximately 20.0 percent of former participants earned more than the poverty level in the year after they left W-2

3

## Key Facts and Findings

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- ◆ Returning participants made up 52.3 percent of all subsidized placements in June 2004
- ◆ Participants in community service jobs were assigned to work fewer hours in 2004 than in 1998
- ◆ W-2 agencies made \$1.3 million in excess payments to 2,500 custodial parents of infants

4

## Audit Recommendations

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- ◆ Report 05-6 includes 10 audit recommendations to improve program administration, oversight, and consistency





WISCONSIN STATE LEGISLATURE

*Joint Legislative Audit Committee*

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

March 28, 2006

Ms. Roberta Gassman, Secretary  
Department of Workforce Development  
201 East Washington Avenue, Room A-400  
Madison, Wisconsin 53703

Dear Ms. Gassman:

Thank you for your testimony at the Joint Legislative Audit Committee's March 14<sup>th</sup> follow-up hearing on the Wisconsin Works (W-2) program. As we stated at the hearing, we appreciate the attentiveness of the Department of Workforce Development in following up on the recommendations presented in the nonpartisan Legislative Audit Bureau's 2005 evaluation of the W-2 program (report 05-6).

In correspondence dated November 2, 2005, we asked you to submit a written report to the Committee by June 1, 2006, that:

- describes the outcomes of the Department's efforts to increase consistency among W-2 agencies in whether to approve or deny requests for extension of services;
- presents the Department's suggestions for modifying administrative rule provisions for job access loans;
- provides an update on the Department's efforts to instruct W-2 agencies to comply with statutory provisions related to drug sanctions, Learnfare program sanctions, and W-2 strikes or to recommend statutory changes to eliminate or modify these provisions;
- summarizes the status of anticipated information technology system changes to CARES that will ensure W-2 agencies consistently pay the correct cash benefit amounts; and
- details the Department's efforts to ensure W-2 agencies uniformly report information on fact-finding hearings and comply with hearing decisions within 10-days.

From testimony offered at the March 2006 hearing, we have identified a number of additional issues that we would like you to address in your June 2006 report, including:

- an update on outcomes achieved to date by the "mystery shopper" program;
- an update on the status of Milwaukee Job Development Inc., relative to the performance benchmarks established by the Department;

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SENATOR ROESSLER  
P.O. Box 7882 • Madison, WI 53707-7882  
(608) 266-5300 • Fax (608) 266-0423

REPRESENTATIVE JESKEWITZ  
P.O. Box 8952 • Madison, WI 53708-8952  
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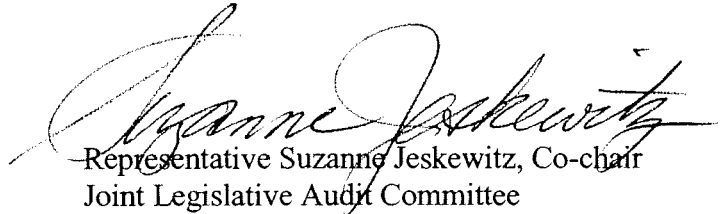
- a summary of the total number of W-2 participants served by Milwaukee Job Development Inc., through June 2006;
- a summary of the number of job access loans repaid;
- a summary of the AODA services available to W-2 participants in Milwaukee County and data detailing the extent to which these programs are used and the extent to which waiting lists for AODA services exist;
- a description of the daily tasks and overall job responsibilities of "retention specialists," including desired outcomes and results; and
- a summary of the number of participants served by each retention specialist, the number of participants in training by agency, the cost of training per participant, and a description of those who are providing the training.

Thank you for your cooperation. We believe that your June 2006 report will offer a significant milestone against which we can mark the Department's progress in making necessary improvements to the W-2 program.

Sincerely,



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



Representative Suzanne Jeskewitz, Co-chair  
Joint Legislative Audit Committee

cc: 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  
State Auditor



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TO: Sen. Carol Roessler  
Co-Chair, Joint Legislative Audit Committee

FROM: Bob Andersen 

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

DATE: March 29, 2006

Attached is a copy of a letter which attorney Pat DeLessio of our office wanted you to have for your file regarding the audit report referred to above. It is a letter dated February 23, 2006 to DWD Secretary Roberta Gassman.

The letter indicates that Pat disagrees with the department's assumption that the Medical Examination and Capacity form constitutes a formal assessment for W-2 applicants. Pat's letter indicates that the need for a formal assessment of applicants is a critical part of the W-2 process. It is the first step in determining whether an applicant has barriers that need to be addressed in order for the applicant to succeed in W-2. Yet, as her letter indicates, critical screening and assessment does not take place until *after* the participant has been required to undergo a work search and after the participant has been placed in a W-2 position. The result is that the needs of participants are ignored and the participants are often set up for failure.

The Medical Examination and Capacity form does little to provide an assessment of the applicant's limitations and inappropriately places the burden on a Financial Employment Planner to make an assessment of the applicant's physical and mental limitations.

These failures, Pat says, violate the requirements of state laws and policies, as well as the those of the federal Office of Civil Rights (OCR), because of their failure to make accommodations for people with disabilities. Pat filed a complaint with OCR and she continues to negotiate with the department in order to resolve the grievances she has alleged.

If there is any further information you would like, please feel free to contact me or Pat.



February 23, 2006

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

Dear Secretary Gassman :

This is written in regards to the W-2 screening and assessment process. In your letter of January 27, 2006 you state:

The Department continues to stand by the decision to consider the Medical Examination and Capacity form a formal assessment as defined in W-2 policy, provided that all sections of the form are completed. The two-page form was revamped significantly in 2001 to cover all the areas laid out in the W-2 definition of formal assessment. Having said that, we recognize that in some cases the form will not provide sufficient information for a caseworker to make the necessary decisions about W-2 placement, activities or accommodations. In these circumstances, agencies have an obligation to pursue further assessment of the medical condition through a qualified assessing agency.

I disagree, the medical capacity form does not satisfy the criteria of a formal assessment as that term is defined in either state or federal policy. It was developed before the 2003 W-2 Screening and Assessment policy (attached to Operations Memo 3-16) and, even when fully completed, does not provide the information W-2 FEPs need, the provider completing the form is often not qualified to draw the conclusions requested, and reliance on the medical capacity form has allowed the W-2 agencies

to place the burden of producing an assessment on the applicant/participant. As a result, many of the violations raised in the four year old OCR complaint remain largely unresolved. These are the outstanding issues:

(1) Screening and Assessment at Application - The Barrier Screening Tool (BST) was developed by DWD in 2003 to screen W-2 participants for potential barriers and disabilities. The tool is not used, however, until after the participant is placed in a W-2 work position. Although we have noticed an increase in the identification of barriers and potential disabilities at the application stage, this is based largely on whatever informal assessment the agency conducts or self-identification by the applicant. There is no standardized tool other than the BST and, as a result, the process is not uniform or certain and barriers and disabilities sometimes go undetected.

In addition, despite the fact that there is increased awareness among the agencies of the need to identify barriers and potential disabilities, applicants are still not afforded the opportunity for a comprehensive formal assessment when that need is identified. The current practice is to assign all applicants to up front job search unless they produce a completed medical capacity form that indicates they cannot work.

For example, in the recent case of R.G., she advised the agency representative at the time of application that she had debilitating mental health problems that interfere with her daily functioning. She was advised to have her doctor complete a medical form within five days. Because her doctor was unavailable, she could not. R.G. was assigned to job search and denied W-2 services and benefits when she did not complete the activities.

This practice, of requiring the applicant to produce a completed medical capacity form before placement in a W-2 subsidized work placement, is the generally accepted practice among the agencies. Without medical information from a doctor, there is no consideration of modifications to the up front job search requirement before placement in a W-2 work placement. This practice is one of the complaints in the OCR complaint.

(2) Assessment - State policy, in the W2 Screening and Assessment Policy, defines a formal assessment as the "process of establishing the extent and severity of an employment barrier and, potentially, what alternative services or accommodations in jobs or work assignments might permit the recipient to engage in work ..."<sup>1</sup> Assessments, according to state policy, are to include personal conditions/diagnosis that impact the individual's ability to function in activities of daily living and ability to perform work, general aptitude and cognitive level (when relevant), areas of strength and deficit, range of recommended accommodations/assistive technology for the participant's employability plan, and summary of findings including recommendations for additional services. Assessments are required to be completed by qualified individuals and agencies.

Assessments, whether for a recent applicant or a participant who has received W-2 for months or years, are typically completed medical capacity forms or a series of forms. In almost all cases the information provided does not satisfy the requirements of a formal assessment. Looking at the enclosed medical capacity form, if the medical doctor checks "other" in the lifting category, two hours stand and walk, six hours sitting, and indicates that the individual has limited ability to use her left hand for fingering activities, and a mental health therapist checks difficulty communicating needs, following instructions, following

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<sup>1</sup> The OCR Summary of Policy Guidance - Prohibition Against Discrimination on the Basis of Disability in the Administration of TANF (page 9) states that the purpose of a formal assessment is to determine:

Whether the individual in fact has disabilities; the nature of any disability; the extent to which the individual is capable of employment or participation in employment-related (e.g. job training or education) activities and under what conditions; the implications of the disability on securing and maintaining employment; the appropriateness of a particular work assignment or plan for employment; the need for reasonable accommodations, reasonable modifications to policies, the provision of auxiliary aids and services and communication assistance; the need for training and education prior to employment; the applicability of work participation rules and time limits, and the appropriateness of applying sanctions.

through on agreed actions, working around others, and being in unfamiliar environments, what does this mean to the FEP? What rules and policies does the FEP need to consider modifying? What type of work and educational activities can the participant benefit from, and with what type of accommodations? What type of job, if any, will this participant be able

to perform?

The deficiencies in the medical capacity form as an assessment are glaring. There is no discussion regarding the need for modifications in policies and rules and accommodations in activities. The form asks the person completing it to identify the individual's gross physical limitations, cognitive abilities, and mental health, but there is no request for an analysis of how these limits affect the participant's ability to comply with W-2 rules (such as submitting excuses on time or remembering appointments), and/or participate in activities, and what kinds of modifications and accommodations are needed to allow him or her to benefit from the program's services (such as specialized transportation, education or a job coach) and eventually work. There is no description of the various activities such as job skills, or work site activities and yet the medical provider completing the form is asked to check those he or she feels the individual can do and for how many hours. Nor are the providers completing these forms always qualified to offer such an analysis. They are, in almost all cases, medical doctors and therapists, not experts in vocational rehabilitation.<sup>2</sup> Many lack the expertise to translate medical limitations into work ability. Recommendations are often far from clear and sometimes contradictory. When two or more forms are completed by different providers, the FEP is the one left to synthesize the recommendations. The result is often disastrous for the participant.

For example, on the enclosed form marked S.A., the mental health therapist notes that the participant has a number of cognitive and mental health concerns but indicates she cannot assess any other limits. The FEP rejected this form as

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<sup>2</sup> According to state policy, the characteristics of the assessing agency or individual include: demonstrates a competency or successful completion of training in the appropriate field and is certified by an appropriate accreditation organization (and) demonstrates an understanding of the objectives of the assessment based on W-2 referral information, referral questions, the initial interview and stated purpose of the evaluation.

incomplete and assigned the participant to full activities without any consideration of the effect of the cognitive and mental health concerns noted. On the form marked R.S. the doctor notes that the client suffers from spinal canal stenosis, carpal tunnel syndrome, chronic asthma, depression and obesity. He notes lifting restrictions of 10 pounds and sitting and standing/walking restrictions of two hours in an 8 hour day. However, he also concludes that R.S. can participate in job skills training 8 hours a day. These conclusions are inconsistent. He notes further that R.S. wears a splint on her left

wrist but does not indicate any fingering, handling or grasping limitations. The agency conducted no further assessment to clarify the limits and needs presented. Finally, in the form marked Y.S., the doctor indicates certain restrictions but notes "not officially assessed." Once again, no further assessment was conducted before assigning the participant to activities and there was no consideration given to the restrictions noted.

3. Requiring Participants to Secure "Assessments" - By relying on the medical capacity form as the complete assessment, the W-2 agencies with DWD's implicit consent, have shifted the responsibility to conduct formal assessments to applicants/participants and their medical providers. This too, is one of the original allegations in the OCR complaint.

Agencies require applicants/participants claiming physical, mental or cognitive limitations that potentially affect their ability to perform W-2 activities and/or work, to obtain a completed form before being placed or remaining in a W-2 subsidized position, receiving any modification in assignment, having a payment sanction removed and/or being considered for an extension. FEPs have repeatedly stated that it is the applicant/participant's responsibility to obtain the assessment information and that if he or she does not, the participant will be expected to fully participate in all activities.

For example, A.W. has significant restrictions on lifting and standing and walking. She was in a W2-T placement for approximately a year. The only "assessments" were the medical capacity forms completed by her doctor. When she did not submit a new form within the time allotted by the agency, her W2-T placement was terminated and she was placed in a job ready unpaid CMS position. The agency worker could not explain how A.W.'s limitations affected her ability

to work or what types of accommodations, if any, she needed to participate in W-2 or work. When asked what A.W. was required to do at the worksite she had previously been assigned to, the worker stated she did not know. She stated further that the doctor must complete the assessment and, without it, the participant cannot continue in a W2-T placement.

Another example is that of P.H. P.H. was in a W2-T placement at one agency when her case was transferred to a second one. The first agency forwarded only part

of the medical capacity form to the new agency. As a result, P.H. was told to have her doctor complete a new medical capacity form. Because her doctor charged for completion of the form, P.H. was not able to obtain a completed one in the time allotted. As a result, the agency assigned her to 40 hours of work related activities and then sanctioned her when she did not complete the activities satisfactorily even though it was aware that P.H. suffers from both serious physical and mental health impairments.

(4) Employability Plans and Accommodations - Since the filing of our complaint we have seen a change in the assignment of work activities. Agencies are now more likely to assign participants to therapy and personal care if they have physical or mental health impairments and limit the number of required work and school hours.

However, this hourly limit is, in most cases, the only accommodation considered. This is the result of relying on the medical capacity form. That form asks providers to indicate the number of hours an individual can participate in the activities checked. If a medical provider indicates a participant can complete four hours of activities a day, that is what she is assigned to. Even in those cases in which all of the mental health and cognitive limitations are checked, or lifting, handling or other restrictions are noted, there is no indication of whether any other modifications and accommodations in rules, policies, or in the four hours a day of activities are needed. According to most FEPs, the worksite determines this.<sup>3</sup> Yet

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<sup>3</sup> I have had some FEPs tell me that it is up to the participant to tell the worksite what accommodations she needs.

to my knowledge, most worksites do not receive assessment information and do not have a procedure for determining what, if any, accommodations an individual might need.

I have yet to see an employability plan that discusses the need for modifications and accommodations, such as a worksite that allows the participant to alternate sitting and standing at will to accommodate back problems, or one in which there is only limited contact with others to accommodate mental health concerns, or allowing the participant a certain number of absences a month to accommodate persistent recurring illness such as severe asthma. The usual accommodations are exempting participants from all activities, assigning them to segregated work sites and/or assigning them to

a limited number of hours. Rarely, do we see an agency provide modifications or accommodations in traditional CSJs in order to allow a participant with a disability to benefit from the experience and training offered by that CSJ. Nor are specialized services for participants with learning or cognitive disabilities regularly available even though the incidence of both types of disabilities in the W-2 population is high. And finally, there are no services to help disabled persons transition to the world of work.

A recent example is that of K.H.. K.H. suffers from congestive heart failure and cannot lift more than 10 pounds. She can no longer perform her past work as a CNA. Her W-2 worker told K.H. to apply for disability and referred her to this office for assistance. In reviewing her records, we determined K.H. could perform sedentary work. However, she would be limited to unskilled work as her reading and writing skills are extremely low. K.H. was surprised to learn that there are many jobs that can accommodate her lifting restrictions and immediately requested information on training opportunities for such jobs. Her W-2 worker made no attempt to have a formal assessment conducted in K.H.'s case and no attempt to obtain any training for K.H.

The heart of any good work program is an analysis of the participant's strengths, weaknesses, barriers, disabilities, family circumstances and other factors that affect his or her ability to work. In other words a comprehensive assessment.

The assessment would tell the agency what type of work, i.e. light, medium, skilled, unskilled, no public contact, no lifting more than 10 pounds, no repetitive hand movements, etc., the individual was best suited for and focus services to help prepare the participant for such work. Such an assessment is required by federal law for W-2 participants with disabilities and by state rule for all participants with barriers. Such an assessment also makes good sense and would allow agencies to more efficiently and effectively target scarce resources.

When DWD presented the January 2003 Screening and Assessment policy it was presented as a response to agency failures. We believed it would go a long way, if properly implemented, to resolving the complaints raised before OCR. Three years later it is disappointing to conclude that the policy, screenings followed by formal assessments, is largely ignored. The completed medical capacity form is only one

step in the assessment process. It should not be the complete assessment. Employability plans and assignments that modify only hours of required work and school activities, and do nothing more, do not satisfy the requirements of state policy and federal law. Nor do they help participants become self-sufficient.

Good assessments and employability plans based on those assessments are necessary to both individual and programmatic success. Apparently, because of cost consideration, DWD has allowed the W-2 agencies to escape their responsibilities. As a result, individuals languish in W-2 placements or return to the program again and again because they are not receiving proper assessments and services. In the end program resources are wasted, not saved.

Despite repeated complaints about the lack of complete assessments and the four year old OCR complaint, DWD has failed to address this problem. I am requesting that it do so immediately taking whatever action is needed to insure that the agencies understand their obligations and comply with state and federal requirements. I look forward to your response detailing the steps DWD plans to take.

Very truly yours,



Patricia DeLessio  
Attorney at Law

PDL/eca

cc: Howard Bernstein, Office of Legal Counsel, DWD  
Kurt Temple, OCR, HHS





# State of Wisconsin • DEPARTMENT OF REVENUE

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*Jim Doyle*  
Governor

*Michael L. Morgan*  
Secretary of Revenue

March 31, 2006

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

Dear Senator Roessler and Representative Jeskewitz:

At the request of your committee, DOR has prepared the following report to assist you in monitoring our progress to correct software defects detected in the sales and use tax information system.

### **March 2006 County/Stadium District Distributions**

DOR successfully administered sales and use tax distributions for the month of March, totaling \$19.5 million, to Wisconsin's 58 counties that impose a county sales and use tax and \$3.4 million to the Professional Football Stadium and Baseball Park districts.

### **CGI-AMS Project Status/Progress**

As reported earlier, the vendor that installed the ITS system, CGI-AMS, has agreed to work on fixing the errors at no cost to the department. Good progress has been made on the three tasks which CGI-AMS is using to validate the ITS application, as follows:

Distribution Testing - CGI-AMS have defined and executed 20 test scenarios with which to validate the distribution of funds from returns processed by the ITS. DOR staff have reviewed results for nineteen of the scenarios so far. Testing is complete for sixteen of the scenarios and no software defects were discovered that will affect sales tax distribution to the counties or stadium districts. Four scenarios continue to be tested. The vendor is on track to complete distribution testing by the end of March. In April, the department plans to complete the processing of backlogged use tax.

System Assurance - CGI-AMS is designing and will implement functions that allow business and system staff at DOR to assure that all data has been processed and balanced through all steps of the system, from initial returns processing through revenue distribution. For input batching, returns processing and taxpayer accounting functions the design is completed and development is progressing on schedule. The design is nearing completion for revenue accounting and distribution; that effort remains ahead of schedule at this point.

Performance - Five software changes were implemented to address performance concerns, and they have dramatically reduced reports of poor performance. DOR continues to monitor performance, but initial results are encouraging.

### **Interaction with Counties**

The Department continues its ongoing communications with county/stadium district officials. Recently we met with Southeast Wisconsin Professional Baseball Park District Board at its March 1, 2006 meeting. Patrick Webb from the Professional Football Stadium District also was in attendance at that meeting. Mr. Webb requested and has received an analysis for the Football district similar to the written materials presented at the Baseball Park District Board meeting. I also attended the football district's April meeting and provided information about the department's progress.

We are happy to provide any additional information counties need to help them understand sales and use tax collection trends for their counties. Our staff also has offered to appear before county boards, if requested, to provide clarification and additional information as necessary. In addition to interaction with the Baseball and Football Districts, to date, DOR officials have visited Ozaukee and Monroe counties.

We are also happy to report that we are now able to provide authorized county officials access to the detail county sales tax distribution information report electronically via Secure File Transfer Protocol (SFTP). Previously this report was only available in either microfiche or paper hard copy. This new method will now allow counties to conduct analysis on the data because it can easily be converted to spreadsheet or database format. Staff will be providing training information on how to access and use this data by the end of March.

### **Recovering Overpayments to Counties**

The Department of Revenue continues to proceed with caution in recovering sales and use tax overpayments sent to counties. We remain committed to our plan of waiting until CGI-AMS and the Audit Bureau has completed their analysis before proceeding. At that time, we will reach out to counties to discuss the most appropriate method of recovery. Our goal will be to ensure that the repayment schedule does not impose an undue burden to counties.

Sincerely,



Laura J. Engan  
Deputy Secretary

Cc: Audit committee members

Senate members

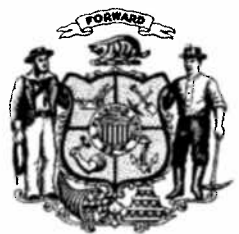
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Sen. Scott Fitzgerald  
Sen. Mark Miller  
Sen. Julie Lassa  
State Auditor Jan Mueller

Assembly members

Rep. Samantha Kerkman  
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Rep. David Travis  
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# WISCONSIN STATE LEGISLATURE



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TO: Sen. Carol Roessler  
Co-Chair, 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 4, 2006

On March 29, 2006 I submitted to your office a copy of a letter from Pat DeLessio to DWD Secretary Gassman, dated February 23, 2006. The letter had some recommendations to Gassman regarding the audit referred to above. I have received a copy of your committee's memo, dated March 28, 2006, addressed to Secretary Gassman, identifying some further issues that the committee would like to see included in her anticipated June 2006 report on W-2.

It may be too late, but I wonder whether your committee could include the following issue among those that you would request Secretary Gassman to report on for the June 2006 report:

- **the implementation and use of the BST (Barrier Screening Tool) and the agencies compliance with the formal assessment requirements of state policy**

This relates to the concerns that Pat raised in her February 23, 2006 letter regarding serious questions about the screening and assessment that is being conducted by the agencies. The issues Pat raised indicate that (1) agencies do not often screen people for barriers until after they have already been placed in W-2 positions, inadvertently setting them up for failure; (2) assessments of medical and physical limitations are performed by Financial Employment Planners (FEP's), who are not capable of making those assessments; and (3) the state and the agencies are not complying with formal assessment requirements set by the state.

Thanks very much for your consideration.



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

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

MILWAUKEE - Milwaukee and Waukesha Counties Phone (414) 278-7722 Toll-free (888) 278-0633 Fax (414) 278-7126

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





WISCONSIN STATE LEGISLATURE

*Joint Legislative Audit Committee*

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

May 9, 2006

Ms. Roberta Gassman, Secretary  
Department of Workforce Development  
201 East Washington Avenue, Room A-400  
Madison, Wisconsin 53703

Dear Ms. Gassman:

On March 28, 2006, we wrote to request that you report to the Joint Legislative Audit Committee by June 1, 2006, on the status of your implementation of recommendations made by the nonpartisan Legislative Audit Bureau in its evaluation of the Wisconsin Works (W-2) program (report 05-6). Based on subsequent discussions with our colleagues and correspondence received from other parties, we have identified some additional issues that we would like you to address in your June 2006 report, including:

- an update to your October 2005 report to the Joint Legislative Audit Committee on the implementation and use of the Barrier Screening Tool, as well as the number of participants who were referred to and who received formal assessments;
- the ongoing efforts by regional offices to monitor sanctions imposed by W-2 agencies statewide to ensure appropriate outcomes for all participants;
- an analysis of the changes in racial disparities in sanctions imposed by W-2 agencies between 2001 and 2003, including patterns or factors that may have contributed to the changes; and
- an analysis of the racial diversity of those placed in community services jobs, as compared to the overall W-2 participant population.

In addition, please update us on your work to place W-2 participants in jobs at the renovated Bay Shore Mall in Glendale, Wisconsin. As you recall, this project was discussed at the Joint Legislative Audit Committee hearing in March 2006. At that time, we asked you to give special attention to this opportunity for employment and report back to us on your efforts. Given the number of jobs expected to be available, the mall's location near Interstate 43 and along a public transportation route, and the anticipated availability of child care on-site, this project appears to be an ideal means of helping W-2 participants take their first steps up the career ladder. We look forward to learning more about how we can work together to make the mall renovation project a wonderful opportunity for those who are most in need of good jobs.

SENATOR ROESSLER  
P.O. Box 7882 • Madison, WI 53707-7882  
(608) 266-5300 • Fax (608) 266-0423

REPRESENTATIVE JESKEWITZ  
P.O. Box 8952 • Madison, WI 53708-8952  
(608) 266-3796 • Fax (608) 282-3624

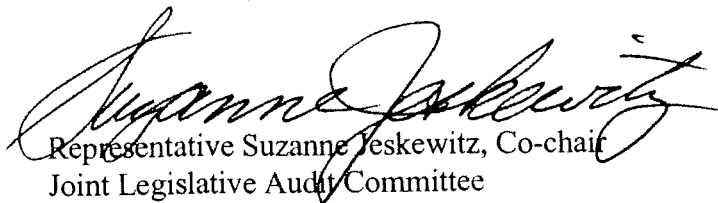


Thank you for incorporating these additional components into your response. We look forward to receiving your report on June 1<sup>st</sup>.

Sincerely,



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



Representative Suzanne Jeskewitz, Co-chair  
Joint Legislative Audit Committee

cc: 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  
State Auditor