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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**

* Contents organized for archiving by: Stefanie Rose (LRB) (September 2012)

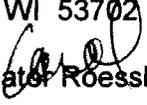
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State of Wisconsin
Department of Workforce Development
Jim Doyle, Governor
Roberta Gassman, Secretary

June 1, 2006

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 pleased to provide you with the third in a series of reports that details the Department of Workforce Development's (DWD) progress in implementing the recommendations presented in the Legislative Audit Bureau's evaluation of the Wisconsin Works (W-2) program (Report 05-6) that was released in April 2005. DWD has devoted considerable time and effort over the past three years to improving and strengthening the W-2 program for all applicants and participants. Our work on the recommendations from the Legislative Audit Bureau's report serves as an important piece of our ongoing efforts to improve W-2. In addition, input from the Joint Legislative Audit Committee at several hearings over the past three years has also served to inform the Department's efforts in strengthening and improving the W-2 program.

BACKGROUND: A RECORD OF IMPROVING W-2

Before I provide responses to the inquiries you identified in your March 28, 2006, and May 9, 2006, letters, I would like to highlight some of the many steps DWD has taken to strengthen the program and financial management and participant outcomes of W-2 since 2003. Our goal is to ensure that W-2 is administered in a manner that best serves our customers while protecting public resources. With economic self-sufficiency as the ultimate goal, W-2 is a key step in a continuum of workforce development programs to help families become self-reliant.

• Statewide Program Improvements

Numerous program and training changes have been implemented to enhance the employment services W-2 participants receive, increase the use of training geared toward employment in the local labor market, and expand the use of retention and advancement services. Key changes made by DWD include:

- Strengthening initial and ongoing career and work readiness assessments;
- Increased emphasis on the development and planning of long-term career paths for participants beyond W-2;
- Expansion of the timeframe for job retention services to a minimum of 12 months;
- Development of more stringent case management and service delivery requirements including:
 - Increased service expectations for W-2 agencies working with job ready individuals;
 - Development of tiered Community Service Job (CSJ) placements, e.g., soft skills, work experience and occupational skills; and,
 - Identification of existing education and training opportunities and increased use of aggregated education and training hours.

- **Statewide Administrative Improvements**

Numerous administrative improvements in W-2 have been implemented to increase oversight and monitoring of W-2 agency activity and to assure the proper expenditure of public resources. Key changes made by DWD include:

- Rigorous review of all W-2 agencies through required annual Single Audit reports conducted by independent audit firms based on recent updates to audit guide to reflect current DWD concerns.
- Targeted use of financial monitoring reviews of selected large W-2 agencies by independent audit firms to provide more in depth review of W-2 agency practices.
- Targeted use of on-site expenditure reviews by independent audit firms of selected W-2 agencies' expenditure reports to assure in-depth compliance with DWD practices.
- New financial policies to clarify allowable agency activity in regards to equipment purchases, real property, prohibition of profit, cost allocation basis, and purchase of services / subcontracts.
- Implementation of a new reporting system (CORE) to provide more accurate, timely and flexible methods of reporting expenditures by W-2 agencies.

- **Improvements in the New Contracts**

Many initiatives have been undertaken by DWD to strengthen the administration and program management of W-2 on a statewide basis. In addition, new features have been implemented in Milwaukee to address the unique needs of this service area. New areas of the *2006 – 2009 W-2 and Related Programs Contract* include the following improvements.

- **Improved Statewide Program Management**

- Chief among the positive steps taken by DWD in the new contracts is the focus on: employment outcomes and job retention for participants; effective connections with employers that strengthen participant connections to work and career ladders; and for those individuals with multiple and severe barriers, providing assistance in obtaining Supplemental Security Income (SSI) and Social Security Disability Income (SSDI).
- Services for especially vulnerable children and families have been improved through the new requirement that all W-2 agencies submit and implement a plan for how they coordinate services with their local child welfare agency on cases they share in common.
- Increased access to short-term customized skills training.
- Brokering connections to other public workforce providers for expanded training opportunities, including providing assistance in obtaining financial aid.
- Requiring W-2 agencies to develop active relationships and make direct connections to employers.
- Requiring W-2 agencies to work with local Workforce Development Boards to identify employers.
- Requiring that proactive and intensive services be made available to employed participants by tailoring services to them based on education level, job history, health status, starting wages, employer benefits, job skills, transportation and child care needs, as well as other factors such as desired career path and opportunities for advancement.

- Requiring W-2 agencies to provide rapid reattachment services for participants who lose their job.
- Monitoring priorities that focus on the W-2 program improvements noted above. This effort includes:
 - New performance measures and a new report to monitor agencies' monthly progress in meeting these standards;
 - A new case review checklist for regional administrators to use when conducting on-site complaint investigations and/or random ongoing sampling of cases to ensure that case record documentation requirements are being met;
 - Monitoring employer connections to determine the number and types of job leads W-2 agencies develop, the training and skill development offered to participants, the number of participants in customized skills training, the types and quality of work experience sites developed, and, the degree to which the W-2 agencies utilize local labor market information in making job connections;
 - New reports to monitor participants' length of stay in a CSJ or W-2 Transition (W-2T) placements, the appropriateness of assigned activities and the appropriateness of case closure reasons;
 - New reports to monitor follow-up retention services to participants who have obtained employment; and,
 - Compliance monitoring on timely implementation of fact-finding decisions, timely closure of caring for newborn (CMC) cases, consistent agency follow-up on data exchange matches and the elimination of disparate sanctions by race.

➤ **Program Improvements Unique to Milwaukee**

- With the start of the 2006-2009 contract period, DWD has introduced the first major structural improvement to the W-2 program in Milwaukee since the start of the program in 1997. For the first time, the specific W-2 functions of case management, job development and placement, and SSI/SSDI advocacy are being administered under separate contracts in Milwaukee. Having different entities specialize in the delivery of separate W-2 services in Milwaukee will produce better outcomes for participants and stronger connections to employers and jobs. The new Job Development Placement Agencies (JDPAs) specialize in connecting W-2 job seekers with job readiness services, work experience, training opportunities, employment and retention services.
- DWD has developed a Preferred Provider Registry in Milwaukee as part of its new service delivery strategy. The Registry is designed to create more diversification among service providers in Milwaukee, maximize the efficient use of W-2 resources through the utilization of existing publicly-funded, community-based services, and build on the already existing Milwaukee County service delivery infrastructure. Services that are currently included in the Registry are: mental health assessment, treatment and counseling; alcohol and other drug addiction (AODA) assessment, treatment and counseling; domestic violence services; and vocational evaluations.
- To enhance DWD's monitoring capabilities, the provision of a random and anonymous tester program was included in the *2006 – 2009 W-2 and Related Programs Contract*. This program is in the planning stages with an initial implementation date in late June, 2006. Additional detail about the tester program is provided later in this letter in response to your March 28, 2006, request.

- Additional improvements in Milwaukee included the recent hiring an ombudsperson to handle all complaints regarding W-2 service delivery. This individual serves as the primary contact for the timely investigation and resolution of customer complaints.
- DWD is also in the process of filling two vacancies for regional administrators with bilingual capabilities in the Milwaukee Regional Office – one Hmong-speaking staff person and the other to be Spanish-speaking.

➤ **Improved Statewide Financial and Administrative Management**

- DWD has significantly improved the financial and administrative oversight of W-2 in the new contract period. The *2006 – 2009 W-2 and Related Programs Contract* includes more financial and administrative safeguards than any previous contract to administer the W-2 program. Chief among these changes are:
 - Increased management and financial accountability for W-2 agencies in financial reporting and cost reimbursement controls;
 - Increased cost oversight by establishing spending caps and expanded reporting requirements on promotional expenses, telecommunications, and legal services;
 - Requirement for fidelity bond backing from all private agencies that receive prepayments to reimburse the state in the event an agency does not fulfill its contractual obligations;
 - Performance-based incentive reimbursement by DWD to ensure that large W-2 agencies earn the final 20% of their state allocation based upon their success in meeting program outcomes;
 - Increased oversight of agency governance for non-governmental W-2 agencies including the operations of the board of directors, by-laws, and maintenance of records and minutes;
 - Requirement for accrual accounting reporting to allow DWD improved financial information at any point in time;
 - Expenditure and caseload plan requirements for each agency in order to monitor expenditures against the program service delivery flow planned by the agency; and,
 - Strengthened on-site financial monitoring and risk assessment analysis of W-2 agencies through:
 - W-2 financial monitoring:
 - On-site pre-funding reviews; and,
 - Strengthened on-site monitoring guide.
 - Risk assessment analysis:
 - Special inquiries to examine costs, procedures and related financial processes;
 - Examination of Emergency Assistance payments for better internal controls by agencies; and,
 - An annual salary study of W-2 staff at provider agencies to determine appropriateness.
 - The Department also strengthened its financial auditing capacity of W-2:
 - New Financial, Policy, Monitoring and Review Section formed to provide assistance and oversight of financial monitoring and audit functions; and,
 - Department vacancies have been used to hire W-2 monitoring staff with financial expertise.

RESPONSE TO YOUR MARCH 28, 2006 LETTER

Since the Department's last report to the Joint Legislative Audit Committee on January 31, 2006, the Department has made significant progress regarding each of your requests.

- **Describe 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.**
 - Regional staff in DWD review all extension denials, and three separate policy operations memos have been issued to all W-2 workers to clarify extension policy. On-line training on time limit extensions has also been provided to W-2 agency staff, and new worker training was updated to reflect the three operations memos. DWD has also undertaken a study of W-2 participants reaching placement and lifetime time limits. For those reaching time limits, the analysis of 2001-2004 data looks at extension approvals, subsequent W-2 eligibility, and SSI/SSDI receipt and earnings. This report is undergoing internal review and should be released in late June 2006.
- **Present the Department's suggestions for modifying administrative rule provisions for Job Access Loans.**
 - The Department has proposed changes to the administrative rule for Job Access Loans (JALs) that will make these loans less cumbersome for W-2 agencies to administer. The drafted modification to the administrative rule provisions for JALs will eliminate the requirement that the average of all JALs issued by a W-2 agency in a 12-month period not exceed \$800. This change will eliminate a major administrative burden on the W-2 agencies in providing JALs to W-2 participants.
 - A public hearing on the proposed rule change was held on May 31, 2006. DWD will prepare a report in June 2006 that summarizes comments from the hearing. This report will be forwarded to the appropriate Legislative standing committee. Notice of the administrative rule change on JALs will be posted in early fall of this year.
- **Provide 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.**
 - After review and analysis, the Department is proposing to eliminate the Learnfare program and to modify the statutory language regarding the use of strikes. These changes will be addressed as part of the Department's 2007-2009 biennial budget process. In order to ensure that drug sanctions are being administered correctly, DWD will be conducting a targeted monitoring review of this area in the summer of 2006.
- **Summarize the status of anticipated information technology system changes to CARES that will ensure W-2 agencies consistently pay the correct cash benefit amounts.**
 - Changes to the CARES system to improve the ability of W-2 agencies to consistently pay the correct cash benefit have been completed and will be implemented in early June once user acceptance testing has been successfully completed. W-2 agency staff were trained throughout the months of April and May in anticipation of this major systems change in CARES.
- **Detail the Department's efforts to ensure W-2 agencies uniformly report information on fact-finding hearings and comply with hearing decisions within 10-days.**
 - Work on the new fact-finding database is moving forward. This new tracking tool will be implemented statewide in July 2006. The Milwaukee Ombudsperson currently reviews all Milwaukee fact-finding cases. In a similar manner, DWD regional administrators review these

actions in the balance of the state for all W-2 agencies located outside of Milwaukee. In addition, the DWD W-2 Policy Section reviews the outcome of all fact-finding appeals.

- **Update the Joint Legislative Audit Committee on outcomes achieved to date by the tester program.**
 - DWD completed an internal draft proposal for the tester program in April 2006 with input from interested Milwaukee community members and DWD legal counsel. W-2 application and intake forms (both DWD and W-2 agency forms) have been reviewed by DWD legal counsel. In May 2006, DWD identified three phases of the tester program: 1) the first point of contact for any services made by an applicant; 2) the actual point of application for W-2 services; and, 3) the receipt of ongoing services. Two different test methodologies will be used depending on which phase is being tested. One test methodology will use anonymous on-site testers. The other methodology will use companion testers who accompany actual W-2 participants to their appointments.
 - At this time, DWD is developing the tester profiles for each of the three phases to identify specific program data. All profiles will focus on quantifiable data rather than anecdotal impressions.
 - The tester function will be bid out through a state procurement process and implementation of the initial aspects of the tester program is planned for late June 2006.
- **Update the Joint Legislative Audit Committee on the status of Milwaukee Job Development, Inc. relative to the performance benchmarks established by the Department.**
 - Milwaukee continues to be negatively impacted by diminished economic vitality in the central city. With the demise of Opportunities Industrialization Center of Greater Milwaukee, Inc. (OIC-GM) in February 2005, the central city of Milwaukee lacked an important focus for improved employment and training outcomes for both employers and job seekers.
 - Given this, Milwaukee Job Development, Inc. (MJDI) was formed in April 2005 as a non-profit, employer focused workforce development organization that uses innovative methods to connect employers to job seekers who have barriers to employment. Following its incorporation and the appointment of a board of directors, MJDI began providing services to clients in January 2006. The most recent performance report submitted by MJDI covers the first quarter of 2006. The table below shows the performance of MJDI relative to performance outcomes for the Workforce Investment Act (WIA) contract it has with DWD.

**Milwaukee Job Development, Inc.
 Performance Outcomes
 January 1, 2006 – March 31, 2006**

Activity	First Quarter Targets 1/1/06 – 3/31/06	First Quarter Activity 1/1/06 – 3/31/06
Referrals/Initial Assessment	600	1347
Job Readiness Training	360	442
Education and Training	80	54
Total Job Placement	210	32
Job Retention (All)	130	23

225⁰⁷₆
 173⁰⁷₀
 675⁰⁷₀
 15⁰⁷₀
 18⁰⁷₀

- Due to the fact that MJDI did not meet its first quarter targets for education and training, total job placement, and job retention, the Department has not approved any subcontracts between the Milwaukee W-2 agencies and MJDI. DWD will continue to closely monitor MJDI's performance under its WIA contract and hopes that it will ultimately be successful in achieving all of its goals.
- **Summarize the total number of W-2 participants served by MJDI through June 2006.**
 - The most recent time period that DWD has figures for the number of W-2 participants served by MJDI is March, 2006. In March 2006, MJDI served 24 W-2 participants.
- **Summarize the number of Job Access Loans repaid.**
 - Job Access Loans (JALs) were collected via tax offset through calendar year 2000. At that point, there was a legal challenge to the authority for such intercepts. In 2003, the law was changed to allow tax intercept as a means of recovery for JALs. Production modifications were made and the automated tax intercept began in November 2003. The table below provides the dollar amount of JALs repaid from calendar year 2003 through March 2006.

Job Access Loan Repayments

Year	Amount
2003	\$72,559
2004	\$1,182,356
2005	\$583,468
2006*	\$448,573

*Through March 2006

- **Summarize 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.**
 - W-2 agencies provide alcohol and other drug addiction (AODA) assessment, treatment and counseling services to W-2 participants or they refer them to a provider in the area. Milwaukee W-2 agencies make use of the Preferred Provider Registry that was mentioned earlier to identify AODA service providers for participants. There are no waiting lists for AODA services for W-2 participants in Milwaukee County. The table below shows the extent to which AODA assessment, treatment and counseling services are currently being utilized by W-2 participants in Milwaukee County.

**W-2 Participants in AODA Activities in Milwaukee County
 January-April 2006,**

W-2 Agency	AODA Assessment*	AODA Treatment & Counseling*
YWCA	19	58
UMOS	42	123
MAXIMUS	31	163
UMOS SSI	1	10
Totals	93	354

*These counts are unduplicated by agency within each activity, but may be duplicated across the two activities.

- **Describe the daily tasks and overall job responsibilities of “retention specialists,” including desired outcomes and results.**
 - The primary focus of retention services is employment stabilization. Stabilization support and follow-up services are offered to all W-2 and Food Stamp Employment Training (FSET) program participants who have been placed in unsubsidized employment. Retention services are performed by each Job Development Placement Agency (JDPA) in Milwaukee in collaboration with the Case Management Agencies (CMAs). Retention services are designed to achieve the following goals:
 - assist job seekers in quickly resolving short-term disruptions that threaten ongoing work stability (such as transportation or child care problems) or issues on the job;
 - increase participant employment skills;
 - expand participants' work history; and,
 - achieve long-term employment stability and career advancement.
 - W-2 agency staff who are responsible for providing retention services have different job titles depending on the agency. Policy Studies Inc. (PSI) refers to these staff as Retention Specialists, while MAXIMUS uses the title of Career Development Specialist (CDS) and UMOs uses the title of Employment Coach.
 - The daily tasks and overall job responsibilities of individuals providing retention services include the following:
 - Develop a supportive services plan through co-case staffing between the participant's CMA case manager and their JDPA retention specialist to address any barriers that may interfere with the job seeker's ability to maintain employment.
 - Provide employment follow-up through a weekly contact with each participant placed in unsubsidized employment. This contact is made either by phone, by mail or in person. In some cases, contact is made at the place of employment to resolve any issues that may exist with the employer.
 - Identify opportunities for customized skills training with the participant during the weekly contacts, as well as job advancement opportunities.
 - Provide ongoing communication via the after-hours retention hotline in each JDPA. The hotline is advertised to job seekers and employers to provide both with direct assistance in resolving any problems that may arise on the job.
 - Throughout their ongoing contact with job seekers, retention specialists are expected to communicate messages of encouragement, motivation and information about various career and educational advancement opportunities, as well as support in troubleshooting any barriers the participant or employer may encounter.
 - Monitor the need for additional supportive services in consultation with the CMA case manager to address any new barriers that may arise.
 - Discuss career advancement opportunities during the weekly follow-up.
 - The JDPAs also offer various career advancement workshops that supplement the work of the retention specialists:
 - Surviving on the Job;
 - Increasing Productivity;
 - Improving Job Satisfaction;
 - Opportunities for Advancement;

- Effective Communication; and,
 - Flexibility and Problem Solving.
- **Summarize the number of participants served by each retention specialist, the number of participants in training by the agency, the cost of training per participant, and a description of those who are providing the training.**
 - The current structure of the W-2 program in Milwaukee places responsibility for training, job development and placement services with the Job Development and Placement Agencies (JDPA). DWD requires each JDPA to submit a Customized Skills Training Plan for 2006 that details the types of training that will be provided to W-2 and FSET job seekers and the expected outcomes, including the number of participants to be trained, wage levels and benefits. The JDPAs were also instructed to submit an updated budget that reserves no less than 15 percent of their total 2006 W-2 allocation for customized skills training. JDPAs will be required to submit new training plans annually throughout the 2006-2009 contract cycle. The percentage of the W-2 allocation that the JDPAs must reserve for training will increase annually until it reaches 35 percent of their total 2009 W-2 allocation.
 - The ratios of participants to JDPA staff who provide retention services, the average cost of training per participant and examples of training providers can be found in the table below. The target identified by DWD for the number of job seekers receiving retention services is a ratio of no more than 85:1. DWD has notified PSI that it has until May 31, 2006, to reduce their ratios of participants to retention specialists to no more than 85:1 in both regions served by their agency. PSI has indicated that the ratios given below include some participants who are no longer active in W-2 or who have refused services.

**Ratios of Participants to JDPA Retention Staff, Average Cost of Training
 and Examples of Training Providers
 May 2006**

JDPA	Ratio of Participants to Retention Staff	Average Cost of Training	Training Providers
MAXIMUS (SW)	76:1	\$1725	MATC, Goodwill, WI Safety Services, WRTP
PSI (NW)	109:1	\$1400	MCS, WRTP, Goodwill, Education Innovations
PSI (NE)	125:1	\$1400	Same as above for NW Region
UMOS (Central)	78:1	\$1176	Enrichment Opportunities, MCS, WRTP, Goodwill, Milwaukee SER Jobs
UMOS (SE)	76:1	\$1176	Same as above for Central Region

The table below shows the number of participants in job skills training by Milwaukee agency.

**Number of W-2 Participants in Job Skills Training By Milwaukee Agency
 January 1, 2006 – April 30, 2006**

W-2 Agency	W-2	FSET	Total
MAXIMUS CMA (NW & SW)	135	33	168
MAXIMUS JDPA (SW)	29	8	37
PSI JDPA (NE & NW)	89	25	114
UMOS CMA (Central & SE)	75	17	92
UMOS JDPA (Central & SE)	38	13	51
YWCA CMA (NE)	56	12	68

RESPONSE TO THE COMMITTEE'S MAY 9, 2006 LETTER

Below is the information you requested in your May 9, 2006 letter to the Department.

- **Update the Joint Legislative Audit Committee on the Department's September 2005 report 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 Department released its *Barrier Screening and Assessment Evaluation* in January 2006. The Barrier Screening Tool (BST) and the procedures for its use are new and innovative and had not been evaluated prior to this study. The evaluation examines how the BST and assessment procedures have been implemented by W-2 agencies, and the impact of the screening and assessment process on case planning for W-2 participants.
 - One of the evaluation's key findings is that participants who completed the BST were more likely to be assigned to activities related to assessments, counseling and rehabilitation than those who did not complete the BST. Other key findings from the evaluation include:
 - About half of the participants in Community Service Jobs (CSJs) and W-2 Transition (W-2T) placements completed the BST with considerable variation in BST completion rates by W-2 agency and among Financial and Employment Planners (FEPs) within agencies;
 - In Milwaukee County, there were no statistically significant differences in BST completion rates by race;
 - In the balance of state, black participants were less likely to complete screenings than white participants;
 - The differences between Hispanics and whites in the balance of state were less pronounced;
 - The most common types of potential employment barriers identified by the BST were "medical or physical barriers" and "trauma" and in most cases, a potential barrier was identified in combination with other potential barriers;

- In those cases where the BST indicated the need for a formal assessment, more than half of the participants either had an assessment that met policy criteria or a valid reason for not completing the assessment; and,
- In instances where action was required on the part of the W-2 agency:
 - About half of the participants had recommendations from the assessment that addressed all of their potential barriers included in their employability plan, or there was a valid reason for not completing the assessment; and,
 - The remaining participants either lacked an assessment or a recommendation from the assessment was not in their employability plan.
- In light of the finding that participants who complete the BST are more likely to be assigned to activities related to assessment, counseling and rehabilitation, the Department has formed a workgroup to develop strategies to ensure that barrier screening and assessment are more consistently used by W-2 agencies across the state. This workgroup will review the results of the evaluation and other relevant research and data and make recommendations by late fall in the following areas:
 - Develop strategies to improve W-2 agencies' BST completion rates, including identifying best practices in W-2 agencies with high completion rates and promoting these practices with other agencies;
 - Develop strategies to improve W-2 agencies' follow-through on formal assessments and the application of the assessment findings in the development of employability plans;
 - Identify changes to policies and procedures that may improve outcomes for participants with barriers; and,
 - Enhance how the Department monitors agencies' in their administration of the BST and assessment process.
- In order to heighten agencies' awareness of the need for improvement in this area, DWD has reviewed the results of the *Barrier Screening and Assessment Evaluation* study with W-2 agency representatives at a statewide meeting and discussed best practices with the agencies in their administration of the BST and of formal assessments.
- **Describe ongoing efforts by regional offices to monitor sanctions imposed by W-2 agencies statewide to ensure appropriate outcomes for all participants.**
 - DWD regional office staff use reports to determine the appropriateness of sanctions applied to W-2 participants statewide. In addition, individual participant complaints related to sanctions are investigated by regional administrators. Reports involved in this review include:
 - Sanctions by Race – This monthly on-line report identifies CSJ and W-2T sanctioned cases and has been available since March 2004. This tool identifies all sanctioned cases for each W-2 agency, including the racial and ethnic information of the W-2 assistance group. Regional staff can use the tool to determine if there might be racial disparity issues in the application of sanctions and follow-up directly with the local W-2 agency as appropriate.
 - New Sanctions by Race Monitoring Report - DWD staff are also developing a new sanctions by race monitoring report. The new report includes CSJ and W-2T participants and identifies the racial/ethnic group for sanctions as a percent of all sanctions imposed by each W-2 agency. The sanctions by race report, which will be available on-line to W-2 agencies, will be used to ensure that the rate and extent to which sanctions are applied to W-2 participants does not result in sanction disparities based on the race of participants.
 - Consecutive Month Sanctioning – This monitoring activity consists of reviewing the cases of all W-2 participants who receive two or more consecutive months of sanctions that result in benefit payments of \$100 or less. The purpose of the review is to identify if the participant is being sanctioned appropriately and whether a different case management approach should

be used by the agency. Close monitoring of these cases may prevent a participant from expending time limited benefits unnecessarily. Specific attention is paid to cases that are sanctioned where non-participation may be due to a disability. A spreadsheet of all consecutive month sanctions is produced monthly and shared with DWD regional office staff who work with the W-2 agencies to review each case and the circumstances for each sanction. The focus of the review is to ensure that consecutive month sanctioning is not due to a hidden barrier that precludes participation with assigned activities.

- **Inappropriate Sanctions** – On a quarterly basis, this monitoring activity reviews all sanctions that have been applied to W-2 participants in a custodial parent of an infant placement. The goal of this monitoring is to ensure that sanctions are applied appropriately. A report of all sanctions that are levied while a participant is in this placement is generated every quarter. DWD regional staff review the report and then work with their W-2 agencies to investigate each levied sanction. The agencies report the results of their investigations to DWD and, where required, issue auxiliary W-2 payments to participants that were inappropriately sanctioned.
- **Provide an analysis of 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.**
 - The Department committed significant resources to updating the original *Wisconsin Works (W-2) Sanctions Study*, which analyzed sanctions by race for the 2000 -2003 time period. The new study, *The Impact of Race on W-2 Sanctions from 2000 to 2004*, enhanced the original analysis with the inclusion of 2004 data. Significant findings from this most recent sanctions study include the following:
 - Sanction disparities between blacks and whites decreased significantly during the 2000-2004 time period;
 - Statewide, the study revealed that black W-2 participants in CSJs were actually sanctioned, on average, \$2 less than white participants in 2004; this compares to an average sanction of \$39 more for blacks than whites in 2000; and,
 - In Milwaukee County, black participants in CSJs were sanctioned \$13 less than whites, compared to \$38 more for blacks than whites in 2000.
 - The updated study and review by DWD of the administration of sanctions by local W-2 agencies in Milwaukee has established that sanctions are equitably assigned to blacks and whites. DWD attributes these improvements to the Department's renewed emphasis on operating the best and fairest program possible. As a result of the original study, DWD took stringent actions to reduce racial disparities, including:
 - Meeting with all agencies that appeared to be sanctioning at higher than expected rates;
 - Reviewing all sanction policies and modifying those policies where needed;
 - Monitoring all agencies to ensure sanctions are properly applied; and,
 - Implementing a Barrier Screening Tool (BST) to make more appropriate and consistent placement decisions.
 - Other significant findings from the updated study are:
 - Hispanics did not experience disparate treatment in sanctioning (in 2000, Hispanics were sanctioned \$17 less than whites, and in 2004, Hispanics were sanctioned, on average, \$9 less than whites);
 - On average, Hispanics also received fewer sanctions than whites; and,
 - In the balance of state (BOS), the sanction rates for black CSJ participants have remained higher than those for whites; however, drawing conclusions about treatment by most BOS

agencies from the data is not possible due to the small caseload sizes in most BOS agencies and the even smaller number of black participants in those agencies.

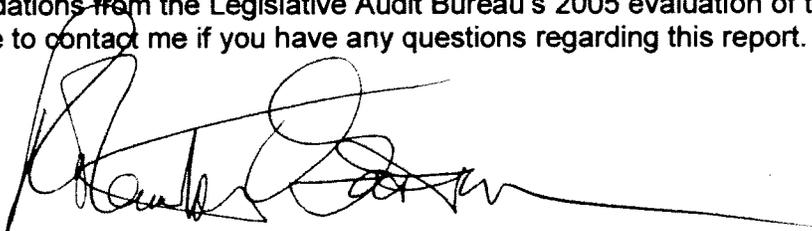
- **Provide an analysis of the racial diversity of those placed in Community Service Jobs, as compared to the overall W-2 participant population.**
 - DWD is conducting a multi-step approach to analyze the racial diversity of those placed in CSJs, as compared to the overall W-2 participant population. An initial study, which is nearing completion, examines sanction rates for individual work program activities by race and placement type for 2000-2004. This analysis provides insights about the assigned activities of participants in CSJ placements, who tend to have higher sanction rates. Preliminary results from the study indicate that, in 2000, differential sanction rates by race occurred for individual work program activities and blacks tended to be assigned to activities more subject to sanctioning. Between 2000 and 2004, however, differential sanction rates declined due to participants being assigned less frequently to those activities with higher rates of sanctioning and to the decrease in the differential sanction rates by race.
 - Upon completion of this analysis, a second study will be conducted to investigate the existence of racial differences in the decision to assign W-2 applicants to paid or unpaid placements and to assignments in CSJ versus W-2T program placements. The analysis will examine both the impact of the stage at which placement decisions are made and how the characteristics of participants affect these decisions. The study design for the analysis is underway, with project implementation slated to begin in late summer.
- **Provide an update on the Department's efforts to place W-2 participants in jobs at the renovated Bay Shore Mall in Glendale.**
 - DWD has opened the door to establishing a partnership with Multicultural Community Services (MCS) on the Bay Shore Town Center. This project is an opportunity to find jobs, not only for individuals from the W-2 program, but also for individuals from other employment programs operated out of Milwaukee's job centers.
 - Through the W-2 program, the Department has made a serious commitment to helping individuals obtain training that will provide them with marketable skills and enable them to gain access to jobs that offer a career path.
 - As referenced earlier, the current structure of the W-2 program in Milwaukee places responsibility for training, job development and placement services with the Job Development and Placement Agencies (JDPA). The Customized Skills Training Plans for each JDPA detail the types of training that will be provided to W-2 and FSET job seekers and the expected outcomes of this training.
 - Policy Studies Inc. (PSI), which operates the JDPA in the Northwest and Northeast regions of Milwaukee, has already identified MCS and the Bay Shore Town Center in their consolidated training plan and has committed to contracting with MCS at the level of \$1.6 million for the current W-2 contract period. Of this total, \$435,800 has been identified specifically for the Bay Shore Town Center project. PSI's plan identifies MCS as the training provider for retail sales, commercial cleaning and security services at the Bay Shore Town Center project.
 - The Milwaukee JDPAs have the ability to update their training plans as new employment and training opportunities are identified. As more information becomes available from MCS about the types of occupations and wages that will be available at Bay Shore Town Center we

would expect to see updated training plans from each of the JDPAs to ensure that W-2 participants are provided the opportunity to receive training that will prepare them for employment at the Bay Shore Town Center.

CLOSING

The Department's efforts to improve the W-2 program are an ongoing process. I appreciate the support of the Joint Legislative Audit Committee as the Department moves forward to implement the recommendations from the Legislative Audit Bureau's 2005 evaluation of the W-2 program. Please do not hesitate to contact me if you have any questions regarding this report.

Sincerely,



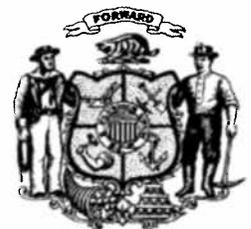
Roberta Gassman
Secretary

- 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, Legislative Audit Bureau

Best to you &
look forward
to our ongoing
work
together.



WISCONSIN STATE LEGISLATURE





WISCONSIN STATE LEGISLATURE

Joint Legislative Audit Committee

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

July 6, 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 letter, dated June 1, 2006, which responds to our two written requests (March 28, 2006, and May 9, 2006) for follow-up information pertaining to the Wisconsin Works (W-2) program. Your comprehensive response was helpful in addressing a number of the questions that emerged from your testimony before the Committee in March 2006 and in the subsequent weeks.

As we expressed at the recent public hearing, we are encouraged by the Department's efforts to implement and follow through on the recommendations made by the Legislative Audit Bureau in its evaluation of W-2 (report 05-6). Continued attention to these recommendations is essential to ensuring that necessary improvements are made to the administration and management of the W-2 program. We look forward to continuing to work with you to improve 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: Janice Mueller
State Auditor

no date

My name is Hal Menéndez. I am an attorney and I work in the L.A.W., Inc. Madison office. The Madison office serves 9 counties in south-central and southwest Wisconsin. Most of the W-2 cases I see are from Dane and Rock Counties. However, the cases I'll discuss in a moment are not limited to Dane and Rock Counties.

In the section on Barriers to Employment, the W-2 audit notes a generally low level of participant use of the Barrier Screening Tool and inconsistency in making referrals for formal assessments, and also notes that the Department is conducting a review to determine whether formal assessments are appropriate and how information from the assessments is applied to participants' employability plans and assigned activities. My colleague Pat DeLessio has explained the importance of barrier screening and appropriate assessments. I'd like to tell you about a few cases that exemplify the problems noted in the audit, highlight the need for appropriate assessments and demonstrates how the department's policy promotes inadequate assessments, resulting in improper placements and improperly assigned activities for participants.

First, I'd like to talk about non-participation in the BST. I routinely ask my clients about the BST - whether they participated and, if not, why. Many did not participate. Those who did not participate reported they did not understand what it was or that it was described as something that is unnecessary and time-consuming. I can tell you that as I sat in a Job Center cubicle reviewing a client's case file, I could hear a case worker speaking with a participant in an adjacent cubicle. She told the participant that the BST asks a bunch of personal questions that are none of the Job Center's

business. Predictably, the participant declined to participate. In Dane County, a number of advocates have proposed a short "script" that describes the BST and its purpose to participants in simple and neutral language that does not suggest acceptance or declination. Whether our script is accepted, it is important that the workers who offer the BST to participants be provided with specific guidelines or talking points to use when offering and describing the BST to participants.

Increasing participation in the BST alone will not result in greater success. Where a barrier is identified, there must be a proper assessment. This is where DWD policies and W-2 agency practices fall short. While the W-2 manual provides that a medical capacity form is the first step in a formal assessment, in practice this form is treated as the complete formal assessment. A medical reports includes diagnoses and outlines a participant's physical or mental limitations. In most cases, it does not explain whether or how the individual's limitations affect her employability or describe the types of modifications, accommodations or supports that the individual may need in order to become employable or perform a job. Case workers simply don't know how to use the information in medical reports to develop an appropriate employability plan. In many cases it is difficult to see any connection between the medical reports and the Employability Plan.

I represented a client who needed a mental health assessment. She did not have a regular health care provider and was not capable of negotiating the health care system without assistance. She was unable to obtain a mental health assessment.

Her W-2 worker offered her no assistance in getting an assessment; she simply told she her that her placement would remain the same until she presented a mental health report. With the help of a local non-profit, which paid for an examination, she was finally able to provide the W-2 agency with a medical report and her placement was changed.

I recently represented a different client in another county. Her cognitive limitations were apparent to anyone who spoke with her. Her employability plan, which is the document that establishes the W-2 participant's W-2 tier assignment, employments goals and activities, reflects no connection between her apparent limitations, her employment goals and her assigned activities. Her short-term employment goal was computer software specialist; her long -term goal was to qualify for SSI (based on her inability to engage in substantial gainful employment due to a disability); and her work experience assignment was sorting clothes in a thrift store. There was nothing in the EP - other than the long term goal of qualifying for SSI - that recognized or addressed her cognitive limitations.

In a Dane County case, I represented a client who has a mental illness. Her illness was repeatedly documented in medical reports that identified the many serious manifestations of her illness. When questioned about the report documenting the participant's mental illness, the W-2 worker could not explain what the findings in the report meant or how she used the findings in designing the employability plan. This client scored 40 on the "GAF. The GAF is the Global Assessment of Functioning

Scale, which measures mental health and mental illness. The case worker did not know what GAF stands for or what the score meant, and made no effort to find out. When asked how each specific functional limitation noted in the mental health report was considered in developing the EP and assigning the participant to a W-2 tier and to specific activities, the worker repeatedly stated that work experience itself helps overcome barriers to employment. This client was assigned to the CSJ tier and given numerous work experience assignments. SSA found her eligible for SSI based on her mental illness at the initial decision stage of the SSI application process. This happens with only about 4 out of every 10 applications, and I'm certain that if we review SSA reports, we would find that when the claim is based on mental illness, the percentage of applications allowed at this stage is even lower. Yet, because W-2 policy treats the medical report itself as a formal assessment and allows an untrained case worker to interpret - or, as in this example, ignore - a medical report, a great deal of the participant's time and agency's resources were expended placing the participant in a variety of CSJ work assignments and in sanctioning her for non-participation or non-cooperation when in fact she was unable to work all along.

Participants will not get meaningful assessments as long as W-2 agencies are permitted to treat the medical capacity form as a full formal assessment in all cases. DWD must clarify its policy and expressly require the follow up necessary to conduct complete assessments where they needed. Furthermore, statutes, rules or department policies must require that in developing an EP, medical reports and other assessment instruments be reviewed by persons who understand them and who are qualified to

interpret and apply them in developing activity assignments and identifying modifications, accommodations or supports needed by individual participants to participate in work experience and any other activities they are assigned.



no date



9to5, National Association of Working Women

152 West Wisconsin Avenue, Suite 408, Milwaukee, Wisconsin 53203-2508
• (414) 274-0925 • Fax (414) 272-2870 • www.9to5.org • 9to5@9to5.org

Good morning. My name is Amy Stear and I am speaking today on behalf of the members of 9to5, National Association of Working Women and 9to5 Poverty Network Initiative. Many 9to5 members work in low wage jobs and have participated in W-2. Many of these women are at risk to return to W-2 in the future because they are working in the same poorly paid, no benefit jobs they've always been in. Our members are often one missed bus or one sick child away from being fired and then back to public assistance. For many welfare families this cycle has been a way of life but certainly not the life they want.

The emphasis on work in W-2 is not something poor women dread but rather gravitate to. They believed welfare reform would give them an opportunity to break out of the trap of low wage work by providing them with training and education they had never been able to access before. Sadly, this has not been the case for many women who have instead been either shown the door because they are "job ready" or placed in meaningless community service jobs that burn up their clocks without increasing their skill base. As one of our members so aptly noted, "I don't need a W-2 agency to help me prepare for a minimum wage, dead-end job. I've always been able to get those on my own."

Yes, women on welfare have always worked - not all of them but a significant number. We believe that fact is demonstrated in the high percentage of returning participants as the audit showed. The architects of W-2 claimed it would break the cycle of poverty by forcing poor women to work for their benefits but the reality is W-2 has perpetuated the cycle of poverty by never preparing women for anything more than the last crummy job they got on their own. Additionally, the audit showed evidence that W-2 agencies failed to support women to achieve even the minimal levels of success mandated in the agency contracts by unfairly sanctioning participants, failing to properly assess women for barriers and engaging in poor communication practices. The so-called success of welfare reform rings hollow for the 80% of former W-2 participants who earned less than the federal poverty level in the year after they left the program.

The members of 9to5 appreciate the efforts of legislators who requested a comprehensive audit of W-2 and we respectfully submit the following recommendations to this legislative committee to consider as you collaborate with the administration to improve the delivery of service in W-2.

Training - Participants should have access to training that will prepare them for work that will pay them a family supporting wage. Every effort should be made to ensure trainings reflect real needs in the job market.

Trial Jobs - There should be a program to place women in jobs with partnering employers that allow them to earn wages and gain on-the-job training in meaningful work.

Sanctions - Agencies should be penalized for applying knee-jerk sanctions that are often reversed at a later date but not in time to avoid critical disruptions in poor families' lives.

Outcomes - The success of W-2 should be measured based on real life outcomes, specifically the number of women who achieve self-sufficiency after leaving W-2 through gainful employment in living wage jobs.

Assessments - Agencies must properly assess all participants to ensure barriers to success in the program are addressed and that women who are appropriate to other forms of assistance are directed to those programs quickly.

Emergency Assistance and Job Access Loans - Funding must be available for women dealing with crisis such as eviction, new housing deposits, car repairs and other debts that could result in impeding compliance with program expectations.

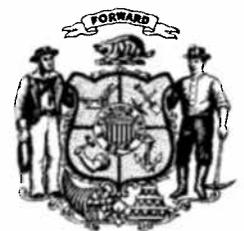
Accountability - Agencies contracting with DWD must be held accountable to all contractual commitments and penalized when found to be out of compliance, no exceptions.

Expand Support for New Mothers - The audit found an increase in the number of cases of parents with newborns accessing benefits. We believe it is sound policy to provide new mothers with benefits while they care for infants. We know the increase in cases comes in part from low wage employers promoting W-2 as a parental leave program in an effort to attract employees while avoiding paying for benefits. DWD and the state legislature should work together to compel these employers to pay for benefits that would enable their workers to spend time at home with their newborn babies. Maryland and Montana have both addressed this situation in their states by enacting laws targeting these employers instead of attempting to reduce welfare participants benefits.

The members of 9to5 thank you for this opportunity to provide input into this program that is so critical to the lives of so many of our members. No one wants to be poor and believe me, no one wants to be dependent on W-2 to care for their families. But when circumstances dictate that they must it seems only fair to expect they will be accessing a system that is designed to help them.



WISCONSIN STATE LEGISLATURE



no date

Report Highlights

- 1995 WI Act 289 – participants achieve economic self-sufficiency through employment – took effect statewide in September 1997
- Administered through DWD and 52 local contracts with public and private agencies
- Sept. 97 – June 04 expenditures totaled \$1.5 billion
- Subsidized or unsubsidized placements based on their level of preparedness for employment.
 - June 2004, 79.8 percent of the program's 15,539 participants were in Milwaukee County, and 12,539 participants were in subsidized placements.
- Cash grants of \$628 to \$673 per month
- Eligible for monthly cash grants of \$673 until their infants are older than 12 weeks
- Custodial parents of infants more than doubled more from June 1998 to June 2004 – using W2 as a form of paid maternity leave
- State and federal law limit individuals to 60 months of lifetime participation – may approve extensions to the eligibility limits under certain circumstances

Program Effectiveness:

- approximately 20% of former participants earned more than the poverty level in the year after they left W-2,
- incomes above the poverty level increased slightly each year from 2000 to 2003;
- 42.1% of those who left W-2 in 1999 earned more than the poverty level in 2003, after the inclusion of several tax credits.
- 30 hours of assigned work:
 - Declined from 26.5 per week in June 1998 to 17.7 per week in June 2004
 - June 2004, approximately 1/5th participants in community service jobs were assigned to no work
- Areas needing improved management:
 - From September 1997 through June 2004, 2,500 custodial parents of infants on longer than the statutory maximum 12 weeks, resulting in \$1.3 million in excess payments.
 - From January 2000 through February 2004, W-2 agencies erroneously issued approximately \$1.9 million in excess payments to participants who were in both subsidized and unsubsidized placements during the same month.
 - From May 2003 through June 2004, only 43.5 percent of participants were screened to identify potential barriers to employment.
- Participants may be sanctioned \$5.15 for each hour they miss work or fail to participate in training or other required activities without good cause.
 - October 99 - June 04, agencies imposed \$30.2 million in sanctions -- sanctions are not applied consistently statewide.

As DWD prepares for the next contracts, which will begin in Jan. 06, it will be especially important to address these issues.

Introduction:

Eligibility requirements:

- gross income at or below 115% of federal poverty
- assess at or below \$2,500
- custodial parent who is 18 years of age
- cooperate with efforts to establish paternity or obtain support or other payments
- made a good-faith effort to obtain employment
- not receiving SSI or SSDI

4 types of subsidized payments:

1. Transitional placements: provide work practice and training for those unable perform independent, self sustaining work - \$628
2. Community service jobs: work experience & training/perform some job duties - \$673
3. Trial jobs – work experience and training may become permanent, unsubsidized positions – not more than \$300 per month to employers
4. Custodial parents of infants - \$673

Trends in Program Participation:

- W-2 participants declined from 22,761 in September 1997 to 10,671 in April 2000 – June 2000 it reached 15,539
- number of participants receiving cash benefits has recently begun to decline, falling from 12,539 in June 04 to 10,547 in Jan 05 (15.9%)
- In a separate report that we will release later this year, we present the results of our review of a selection of transactions made by 17 W-2 agencies and the salaries and bonuses paid to senior agency officials.

Contracting with Local Providers:

- Beginning with the 2000-2001 contract period, DWD has required W-2 agencies to meet performance standards.
 - If the agency does not implement the plan's provisions, DWD can either revoke its right of first selection for future contracts or cancel its W-2 contract.
 - Since 1997, DWD has issued 4 corrective action plans: 2 for OIC-GM (2000 & 2004), and 2 for UMOS

Program Expenditures

- W-2 program expenditures totaled \$1.5 billion from September 1997 - June 2004.
- "Profits" that W-2 agencies could use for any purpose, without restriction, and community reinvestment funds that were required to be spent on services for low-income individuals.

Total W-2 Expenditures

- Program services & cash benefits & W-2 agency administrative costs accounted for 76.8% of total
- DWD has 94 FTE staff positions devoted to TANF-related administration
- Spending on program participants has declined over time
- \$413.6 million during the 1997-1999 contract period
- \$284.5 million during the 2004-2005 contract period, (declined 31.2%)
- The W-2 contract for the 2004-2005 contract period is budgeted at \$286.4 million.
 - 13 contracts with private agencies, 3 of which are for profit organizations

Primary Contract Services

- Services to participants - DWD has developed categories for reporting W-2 expenditures -- 29% (largest portion) was spent on work activities
- Cash benefits paid accounted for 38.7% of expenditures
- W-2 agency staff not involved in direct program delivery & overhead was 9.9%

Other Contract Payments

- W-2 agencies received \$77.9 million in unrestricted profits under the 97-99 & 00-01 contracts.
- Not required to report on their use of unrestricted profits, but to receive community reinvestment funds, must provide detailed plans for DWD's approval
 - Counseling
 - Food, clothing, shelter
 - Transportation

- Funding has not been appropriated for either unrestricted profits or community reinvestment funds since the 00-01 contract. The Governor has not proposed any funding for either category for the 05-07 biennium.

Provision of Services

- Found that W-2 agencies have provided considerably different types and amounts of services to participants, & there have been considerable variations in the proportion of the considered ready for unsubsidized employment.

Participant Characteristics

- June 2004, 53.9 % of W-2 participants had at least a high school diploma.
- 90% participants enrolled in Food Stamps & Medical Assistance programs while 50.5% received child care subsidy
- 11 of the 16 W-2 agencies we visited indicated that transitional placements are increasingly made up of individuals who cannot participate in work-related services because of physical or mental disabilities, substance abuse problems, or other barriers to employment
- Difference in characteristics: Milwaukee County (MC) vs. state in June 2004
 - High school diploma: MC 40.7% State 51.1%
 - Child care subsidies: MC 53.9% State 37%
 - Self-reported disability: MC .8% State 6.1%
- In June 98, 80.8 % of participants received food stamps, compared to 91 % in June 04. The subsidized caseload has increased since June 2000.
- Characteristics change 98 to 04
 - High school diploma: 98: 43.8% -- 04: 53.9%
 - Food stamps: 98: 80.8% -- 04: 91%
 - 3 or more persons: 98: 66.8% -- 04: 55.8%
- Taken together, changes in their characteristics indicate that some 2004 participants might be better able to find and retain unsubsidized employment than participants in prior years.

Caseload Changes

- Subsidized placement caseload reached a high of 12,539 in June 2004.
- Custodial parents of infants changed significantly 265 in June 98 to 818 June 04
- We found that custodial parents of infants who were never in any other placement increased from 8.5 percent of all such placements in 1998 to 49.8 percent in the first six months of 2004.

Services Provided to Participants

- 16 W-2 agencies we visited reported that assessment and counseling services are available to all participants with known barriers to employment, but data indicate that agencies provided relatively few participants with specialized assessment services.
 - Motivational training services: MC:OIC 8.3%, 32.9% Maximus/6.4% Brown to 40.7% Rock Co.
 - Adult basic education services: MC: 1/3 State: 1.7% FDL to 31.2% Kenosha County
 - Parenting & life skills: MC: 8% OIC, 30% other MC/State: 3.4% FDL to 56.7% Racine County
 - Employment counseling services: MC: 5.4% OIC, 54.7% UMOS/state .2% Dane, 34.7% Rock Co.
- Differences in service delivery do not necessarily indicate that some W-2 agencies provided more appropriate services than others.
 - agencies required assessment of each participant's individual needs
 - variations among the six Milwaukee County regions, suggests that agencies' policies play a significant role in determining the types of services provided.

Levels of Service

- 8 W2 agencies average 150 participants a month – four service types:
 - Work activities
 - Skills training
 - Education activities
 - Other services
- Monthly per participant expenditures for different types of services varied considerably among W2 agencies
 - In Milwaukee Co, total expenditures for services ranged from a low of \$310 per participant for UMOS to a high of \$479 per participant for YW Works; in the balance of the state they ranged from \$537 per participant in Kenosha County to \$731 in Racine Co.
- Number of reasons for variations:
 - was able to provide that service at a lower cost;
 - chose to spend less than was required to serve participants appropriately; or
 - had insufficient funds in its contract to meet participants' needs.
- Significant variations in agencies' per participant expenditures raise concerns about whether participants statewide consistently received the level of services they needed to find and maintain unsubsidized employment.

Job-Ready Participants

- Job-ready participants are considered ready for unsubsidized employment.
- Not find a job within 30 days, W2 agency consider the appropriateness of community service job or other subsidized placement
- Must possess all 4 characteristics to be placed in job-ready category:
 - No barriers to work,
 - Capable of working and willing attitude,
 - Steady and/or recent work experience, &
 - Education or training background allows participant to compete.
- W-2 agencies statewide do not consistently determine which participants are job-ready.
 - Particularly MC, not requiring participants have all 4 characteristics B4 determining job ready
- Job-ready participants accounted for 2.4 percent of the program's overall caseload in June 2004.
- In June 2004, the proportion of job-ready participants in agency caseloads varied considerably.
 - result of differences in how agencies interpret DWD's guidelines.
- Only 79.8% of jobready participants were assigned to employment search activities.
- first six months of 2004, 90.2% of all job-ready participants received at least 1 of these 4 services
 - 80% Maximus
 - 94.1% OIC
 - Could not determine why agencies did not assign these activities to all job-ready participants

Eligibility Limits

- 60 months of lifetime participation in subsidized W-2 placements
- limits individuals to 24 months of participation in each of three subsidized placements
 - extensions approved at considerably different rates
 - number of participants reaching end of 60-month lifetime limit is increasing

Extensions to Eligibility Limits

- Currently, the custodial parent of an infant is exempt from the 60-month limit until the child is 12 weeks old if the child was born less than 10 months after the parent was first determined eligible for W-2.
- **Gov. budget would limit this exemption to custodial parents of infants whose children were born as a result of incest or sexual assault. (Pg. 39)**
- 60-month limit may be extended because of the personal disability or incapacitation of either the participant or another member of the W-2 assistance
- statutes permit extensions to the 24-month time limit for community service job and trial job participants who have made "all appropriate efforts" to find employment
- W-2 agencies reviewing cases approaching 24- & 60-month time limits extensions granted for up to
 - 6 months for the 24-month extensions
 - 12 months for the 60-month extensions
- DWD gave W2 agencies authority to approve & deny benefit extensions beginning in April 2003
- Extensions from April 99 – June 04:
 - Almost 94% of extensions requests come from Milwaukee Co.
 - More requests during first 6 months of 04 than during all of 03
- Participants who requested extensions were somewhat older than the W-2 population overall.
 - More likely to be African American
 - Less educated
 - Likely to be in larger W2 family
- Approval rates for extension requests are lower in Milwaukee County than in the balance of the state.
 - Agency extensions: 14.3% for ESI to 53% for UMOS. Elsewhere in the state, the approval rate was 66.7%
- Extensions for 24-month transitional placements and 60-month lifetime limits were far more likely to be approved than 24-month extensions for community service job placements. It is possible that many participants in transitional placements have significant barriers to employment that hinder them from obtaining unsubsidized employment and, therefore, make it more likely that W-2 agencies will approve their extensions. Similarly, more than three-fourths of 60-month extensions involved participants in transitional placements, which likely accounts for the higher approval rates for this type of extension. Outcomes of extension requests by type (99 – 04):
 - 24-month transitional placement extensions: 63.2%
 - 24-month community service job extensions: 26.3%
 - 60-month lifetime limit extensions: 71.9%
- 2,313 participants who were denied an extension left the program & did not return through June 04.
- Milwaukee County, we found considerable differences in extension request outcomes by agency:

Months of Eligibility Used by Participants

- Milwaukee County participants have used more program eligibility than those elsewhere.
 - 35.9% participants in Milwaukee Co used 25 months or more of their lifetime eligibility in June 04
- In June 2004, 6.4% of participants had used more than 48 months of program eligibility.
- There are concerns that participants are not treated equitably in receiving program extensions.

- Considerably different rates W2 agencies approved extensions

Program Effectiveness

- W-2 has had mixed success in helping individuals achieve economic self-sufficiency through employment.

Financial Status of Former Participants

- Included participants who left the program in the last 3 months of each year from 99 through 02
 - Chose to include the effects of state and federal EITCs
 - What to include in the measure of poverty is the subject of debate.
 - Chose to exclude the cash value of public assistance benefits in analysis
 - Did not include child support
 - 1,967 of 2,965 participants who left program during last 3 months of 99 (66.3%) filed 2000 tax returns -- 859 (43.7%) were required to do so
 - 2,103 of 3,624 participants who left the program during last 3 months of 02 (58%) filed 2003 tax returns – 48.3% required to do so, 51.7% filed claim to refundable tax credits
- Approximately 1/3 of former participants had next-year incomes above the poverty level after the inclusion of tax credits.
- Percentage of former participants with incomes above the poverty level increased slightly in each year from 2000 to 2003.
- Do not take into account 2,672 former participants for whom income information was unavailable
- May be a downward trend in the short-term economic status of participants who left the program in recent years.

Financial Status Over Time

- In 03, 42.1% who left in 99 had incomes above the poverty level, after including tax credits
 - average annual income of these former participants increased from \$8,306 in 2000 to \$11,577 in 2003, or by 39.4% over 4 years.
 - solely on income, the percentage of former W-2 participants above the poverty level increased from 19.2 percent in 2000 to 27.4 percent in 2003.
 - Tax credits are included, that percentage increased from 33.8% in 2000 to 42.1% in 2003. However, the number of participants with available income information declined over the 4 years
- 2000 to 2003, the average annual income of one-year leavers increased by 11.9% -- average annual income of the 1999 leavers increased by 39.4% over this same period.
- Participants who left the program in 1999 and filed tax returns in each of the next 4 years had the highest incomes
 - Last 3 months 99 filed tax returns each year from 00 – 03 average income increased 22.5%
 - \$11,508 to \$14,095
 - Including tax credits for 00- 03 exceeded poverty level:
 - 56.8% in 03 compared to 53.2% in 00
- Former participants who were married had higher incomes than those who were unmarried
- 2003 income averaged \$26,672 for 80 individuals who were married, compared to \$13,055 for 967 that were not. Married stats:
 - 66.3% of married former participants had income above poverty in 03
 - 73.8% were above the poverty level after including tax credits

Financial Status Based on Last Placement

- In the year after leaving W-2, custodial parents of infants earned more than other former participants.
- using the program as a form of paid maternity leave, which W-2 agencies told us is occurring.
- lowest average 03 incomes were earned by former participants who had been placed in trial jobs -- too few individuals in this placement to draw conclusions
- Average income of those who had been in transitional placements was greater than the average income of those who had been in community service jobs. This result is unexpected, given that those in community service jobs could be expected to be more prepared for unsubsidized employment.
- 12.9% of those in transitional placements before leaving W2 were married

Financial Status Based on W2 Agency

- 25% or more of former participants served by four W-2 agencies—Brown, Outagamie, Racine, and Waukesha counties—had incomes above the poverty level.
- The average annual income of former participants ranged from \$11,302 for those served by Outagamie County to \$6,903 for those served by Fond du Lac County. 41% in Brown County to 17.9% in Fond du Lac County.
- Brown County had highest percentage (27.9%) of former participants with incomes above poverty level but provided relatively few program services

Employers of Former Participants

- Temporary staffing agencies employed the most participants who left the program in 2002. (41.8%)
 - other common employers were nursing homes, retailers, & eating and drinking establishments

Participants Who Left the Program

- Definition of participant who left program = person who left subsidized placement for at least 2 consecutive months
- Number who left the program declined from June 98 to June 00, then increased
- Percentage of the subsidized caseload that left the program has continued to decline since June 01
- Participants in Milwaukee County are less likely to leave the program than those in the balance of the state.
- 8.2% left program in Milwaukee County compared to 21.4% elsewhere
- Participants who left W2 for first time during June of each year and did not return for any services within the next 2 years has increased over time, a sign of improving success
- Percentage who returned to subsidized placement has remained relatively constant
 - W2 agencies not made participants aware of continued case management services
 - Agencies provided same level of case management services
 - Participants declining case management services over time
- Returning participants increased from 38.6% of all subsidized placements in June 2000 to 52.3% in June 2004.
- 40.1% of participants in subsidized placement were returning participants (June 04)
 - Approximately 2/3 of those who left W2 for first time from June 98 to June 02 did not return to a subsidized placement within the next 2 years
 - Did return, most did so only once
 - None returned more than 3 times
- Those who left W2 & subsequently returned to a subsidized placement in the following year had considerably lower incomes than those who did not return.

- DWD has indicated that the number of returning participants may not be a valid measure of program performance because W-2 is designed both to encourage employment and to allow individuals to return if they cannot find jobs
- Nevertheless, the significant proportion of the subsidized caseload that is made up of returning participants—52.3% in June 04—as well as the significant proportion of those who leave W2 and do not earn incomes above the federal poverty level, indicate that W2 has not been entirely successful in helping participants to achieve economic self-sufficiency.

Performance Standards

- 11 performance standards
- Only 29 agencies met all 11 standards
- DWD will need to closely monitor the monthly results throughout the remainder of the 2004-2005 contract period. If problems are indicated at some agencies, DWD will need to take steps to ensure participants are being served effectively.

Improving Program Management

- identified concerns with DWD's program management and its oversight of W-2 agencies that, if
- addressed, could increase the program's effectiveness in helping participants find and retain unsubsidized employment.

Ensuring Active Participation

- W-2 agencies assigned many participants in community service jobs to few hours of program services.
 - Community Service Jobs for up to 30 hours per week and up to 10 hours of education and training
- Work hours assigned declined from 26.5 per week in June 98 to 17.7 in 04
- Hours of education declined from 15.8 to 15.3
- All assigned program services totaled an average of 36.6 hours per week both in 98 and 04
- ¾ participants in CSJ were assigned 1-20 hours per week work experience
- 1/5 were assigned no work experience
- Unclear why W2 agencies assigned participants in CSJ to fewer hours of work in recent years
 - 3 agencies told them difficulty in finding enough CSJs for participants
- Transitional placements – to be engaged up to 28 hours in program activities (AODA, assessment, treatment, mental health, rehab, etc.)
- In June 2004, participants in transitional placements were assigned to an average of 34.2 hours per week of program services.

Payment Errors

1. Custodial Parents of Infants (pg. 68)

- statutes require provide a custodial parent of an infant monthly cash grant of \$673 until the infant is 12 weeks old.
- From September 1997 through June 2004, 2,664 custodial parent of infant placements were open for longer than 12 weeks each, which is not permitted by statutes.
 - * 1/2 of these placements were open for only an extra 1 to 10 days
 - * 262 (9.8%) open more than 60 days - longer than allowed under the law.
- 1,393 of the 2,664 participants subsequently moved to other subsidized placements
- 1,271 participants did not receive cash benefits after their custodial parent of infant placements ended.

- \$645,000 in excess payments made to the 1,271 participants – delayed the imposition of work requirements for the 1,393 who continued to receive cash benefits.
- We estimate that excess payments totaled \$1.3 million to approximately 2,500 custodial parents of infants.
- Imposition of work requirements, which many believe to be a fundamental part of the program, was delayed for approximately 2,700 participants who subsequently moved into other subsidized placements.
- 316 cases open for longer than 12 weeks in 2001, 335 in 2002, and 291 in 2003. In 2001, DWD considered requiring the electronic case files to automatically close such placements after 12 weeks to prevent cash grants from being issued beyond that time, but this did not occur.

BUDGET - Gov's proposal:

- 1. Extends the time limit for participation in a custodial parent of infant placement from 12 weeks to 26 weeks**
- 2. Allow single pregnant women who do not have children, are in 3rd trimester of an at-risk pregnancy, & meet W2 eligibility to obtain \$673 in cash benefits per month.**

II Program Placement Changes (Pg. 70)

- Approximately \$1.9 million in excess payments statewide. Milwaukee County accounted for approximately 94.2% of this amount – includes only over-payments resulting from agencies' failure to correctly process placement changes

III Job Access Loans (Pg. 71)

- Job access loan of no more than \$1,600 in a 12-month period
- Average of all loans issued by agency not exceed \$800 in 12-month period
- Approval rates for job access loans varied widely among W-2 agencies.
- Most loans financed the purchase of used automobiles or paid for auto repairs
- MC: 27.4% for UMOS to 94.6% for OIC
- Statewide: generally higher than Milwaukee County
- Eliminating administrative rule regarding \$800 average loan amounts & replacing it with provisions that restrict agencies from distributing any job access loans over a given amount, such as \$1,200.

IV Additional Monitoring Procedures (Pg. 73)

- W-2 agencies do not always report accurate info about participants' educational achievements.
 - electronic records in some instances contradicted the claims of W-2 agencies.
 - some electronic records contained insufficient information
- AGENCIES CONTEND case files contain additional information confirming that some of the participants identified by DWD did, in fact, obtain degrees or certificates.
- DWD needs accurate electronic records for effective program management – to determine achieved performance standards.

V Barriers to Employment (Pg. 75)

- 01 evaluation recommended DWD collect & review more complete data about type and severity of barriers to employment faced by W2 participants
- 03 DWD implemented a "barrier screening tool" – offer within 30 days to all new participants
- Only 43.5% participants completed the barrier screening tool from May 03 through June 04 – raise concerns about the extent which agencies explained the tool's benefits & encouraged participants to be screened.
 - MC rates: 54.9% OIC to 32.7% Maximus

- State: 87.3% Rock Co to 19.9% in Dane Co
- Completion rates for the barrier screening tool varied considerably among staff within a single agency
- 8 of the 16 agencies we visited do not believe the tool is useful in identifying participants' barriers.
- Participants with potential barriers are not consistently referred for formal assessments – as required by DWD
- July 04 DWD began formal review of the barriers screening tool that it expects to complete later 05

VI Trial Job Wages

- The electronic case files for many trial jobs participants are incomplete.
- The average trial job wage for 52 participants was \$7.67 per hour. Range \$5.35 to \$19.40
- Number reasons why few participants have been placed in trial jobs
 - Employers believe \$300 monthly wage subsidy is insufficient
 - Administrative requirements too burdensome
 - Participants sometimes unqualified for the available jobs
- None of the 6 other Midwestern states we contacted offer placements similar to trial jobs

BUDGET:

- **“Trial jobs plus” pilot project for up to 1,000 participants in Milwaukee County and 2 other counties. The project, which would operate from January 06 through June 07, would reimburse employers for the monthly costs of participants' wages, not to exceed the federal minimum wage, for up to 30 hours per week, as well as applicable social security taxes, unemployment insurance contributions, and worker's compensation premiums. Participants could be in trial jobs plus placements for up to six months, with the opportunity for a three-month extension. The project would cost \$3.1 million. (Pg. 81)**
- **Regardless of whether the Legislature authorizes the “trial jobs DWD needs complete and accurate information in participants' electronic case files in order to manage the W-2 program effectively and to ensure trial job participants are properly served and are paid the minimum wage. (Pg. 81)**

Participant Sanctions & Complaint Resolution

Sanctions of Participant Benefits

- Cash benefits are sanctioned if participants miss work or fail to participate in required activities without good cause.
- CSJ and Transitional jobs are sanctioned \$5.15 for each hour miss work or fail to participate in required activity
- Trial jobs, custodial parents of infants and unsubsidized placements are not subject to sanctioning
- WI sanctions a participant's benefits based on the hours of assigned activities missed – similar to actual work setting – other states impose other sanctions
- Percentage of participants sanctioned ranged from 33% Nov 99 to 14.4% in Feb 02
- October 99 through June 04 W2 agencies imposed \$30.2 million in sanctions
- Sanction rate higher in Milwaukee County than balance of state
- Agencies sanction funds return to DWD
- 7 agencies sanctioned more than 20% of their cash benefit participants
- 25 agencies sanctioned less than 10% of participants
- Participants in CSJs are sanctioned more frequently than those in transitional placements

Inappropriate Sanctions

- Statutes state sanctioned only for missed work or training during the portion of the month when they are assigned to these activities as part of CSJ or transitional placements.
 - DWD has implemented procedures to reduce the number of inappropriate sanctions
 - Modified its W2 contracts so that, beginning in 04, failure to correct an inappropriate sanction in a timely manner can result in an agency penalty of up to \$5,000
 - 23 agencies issued corrective payments totaling \$22,482 for the 275 cases in which participants were identified as having been sanctioned inappropriately
 - Milwaukee County accounted for 219 of 275 cases (79.6%)
- ??Does DWD plan further accounting and accuracy of sanctioned participants?

Other Penalties

- Statutory penalties exist for positive drug tests and noncompliance with Learnfare and W-2 program requirements.
- 40 drug sanctions totaling \$2,391 on 11 participants
- No Learnfare sanctions were imposed in 03 or 04
- Maximus imposed 129 of 144 sanctions – 89.6%
- W-2 agencies may impose a strike against a participant who refuses to participate in a CSJ or transitional placement – no penalty imposed for 1st 2 strikes
- Strikes are seldom imposed on program participants

Resolution of Participant Complaints

- Almost 84% of fact-finding requests were made by Milwaukee County participants.
- Outcomes of fact-finding requests varied between Milwaukee County and the balance of the state.
- Must make request within 45 days of disputed agency decision
- Wisconsin is unusual in using an agency-level review process to resolve participant complaints. Other states' TANF programs have typically retained the fair hearing process that had been used in the former AFDC program and that is still used for the Food Stamp, Medical Assistance, and child care programs. In Wisconsin, the Department of Administration's Division of Hearings and Appeals conducts fair hearings for these programs.

Oversight Issues

- Unable to determine whether pre-hearing dispositions favored the agencies or participants. Improved monitoring of fact-finding outcomes could help determine the reasons for the variation in outcomes across agencies.
- In a fact finding review, when decided in favor of participant, DWD requires the agencies to comply with the decision within 10 calendar days and to note the compliance date on the monthly fact finding report

Appeals Process

- From 2001 -2003, 158 of 2,858 fact-finding decisions were appealed (5.5%)
- From 2001 – 2003, 45.6% of appeals were decided in participants favor.
- Decisions in Milwaukee Co. were evenly split between agency and participant, while decisions in balance of state were more likely to favor the agency.

Differences in Sanction Rates

- December 2004, DWD completed a study that determined participants of different race groups are sanctioned at different rates

Future Considerations

Change in Program Philosophy

- DWD recently stated it was refocusing the program to emphasize job placement

- Some are confused about recent public statements DWD made regarding its efforts to refocus the program on job placement, when the program's principal statutory goal has always been employment
- A number of W2 agencies believe the program's objectives have shifted over time

Emerging Issues

Future Funding Needs:

- DWD has encouraged W2 agencies to more quickly find unsubsidized employment for participants.
- DWD announced plans to reduce the number of subsidized placements by at least 4,500 participants by December 2005.
- DWD has provided W2 agencies with additional TANF funds to serve participants

Budget: \$228.9 million for 2006-07 W2 contracts – decline from the \$286.4 million for 2004-05 contracts (Pg. 102)

Encouraging the Development of Consortia:

- December 03, DWD allocated \$1.8 million in consortium incentive funds to 10 W2 agencies
- Maximus and OIC received 83.3% of all consortium incentive funds

Improving Contract Oversight:

- Number of private agencies administering W2 program has increased steadily
 - 9 (97-99) to 22 (04-05)
- Identified significant problems with the administration of W2 by 3 private agencies – Maximus, ESI and OIC – resulted from a lack of appropriate internal controls instituted by W2 agencies and inadequate contract oversight by DWD

Program Modifications

- DWD will need to address the programmatic deficiencies identified:
 - ensuring the amount and type of services provided by W-2 agencies are more consistent statewide;
 - determining whether extensions to eligibility limits should be reviewed more closely;
 - determining how best to serve the increasing number of former participants who return to the program;
 - routinely monitoring W-2 agency performance in ensuring that participants in community service jobs are actively engaged in appropriate activities;
 - working to improve the accuracy of cash benefits payments;
 - increasing the usefulness of the barrier screening tool and encouraging participants to complete it;
 - maintaining gains that have been made to date in avoiding the inappropriate sanctioning of participants.

- DWD should ensure its monitoring and oversight of W-2 agencies in Milwaukee

Legislature needs to consider number of issues associated with future of W-2:

1. How best to work with Wisconsin's congressional delegation to ensure the reauthorization of federal TANF legislation, which has expired but continues to be funded at prior levels through congressional extensions;
2. Whether to approve the Governor's budget request for creating a "trial jobs plus" pilot project or for extending benefits to custodial parents of infants from 12 weeks to 26 weeks;
3. Whether DWD's efforts to correct problems and provide oversight of W-2 agencies, particularly in Milwaukee County, are adequate.
4. Finally, determining how best to provide W-2 services to Milwaukee County participants, who represent approximately 80 percent of the statewide caseload:
 - a. whether W-2 contracts should be further subdivided among additional vendors, as the Governor has indicated he is considering;
 - b. whether Milwaukee County should assume any role in administering the program;

- c. whether DWD should select the independent auditor for W-2 agencies, rather than allow each agency to contract with the auditing firm of its own choosing; and
- d. whether eliminating provisions associated with the right of first selection and encouraging competition among service providers could improve effectiveness and reduce costs.

DWD Response:

1. The Goal of W2 is Workforce Attachment:
 - We do not believe, however, that W2 was designed to be the sole vehicle for moving families out of poverty. (child care, MA, FoodShare)
2. DWD is committed to Strong W2 Program and Financial Management
 - Report covers 97 – 04 many of following improvements DWD has implemented over the past 2 years were not underscored in LAB report.
 - Improving Agency Assignment of CSJ Participants
 - 04 series of administrative memos to W2 agencies on appropriate assignment of activities for CSJ participants
 - Required W2 agencies to review all CSJ placements ensure all intensively engaged in work experience activities
 - Improving Payment Practices to W2 Participants
 - Errors related to when participants move from a subsidized placement to unsubsidized placement – 04 began providing remedial training for all W2 agency case managers on appropriate practices
 - Custodial Care of an infant (CMC) placements – taken strong steps to eliminate overpayments. 04 – generating monthly report to provide follow-up to each W2 agency that has any CMC cases open for longer than 12 weeks
 - Implementing the Barrier Screening Tool
 - An evaluation of the barrier screening and assessment process is currently underway
 - Applying Program Sanctions Consistently
 - DWD report published in March 05 contained 19 priority recommendations for steps DWD can take to ensure more equitable treatment of all participants in the application of W2 sanctions by agencies. DWD supports these recommendations and is prioritizing work to implement them
 - Improved Monitoring

Governor Budget References in the Audit:

- Gov. budget: Currently, the custodial parent of an infant is exempt from the **60-month limit** until the child is 12 weeks old if the child was born less than 10 months after the parent was first determined eligible for W2. The Gov's budget would limit this **exemption** to custodial parents of infants whose children were born as a result of **incest or sexual assault**. (Pg. 39)
- Gov Budget: **Extends the time limit** for participation in a **custodial parent of infant** placement from 12 weeks to 26 weeks. (Pg. 70)
Estimated provision savings: \$2.3 million over 05-07 biennium
- Gov Budget: Allows **single pregnant women** who do not have children, are in 3rd trimester of an at-risk pregnancy, & meet W2 eligibility criteria to obtain \$673 in cash benefits per month. (Pg. 70)
Estimated provision cost: \$2.1 million over 05-07 biennium
- Gov Budget: **"Trial jobs plus" pilot project** for up to 1,000 participants in Milwaukee County and 2 other counties. The project, which would operate from January 06 through June 07, would reimburse employers for the monthly costs of participants' wages, not to exceed the federal minimum wage, for up to 30 hours per week, as well as applicable social security taxes, unemployment insurance contributions, and worker's compensation premiums. Participants could be in trial jobs plus placements for up to six months, with the opportunity for a three-month extension. Regardless of whether the Legislature authorizes the "trial jobs DWD needs complete and accurate information in participants' electronic case files in order to manage the W-2 program effectively and to ensure trial job participants are properly served and are paid the minimum wage. (Pg. 81)
Estimated provision cost: \$3.1 million.
- Gov Budget: \$228.9 million for 2006-07 **W2 contracts** – decline from the \$286.4 million for 2004-05 contracts. (Pg. 102)

LAB recommendations for DWD:

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

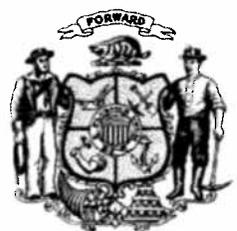
- ✍ progress in increasing consistency among W-2 agencies in approving and denying extension decisions (p. 47);
- ✍ actions it has taken to ensure W-2 agencies assign participants to appropriate types and hours of activities (p. 68);
- ✍ how it plans to ensure custodial parent of infant placements end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

In addition, we recommend that DWD:

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



WISCONSIN STATE LEGISLATURE



W-2 Audit Recommendations

Recommendation – pg 47

We recommend the Department of Workforce Development:

- review, as part of its ongoing monitoring of W-2 agencies, a sample of extension cases to ensure that agencies are assessing and deciding whether to approve or deny extensions appropriately and consistently statewide; and
- report to the Joint Legislative Audit Committee by October 1, 2005, on its progress in achieving greater consistency in extension decisions among W-2 agencies.

Recommendation – pg 68

We recommend the Department of Workforce Development report to the Joint Legislative Audit Committee by October 1, 2005, on the actions it has taken to ensure W-2 participants in community service jobs and transitional placements are assigned to appropriate types and hours of activities.

Recommendation – pg 70

We recommend the Department of Workforce Development report to the Joint Legislative Audit Committee by October 1, 2005, on how it plans to change the W-2 program's computerized management system so that custodial parent of infant placements automatically end at the appropriate time.

Recommendation – pg 71 *—report on?*

We recommend the Department of Workforce Development take steps to ensure W-2 agencies correctly pay participants, and exercise contractual provisions that allow it to impose monetary penalties on W-2 agencies that consistently make payment errors.

Recommendation – pg 73

We recommend the Department of Workforce Development report to the Joint Legislative Audit Committee by October 1, 2005, on its suggestions for modifying administrative rule provisions that pertain to job access loans.

Recommendation – pg 74

We recommend the Department of Workforce Development emphasize the need for W-2 agencies to enter complete and accurate participant information into electronic case files and execute, when necessary, contractual provisions that allow monetary penalties or the denial of the right of first selection to a W-2 agency that fails to satisfactorily perform its responsibilities.

Recommendation – pg 78

We recommend the Department of Workforce Development report to the Joint Legislative Audit Committee by October 1, 2005, on the results of its review of the barrier screening tool and on its plans to ensure that participants' barriers are appropriately assessed.

Recommendation – pg 81

We recommend the Department of Workforce Development provide W-2 agencies with additional guidance on entering accurate and complete information into the electronic case files of all trial job participants, and monitor the information on a regular basis to ensure its reliability.

Recommendation – pg 90

We recommend the Department of Workforce Development either instruct W-2 agencies to comply with the statutory provisions relating to the imposition of drug sanctions, Learnfare program sanctions, and W-2 program strikes, or recommend statutory changes to the Legislature to eliminate or modify these provisions.

Recommendation – pg 93

We recommend the Department of Workforce Development require W-2 agencies to:

- submit monthly fact-finding reports in a uniform, electronic format;
- use identical, detailed subcategories, to be specified by the Department of Workforce Development, when reporting the reasons for fact-finding hearings; and
- consistently report on pre-hearing dispositions.

Recommendation – pg 94

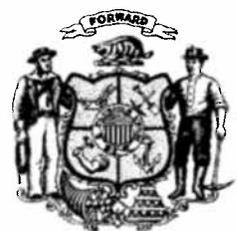
We recommend the Department of Workforce Development ensure agencies comply with fact-finding decisions within ten days and record the compliance dates on the W-2 agencies' monthly factfinding reports.

Recommendation – pg 96

We recommend the Department of Workforce Development report to the Joint Legislative Audit Committee by October 1, 2005, on the actions it plans to take in response to its December 2004 study that found different racial groups are sanctioned at different rates.



WISCONSIN STATE LEGISLATURE



Children At Risk – Questions for DPI

The audit showed that school districts have not complied with statutory requirements under the Children At Risk program. Why has DPI not taken action to address this problem?

Do you believe the program is successful? If so, why is the percentage of at-risk students who achieved at least 3 of the 5 statutory performance standards at a 5-year low?

Wisconsin Works - Questions for DWD

In 2005, DWD indicated that it had to “refocus” the W-2 program on work. How did the program lose this important focus and what are you doing to ensure that it does not happen in the future?

What do you plan to do about the overpayments the audit identified? Will DWD require that they be repaid by the W-2 agencies or by the participants?

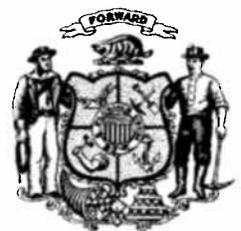
Why did DWD allow 20 percent of community service job participants to be assigned to no work activities? What will DWD do in the future to ensure that W-2 agencies require participants to engage in work activities?

What should be done about the change in the way participants are using custodial parent of infant placements?

What will the Department do to reduce the variation across agencies on the level of services provided to participants and the extent to which participants are sanctioned?



WISCONSIN STATE LEGISLATURE



Hearing Notes

- Largely a mc audit
- Changed over time, past critical
- Publics invest – 1.5B since program began – 300M this k period
- Custodial parents of infants – clearly low-income and qualified, but how do we address this issue?
- w-2 agencies – diff serv, spending per client – wide range, jr, ja, sanctions – variations larger than expected
- participants returning to program – 53.3 percent –
- # of hours of work declining
- Mixed results
- Poverty level is a well estab. Indicator to use to measure success
- Lot of options for future
 - Greater accountability
 - Improved contract management/oversight

Questions for LAB

- CR – inconsistencies, barriers to work, many recommendations....focus from work moved ..define..
 - lab – at beg. Emphasis was on work, and has shifted to services, more recently the shift is moving back towards work., due to funding?
- CR – support services were to assist people to getting to work...concerned about this focus.
 - lab – table 17
- CR – custodial parent – only service receiving...
 - lab – emerging issue, legally can't be denied, are there other services that should be providing?
- RC – 330M this k period? Time it started...stable funding
 - lab - table 3, pg 17...unrestricted profits at beg. Not appropriated in recent yrs.
- RC – what is our cost per recipient?
 - \$772 per month – avg
 - RC – all costs?
 - lab 750M for state admin? Get back to him
 - RC - admin exp vs benefits? Do you have that
 - lab - pg 16, table 2
 - RC – how much are we spending on admin? Don't think that this
 - table 4, pg 18
- CR – clarification – no longer allowing for profits (correct), new RFPs going out shortly, trial jobs....please comment on, great idea...
 - no other state has a program like this one,
- JF – tread lightly, some will find disturbing...lot of start-up costs...is there anyway to id or breakdown those initial costs...now that the bureaucracy has been created...what is the cost to continue if we had to look out into the future?
 - difficult to answer, current 300M for 2-yr period, unless there is a sig reduct in caseload...continue in the 300m range

- JF – looked at income tax filing -
big drop at beg of prog not id in this report, no incentive to do that anymore as work prog thru-out country
- JF – more local scale, was your approach diff outside of MC? What you found?
took exactly the same approach statewide, smaller agencies face diff issues, case-by-case basis, what their concerns were, how prog could be made diff...cust parents of infants was mostly outside MC
- JF – participants that moved into the job sector...huge labor shortage at beg of program...overtime, is their an effort, relationship w/private sector to match employees
required by law to do this...many of them inactive, membership lists outdated, etc...not nearly as active as they were at start of the prog
- CR – no recommendations
no, usefulness of committee, no consistency
- MM – before in Legis, – worked on implementing W-2 in Dane Cnty, approx 70 per approved for extensions
did not look at specifics,.reviewed more broadly, consistencies of percentage approved/denied...not consistent
- MM – R agencies tracking jr applicants?
required to track...some follow-up, limited
- MM – options avail to jr participants
other than cash benefits, most services directed to non-jr
- MM – assign to CS jobs, appropriate placements, requires supervision – sometimes close supervision,
1 reason, lack of appropriate job slots, # declined overtime,
- MM – large number of placement in temporary services...quality of the character of temp. employ?
w/o addl info, hesitate to answer

DHFS – Testimony of Sec. Gassman, Bill Clingan

- **CR – note you've been very aggressive I addressing issues, taken great swift, immediate, direct, response to OIC...Very troubling that this program has move that is the imp focus, must obtain, that slippage happened, what assurance day forward**
clearly attachment to work, growing awareness that there are individuals that participants need more supp, this admin always about work, about helping people connect to work, past k, language that program needs to be sensitive to partic – not mutually exclusive, can do both – be sensitive to their needs while connecting them to work. Growth in caseloads, needed to be clear with agencies about the focus of program being work, spent a lot of time working closely w/agencies – outlining how they were connecting people to work – some genies had lost focus of connecting to work – relationships w/employers lapsed, etc...mission is to help participants escape poverty..admin memos...
- **CR- 1/5 assign to no work at all...**
agencies report now on monthly basis...should see in Oct the trend

changing...when we saw CSJ participants w/no attachment to work, concerned...focus group w/employers when first came on...clear that there needs to be strong connections between agencies and employers in community. Next contract a clear requirement for strong, ongoing works w/employers in community – nothing is not the answer.

- **CR – how about the overpymt made – require re-payents..? anything..count as loss**
fortunately, level of overpymts small percent of total amt of money – good sign, not that it is ok. Bill can talk about what we are now doing to track this and now have safeguards in place to catch b4 pymts made
- **CR – what are you finding in other states?**
not personnal aware, ...no – excellent suggestion
- **CR - ...**
clearly not intent not have a paid maternity leave for employers not offer this benefit...have heard that there are some employers who tell their employees to apply for w-2 and we will re-hire after done, raises ??, have to look at, get suggestions...if they do not have work to go back to ... but if so, need to put steps in place to ensure that w-2 works as intended...relatively small amount of money currently...issue statewide, but particulary small counties...kind of stabilized CMC caseload
- **CR – the eval of BST – when?**
Fall?
- **CR – just rec'd the WPRI, Hope you will look at...**
we will look at as well, just got it, glad to see the TJ+ component
- **DC – sanctions...complaints about Maximus...language to allow k to be terminated more easily...?**
State has the ability to cancel...support that should we need to...if you improve w-2 in mc you approve w-2
- **DC – state has the authority – are the terms too strict that make it too difficult to terminate – rise to the level of OIC...?**
Have the capacity to put on CAP, demonstrate improvement, new k w/b stronger,
- **CR – diff in levels...stole my thunder!**
based on a notion of experimentation, wide latitude to be creative..., now have a history and know strategies that do and don't wor, as we go forward, we can give a more specific range of steps they should take...from our leuniversally produce better results.
 - **Willing**
 - Lang that changed overtime, agencies can work with thwat language, trying to make sure they are clear on the pokicy how to interpret, positive outcome..not lang, interpretation...when w-2 formed..afdc, lot less policy, micro-managing..discovered overtime that there is a blance betweenm local creativity and the state providing policy that is clear and equitable.
 - Sanctions – slowly corrected, intend to in June
 - As to the discr by –agency to agency – standards statewide – how you apply policy...local creativity..with that come inconsistency...state need to ste in train, etc.

- **MM – I asked a lot of his questions – what are the things that have/haven't been working...perf measures in contract, ? curious how**
in process now fo gathering suppestions, listed out all, sometimes opposite – working on that now...can be specific in k on goals and outcomes we expect and w/b woven into the next k
- **MM – people for whom w-2 not approp, but in..narrow**
particularly in MC, challenge that we face, there may be people who we think they may be SSI eleigible, takes up to one year, s/b a federal respons, if in this subset would we be better off working with those indiv in a common way while we as aggressively as we can , get the feds involved...in MC could we have a centralized focusrather than have all the indiv agencies working on
- **CR – connection to work critical...working w/employers...led to some of the failing...BST**
voluntary due to ADA, tool gets at what are the barriers, abuse, MH, literacy, AODA, health problem, etc...issue of mandatory or not...difficult..try to do so in a non-threatening way...

Alberta Darling testimony:

- Several concerns, not going to sugarcoat it...in MC sig issues of lack of mgmt and accountability – main message – by DWD and agencies...goals, finances, ...OIC total fraudulent inappropriate use...black eye..example of actability tfor ..mgmt is a sig prog...applaud sec for changes made, expecting a diff typeI would ask not to wait until Oct...monthly review, look at conctct before it goes out...contract will set the tone...need a real “full-court press” aske the committee to look at contract...micro-manageing? Not fair to recipients or taxpayers...we need more monitoring, transparent books, need to make sure there are controls n the k and benchmarks..we need stability..became a benefit prog...clear dir, outcomes, eval tools, expectations...I ask this committee to stay on top of this...applaud CR for putting forth the trial jobs initiative – will support...need to make sure it works...applaud LAB for job – dig thru the trails...thank them for the clarity...hard as a JFC member to have DWD come asking for more money when the abuses are occurring...
Jan – certainly follow-thru – this committee has been
applaud sec. gasman for putting new ideas on the table, but we need to send a message that we are watching...have heard from many constit...training for case managers differ...should no be a discovery model for training...
- CR – we have been very specific in the committee..we have been very minutely engaged in making changes...board minutes, etc.
- AD – we learned dome sig. lessons from OIC and this audit and look forward to working w/the sec to bring w-2 back...
- MM – was a DC Sup. Struck by the laissez faire attitude at beginning....need to be careful with the publics money..
- AD – closing message...we can't discard the positives of W-2...statewide – even in MC, we need to remember the positives.

Bob Anderson, WCCF– written testimony

Pat DeLessio & Hal Menendez – Legal Action of WI – written testimony

- PD - If all the people out there that are eligible used the program there w/b much higher
- PD - Both the employed and under-employed can benefit from W-2
- PD - Privatization in MC a disaster – fragmentation due to regions not effective – maybe be more similar to the BMCW – a public-private partnership should be utilized.
- PD - SSI process – LA have k w/3 of the W-2 agencies, failure to due assessment means SSI eligibles not id'd...we need to observe these people so obstacles can be id'd, physical disabilities and functional abilities...
- HM – DWD's message not being received by the agencies...examples...in testimony
- HM – emphasized the need to use the BST – see testimony
- DC – can we expect case workers to be able to assess mental illness?
HM – that is why the tool is important...

Pam Fendt, UWM – written testimony

- Don't buy into the argument that the agencies have a different focus – that it changed since implementation
- Parents of infants...perfectly allowable aspect...Gov Thompson said we have a paid maternity leave...are we so worried that 250 parents received this benefit? These women are eligible, we should not punish them. Why not go after Walmart rather than the women...has other recommendations in the written format.

Victoria Selko, Economic Justice Institute – written testimony

- Problems around the state, not just in Miw.
- Found the finding disturbing, many of the same problems raised in last audit and some have worsened...
- Several problems in Dance County...see testimony
- Many people who are not eligible for cash benefits decline other services
- Even when the BST is utilized it is not used to help client...
- CSJ's not adding job skills, not working the way they should...
- Case closures...

Ann Deleo ?, MC Board W-2 Monitoring Task Force

- Supported audit
- Should form the framework for change
- MC is where 80 percent of where the caseload is...group in MC meeting to re-design program, will give a copy of the model we presented to Sec. Gassman
 - W-2, FS determined on a 1-step process, by a county worker – unnecessary duplication
 - See testimony...
- DWD should contract directly w/job placement agencies for the trial job portion and not the agencies...now is the time to correct the deficiencies

Kristen Settle, IWF – written testimony

- obvious neglect on part of the department...
- more focus on education and training – hours in school should count as work activity
- s/b wages instead of grants...
- elim JR category entirely

Rose Daitsman, Milw taxpayer – written testimony

- degree in engineering, worked at UWM to motivate minorities to go to college, etc
- Prob only person in room when AFDC started – program for widows and children, we can't lose sight of the children
- Next audit should include some kind of measure on the effect on children (mentioned dome book)
- Never eliminate the need for this program...always will be some type of need
- Privatization in Milw due to the thought of private Business being better
 - Going to quote the Pope even though I'm Jewish – certain needs not met by the marketplace, and cannot be met by the marketplace
 - They see training as motivational speakers – not effective and expensive
 - We made a mistake – R & D means that you examine, explore, and learn from it
- Recommendation by the Milw taskforce for a single eligibility determination by the county is better serving the public...
- Private agencies have amassed millions and no improvement in program – clearly not worked for the community or the participants – taxpayers not getting what they paid for
- Needs a new look...
-

Marcus White, Exec Dir of Interfaith of Milw – no written testimony, but will send it

- Hope to get back to the basics – outcomes
- Interfaith interest for several years...hoped new system would help more easily and better than AFDC
- Myth that AFDC trapped people in poverty forever – not true
- There are poverty ostriches – “things are better now that they use to be”
- Over 1,000 different women each year in a shelter that didn't exist prior to W-2
- Can make the program better – significant changes
- Lot of attention lately “Purpose driven Life”

Julie Kursick?, New Hope Project – no written testimony

- W-2 exists in a context that the people coming in the door...lost a job, homeless, etc.
- Step back, we seem to have some troubling findings, some admin, some design,

- Work focus is fine, believe in it, then we get lost
- Asking frontline staff to ignore the realities (lost job, homeless, etc)
- Need to invest small dollars in emergency grants to help participants the ability to focus on the goal of getting work – don't qualify for emerg access loans
- Shift the way we spend dollars – not philosophy
- Reduce admin costs
- Screening assessment, education, work support services...out of time
- New Hope sponsoring workshop in Madison in October...

DC – manage time better so that people