



# Wisconsin Works (W-2) and Other Economic Support Programs

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## TABLE OF CONTENTS

Introduction.....	1
W-2 Employment Positions .....	2
Eligibility .....	2
Placement in Employment Positions.....	4
Work Requirements and Time Limits.....	4
Employer Criteria.....	9
Non-displacement Provisions .....	9
Cash Benefits .....	9
Payment Procedures.....	11
Child Support .....	11
Other Economic Support Benefits .....	11
Worker's Compensation.....	11
Work Experience Drug Testing and Treatment .....	12
Child Care Under W-2.....	13
Child Care Subsidy Program .....	13
Indirect Child Care Services .....	23
Other W-2 Benefits and Services.....	27
Job Access Loans.....	27
Transportation Assistance.....	28
Pregnant Women.....	28
Minor Custodial Parents .....	28
Assistance Payments Exempt from Levy.....	29
Sanctions, Dispute Resolution, Earnings Check, and Overpayments and Fraud.....	29
Sanctions .....	29
Dispute Resolution.....	30
Earnings Verification .....	31
Overpayments and Fraud .....	31
Other Related Programs .....	33
Transform Milwaukee and Transitional Jobs Program.....	33
FoodShare Wisconsin .....	34
Kinship Care .....	35
SSI Caretaker Supplement .....	36
BadgerCare Plus.....	36
Learnfare .....	36
Children First .....	37
Emergency Assistance .....	37
Eligibility for Other Programs .....	39
W-2 Administration .....	39
Contracting Process .....	40
Contract Requirements.....	40

Performance Standards .....	42
Payment under the Current W-2 Agency Contracts.....	42
Program Funding and Participation .....	44
Program Funding .....	44
2015-17 Revenues and Expenditures .....	44
Program Participation .....	49
Additional W-2 Caseload Information.....	53
Child Care Participation.....	54

### **List of Attachments**

Attachment 1	Maximum Child Care Reimbursement Rates.....	55
Attachment 2	2015 Market Survey of Licensed Group Child Care Providers .....	58
Attachment 3	2015 Market Survey of Licensed Family Child Care Providers .....	60
Attachment 4	Child Care Copayment Schedule Effective March 6, 2016 .....	62
Attachment 5	Child Care Copayment Schedule for EBT Implementation .....	63
Attachment 6	W-2 Paid Placements By County .....	64
Attachment 7	W-2 Participants by Age .....	65
Attachment 8	Number of Children in W-2 Assistance Groups .....	66
Attachment 9	Interaction Between W-2 and Other Programs .....	67

### **Appendices**

Appendix A: Nonfinancial Eligibility Requirements for W-2 Employment Positions and Job Access Loans.....	68
Appendix B: General Provisions Regarding Use of Federal Funding under the Temporary Assistance for Needy Families Program and the Child Care Development Block Grant .....	70
TANF Funding .....	70
Maintenance-of-Effort (MOE) Requirements .....	78
Contingency Fund .....	79
Federal Child Care Program and Funding .....	80

# Wisconsin Works (W-2) and Other Economic Support Programs

## Introduction

The temporary assistance for needy families (TANF) program funds public assistance benefits with federal block grants to states. The TANF program allows states to develop, operate, and implement their own public assistance programs. In order to receive federal funding, states must submit a plan describing how the state will conduct its statewide TANF program in conformance with federal regulations (such as work requirements and time limits on recipients of TANF benefits). States are also required to contribute state funds under maintenance-of-effort provisions.

Previously, public assistance for families with children in need had been provided under the aid to families with dependent children (AFDC) program beginning in 1935. However, in 1996, the federal government enacted P.L. 104-193, the Personal Responsibility and Work Opportunity Reconciliation Act, which replaced the AFDC program with TANF. TANF eliminated the federal entitlement to public assistance that was previously provided.

At the state level, Wisconsin implemented a number of welfare reform initiatives beginning in 1987, leading to the replacement of the AFDC program in Wisconsin. The new program began statewide on September 1, 1997, and is referred to as "Wisconsin Works" (W-2). Some recipients continued to receive benefits under the AFDC program until March, 1998, when the AFDC program ended.

The Department of Children and Families (DCF) administers the W-2 program and other economic support and work programs based on provisions under Chapter 49 of the state's stat-

utes. At the local level, individual W-2 agencies under contract with DCF are responsible for program administration, although DCF issues W-2 benefits as a direct state activity.

As shown in Table 1, TANF-related program expenditures totaled \$566.5 million in 2015-16. Program expenditures include state and local administration, several types of benefit payments, child care assistance, and other support services. State general purpose revenue (GPR) expenditures for the program totaled \$159.8 million. Federal funding (FED) includes the federal TANF block grant, child care block grant funding, one-time TANF contingency funding, and other federal funding. The program revenue (PR) is primarily from child support collections assigned to the state by public assistance recipients and child care licensing fees. The segregated revenue (SEG) is from low-income public benefits funding, which is appropriated to DCF to support TANF programs. A detailed listing of these revenues and expenditures is provided in this paper under "Program Funding and Participation."

**Table 1: W-2 and Other TANF-Funded Programs Total Expenditures (2015-16)**

GPR	\$159,781,600
FED	387,085,500
PR	10,513,900
SEG	<u>9,139,700</u>
Total	\$566,520,700

The remainder of this paper provides detailed information regarding W-2 employment positions, child care subsidies, other benefits, and program administration. In addition, information is presented concerning FoodShare (formerly food stamps), kinship care, the caretaker supplement, and other related programs. Data on program funding, ex-

penditures, and participation are also provided. Finally, Appendix B outlines the restrictions that apply to the use of federal TANF and child care funds and the types of state expenditures that may be counted toward the TANF maintenance-of-effort requirement.

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## W-2 Employment Positions

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W-2 is a work-based program providing training and support services to assist low-income parents to obtain permanent and stable employment. W-2 also provides for related employment support services and for cash assistance to eligible families. Local W-2 agencies help applicants participate in work preparation activities, find or keep jobs, and pay for the costs of maintaining employment. Eligibility for the program does not entitle an individual to any service or benefit.

### Eligibility

In order to be eligible for a W-2 employment position for any month, an individual must meet the nonfinancial and financial eligibility requirements described below. Most of those requirements are set by statute; however, DCF rules establish additional eligibility criteria.

**Nonfinancial Eligibility Requirements.** An individual must meet certain nonfinancial eligibility requirements. The main requirements are summarized below. All nonfinancial eligibility requirements are fully described in Appendix A.

1. The individual is a custodial parent who has attained the age of 18.
2. The individual is a U.S. citizen or qualifying alien.
3. The individual resides in Wisconsin.
4. Every parent of the individual's W-2

group (the individual, his or her spouse or nonmarital coparent, and any dependent children and children of dependent children who reside together) fully cooperates in efforts to establish paternity of the dependent child and obtain support payments, unless it is determined that the parent has good cause for not cooperating.

5. The individual has made a good faith effort to obtain employment and has not refused a bona fide job offer within the 180 days immediately preceding the application for W-2 services.

6. The individual is not receiving federal or state supplemental security income (SSI) payments or federal social security disability insurance (SSDI) payments. If the individual is a dependent child, the custodial parent of the individual may not be receiving an SSI caretaker supplement payment on behalf of the individual.

7. No other individual in the W-2 group is a participant in a W-2 employment position. This provision does not apply to an individual applying for a job access loan (described below).

8. The individual assigns to the state any right of the individual or of any dependent child of the individual to support or maintenance from any other person that accrues during the time that any W-2 benefit is paid to the individual.

**Financial Eligibility Requirements.** An individual also must meet all of the following financial eligibility requirements in order to qualify for a W-2 employment position.

*Resource Limitation.* The individual is a member of a W-2 group whose assets do not exceed \$2,500 in combined equity value, excluding the equity value of vehicles up to a total value of \$10,000 and one home that serves as the group's homestead.

*Income Limitation.* The individual is a member of a W-2 group whose gross income is at or below

115% of the federal poverty level (FPL) (\$23,184 for a family of three in 2016). The following sources of income are included in calculating gross income:

1. All earned and unearned income of the individual, except for: (a) benefits received for participation in a W-2 employment position, parent of infant grant, or high-risk pregnancy grant; (b) kinship care and foster care payments received for children who are not included in the W-2 group; (c) federal and state earned income tax credits and any federal income tax refund; (d) specific types of loans, in-kind income, and vendor payments; (e) income earned by a dependent child of an individual; (f) child support payments; and (g) federal or state student financial aid or any scholarship used for tuition and books.

2. The income of a nonmarital coparent or of the individual's spouse, if the spouse resides in the same home as the dependent child.

In addition, under rules promulgated by DCF and in accordance with federal law, if the individual is a sponsored alien, the resources of the sponsor and the income of the sponsor and his or her spouse are attributed to the individual.

The definition of gross income under current law suggests a very broad measure of income. However, under administrative rules, any income from sources that are required to be disregarded by federal or state law for purposes of determining eligibility for means-tested programs must not be counted as income. These sources include food stamps, Indian tribal settlements, low-income energy assistance, and the women, infants, and children program.

**Lifetime Limit.** Under federal law, the length of time an adult in a W-2 group may receive TANF assistance is limited to a total of 60 months. State law sets a 48-month participation limit for W-2 employment positions. The adult member with the greatest number of accumulated months

counts against the W-2 group's participation limit.

The participation limit includes all months in which the individual has received benefits under a subsidized W-2 employment position, actively participated in the AFDC job opportunities and basic skills (JOBS) program on or after October 1996, or received benefits in Wisconsin or any other state that were funded by federal TANF dollars. The participation limit begins running when the individual attains the age of 18. However, time does not accumulate while an adult lives on a federally recognized Indian reservation if the reservation population is greater than 1,000 and at least 50% of adults are unemployed. The months in which an individual receives a reduced or no W-2 benefit due to a sanction also count toward the time limit.

The 48-month time limit may be extended if the W-2 agency, subject to DCF review, determines that the individual is experiencing hardship or that the individual's family includes an individual who has been battered or subjected to extreme cruelty. As of September, 2016, there were 763 active extension cases in the W-2 program.

**Review of Eligibility.** W-2 agencies are required to review an individual's eligibility periodically (except for individuals receiving follow-up case management services, which are provided regardless of income and assets). The individual remains eligible until the W-2 group's assets or income is expected to exceed the respective limits described above for at least two consecutive months.

**Prospective Budgeting.** Rather than determining eligibility based on the family's actual assets and income in prior months, DCF uses prospective budgeting for both initial eligibility determinations and reviews of eligibility. Under prospective budgeting, the financial and employment planner at the local W-2 agency estimates the income and assets that will be available to the family in future

months. Income and assets are considered unavailable when the individual can reasonably document that they cannot be accessed for 31 or more days. Except for follow-up case management services, a W-2 group must be prospectively ineligible for two consecutive months before the case closes.

### **Placement in Employment Positions**

Administrative rules require local W-2 agencies to schedule and hold a personal interview with the applicant no later than five working days after receiving a signed application. The applicant will then have seven working days to provide any requested information. The financial and employment planner in the W-2 agency who is assigned to an individual is required to assess and determine eligibility within seven working days after the meeting with the applicant. The planner must make a placement decision within 12 working days from receipt of the application. However, the financial and employment planner may extend the application process to 30 days if the applicant needs extra time to meet verification requirements.

The financial and employment planner is required to develop a written employability plan, in consultation with the W-2 participant, which includes the participant's W-2 employment position placement, required activities, and an identified goal for obtaining unsubsidized employment. In determining appropriate placement for a participant, priority first must be given to placement in unsubsidized employment and providing case management services, followed in order by trial employment match program (TEMP) jobs, community service jobs (CSJ), and transitional placements. Each of these employment positions is described in more detail below.

W-2 agencies are also required to conduct an educational needs assessment of each individual who applies for a W-2 employment position. If the individual and the W-2 agency determine that the individual needs, or would benefit from, education

or training, and if the W-2 agency determines that the individual is eligible for a W-2 employment position, the W-2 agency must include education or training activities in any employability plan developed for the individual. If the agency determines the appropriate placement for the individual is unsubsidized employment or a TEMP job, and the individual needs basic education and wishes to participate, then the agency will include basic education in the employability plan and cover the cost.

### **Work Requirements and Time Limits**

Federal law governing the use of TANF dollars imposes certain work participation rates on states and individuals. The state must ensure that minimum participation rates are met, and individuals receiving TANF assistance are subject to work requirements.

Under state law, participants in each of the W-2 employment positions must meet certain work requirements and are subject to the time limits described below. The work requirements for each type of employment position are summarized in Table 2.

**Unsubsidized Employment.** As a condition of eligibility, an individual who applies for a W-2 employment position may be required by the W-2 agency to participate in job orientation or a search for unsubsidized employment while the application is being processed.

All participants in W-2 employment positions or who are receiving case management services are required to search for unsubsidized employment throughout their participation. They may be required to engage in training activities as well. The agency is required to assist a participant in his or her search for unsubsidized employment.

W-2 agencies are authorized to provide case management services to an applicant in lieu of placing that individual in an employment position

**Table 2: Grant Amounts and Work Requirements for W-2 Paid Positions**

Type of W-2 Position	Maximum Grant or Wage Per Month	Maximum Hours of work	Maximum Educ. & Training
	At least min. wage	N.A.	Incl. in work hrs.
Trial Employment Match	\$653	40	10
Community Service Job	608	40	12
Transitional Placement	653	25	15
Technical College Program - CSJ			
Technical College Program - Transitional Placement	608	25	15
Caretaker of Infant	673	0	0
At-Risk Pregnant Woman	673	0	0
Two-Parent Families*	653	55	

\*Grant amount for two-parent families is based on the W-2 position for the participant parent. The 55-hour requirement applies to both parents combined and includes unsubsidized or subsidized employment, work experience, on-the-job training, or community service program and education activities.

N.A. = Not applicable

if the W-2 agency determines all of the following: (a) the individual meets the W-2 eligibility requirements; (b) the individual is willing to work and has no barriers to employment that cannot be addressed with W-2 services; (c) the individual is job-ready, based on the individual's employment history or education; and (d) the most appropriate placement for the individual is in unsubsidized employment. W-2 agencies are required to review the placement every 30 days to determine whether the individual should be moved into a W-2 employment position.

For individuals who move from a subsidized employment position to an unsubsidized job, W-2 agencies must provide follow-up case management services for at least 12 months. These services include: employment skills training; job retention services; English as a second language classes; a course of study meeting the standards for granting a declaration of equivalency of high school graduation; or other remedial education courses. These services are provided regardless of income and assets.

**Trial Employment Match Program.** Under previous state law, W-2 trial job positions provided work experience and training to assist partici-

pants to move into unsubsidized employment. W-2 agencies would pay a wage subsidy to an employer if that employer employed a participant in a trial job and agreed to make good faith efforts to retain the participant as a permanent, unsubsidized employee after the wage subsidy was terminated. The employer was also required to provide worker's compensation coverage.

The trial job wage subsidy could not exceed \$300 per month for full-time employment of a participant. For less than full-time employment, the \$300 maximum wage subsidy was reduced to reflect the number of hours actually worked in proportion to full-time employment.

Trial jobs could include educational and training activities prescribed by the employer as an integral part of the work performed in the trial job placement. The hours spent participating in such activities counted towards the number of hours actually worked.

A W-2 participant could participate in a trial job for a maximum of three months, with an opportunity for a three-month extension under circumstances determined by the W-2 agency. An individual could participate in more than one trial

job, but generally could not exceed a total of 24 months of participation in all trial job placements, which did not need to be consecutive. DCF, or the W-2 agency with DCF's approval, could grant an extension of the 24-month limit on a case-by-case basis if the participant had made all appropriate efforts to find unsubsidized employment and local labor market conditions precluded a reasonable job opportunity for that participant, as determined by the agency and approved by DCF.

Effective January 1, 2014, 2013 Act 20 replaced trial jobs with the similar trial employer match program. As amended by the 2015-17 budget act (2015 Act 55), all the provisions of the prior law for trial jobs have been retained, except for three revisions. First, W-2 agencies now negotiate the wage subsidy with the employer. The amount of the subsidy must be no more than the minimum wage (currently \$7.25 per hour) for each hour that the participant actually works, up to a maximum of 40 hours per week. W-2 agencies also negotiate reimbursement to the employer for all or a portion of other costs that are attributable to the employment of a TEMP participant, including: (a) federal social security and Medicare taxes; (b) state and federal unemployment contributions or taxes; and (c) worker's compensation insurance premiums.

Second, if a participant is not retained after the wage subsidy ends, an employer must either serve as an employment reference or provide to the W-2 agency a written performance evaluation of the participant, including recommendations for improvement.

Third, participation is now limited to six months per TEMP job with an opportunity for a three-month extension. The 24-month limit on participation remains the same.

DCF implemented TEMP positions in March, 2016. As of September 30, 2016, there were 13 TEMP positions for custodial parents and 9 positions for non-custodial parents. TEMP

placements for custodial parents are available in the City of Beloit and Dane, Kenosha, Milwaukee, and Racine Counties. TEMP placements for non-custodial parents are available on a pilot basis in Dane, Marathon, and Milwaukee Counties.

**Community Service Jobs.** Community service jobs are intended to provide work experience and training to assist participants to move into unsubsidized employment or a TEMP placement. Community service jobs are limited to projects that DCF determines would serve a useful public purpose or to projects whose cost is partially or wholly offset by revenue generated by such projects.

Community service jobs may include education and training assigned as part of an employability plan developed by the W-2 agency. Such educational and training activities are defined by DCF by rule and include a course of study for GED or high school equivalency, technical college courses, and educational courses that provide an employment skill. Permissible educational and training activities also include employer-sponsored training, English as a second language, and basic educational courses that the W-2 agency determines would facilitate the individual's efforts to obtain employment.

The W-2 agency may determine an appropriate number of work hours for a participant at the time of application or review. However, the W-2 agency may not require a participant to spend more than 40 hours per week in combined work and educational activities, with a maximum limit of 10 hours per week in educational and training activities.

W-2 agencies may also require individuals to participate in an initial two-week assessment and motivational training program, including training on parenting skills, as part of the required activities. Participation in such programs may not exceed 40 hours per week and satisfies the work, education, and training requirements during the

initial two-week period.

A W-2 agency is required to allow 18- and 19-year old individuals who have not obtained a high school diploma or declaration of equivalency of high school graduation to attend high school or enroll in a course of study meeting the standards for the granting of a declaration of equivalency of high school education. Participation in such educational activities must be counted, in whole or in part, toward satisfying the work, educational, and training requirements under a W-2 community service job.

Community service jobs are available on a part-time basis for participants working in unsubsidized employment for less than 30 hours per week who have limitations to increasing their hours or obtaining additional jobs. Activities and payments assigned to participants are prorated at a level of one-third, one-half, or two-thirds of a placement for a full-time, 40-hour community service job. The total combined number of hours of activities and unsubsidized employment must not exceed 40 hours per week. Activities must be specifically designed to assist the participants with overcoming their employment limitations within a reasonable time period.

An individual may participate in a community service job for a maximum of six months, with an opportunity for a three-month extension under circumstances approved by DCF. After each six months of an individual's participation in a community service job and at the conclusion of each community service job assignment, the W-2 agency must reassess the individual's employability. An individual may participate in more than one community service job, but generally may not exceed a total of 24 months of participation in all community service job placements, which need not be consecutive.

DCF, or the W-2 agency with DCF's approval, may grant an extension of the 24-month time limit on a case-by-case basis if the participant has made

all appropriate efforts to find unsubsidized employment and has been unable to do so because local labor market conditions preclude a reasonable job opportunity for that participant. In addition, the W-2 agency, with DCF's approval, must also determine that no TEMP opportunities are available.

**Transitional Placements.** Transitional placements are meant for individuals who are unable to perform independent, self-sustaining work due to barriers to employment, such as alcohol and drug abuse, medical or physical problems, and learning disabilities. In order to be eligible for a W-2 transitional placement, an individual must meet one or more of the following eligibility requirements in addition to the financial and nonfinancial eligibility requirements outlined above.

1. The W-2 agency determines, on the basis of an independent assessment by the Division of Vocational Rehabilitation in the Department of Workforce Development (DWD), or similar agency or business, that the individual has been incapacitated for a period of at least 60 days or will be incapacitated for a period of at least 60 days;
2. The W-2 agency determines that the individual is needed in the home because of the illness or incapacity of another member of the W-2 group; or
3. The W-2 agency determines that the individual is incapable of performing a TEMP position or community service job.

The W-2 agency is required to assign a W-2 transitional placement participant to work activities such as a community rehabilitation program or a job similar to a community service job or a volunteer activity. A transitional placement may also include the same education and training activities as are allowed for community service jobs.

In addition, the agency may require participa-

tion in any of the following: (a) an alcohol and other drug abuse evaluation, prescribed assessment, and treatment program; (b) mental health activities such as evaluation, therapy, and medication management; (c) counseling or physical rehabilitation activities; or (d) other activities that the W-2 agency determines are consistent with the individual's capabilities.

Transitional placements may be required to engage in work activities (including the drug and alcohol assessment, mental health, counseling, and physical rehabilitation activities identified above) and education and training activities for no more than 40 hours per week, with a limit on the education and training activities of 12 hours per week. The education and training activities must be assigned as part of an employability plan developed by the W-2 agency.

Similar to community service job placements, W-2 agencies may also require individuals to participate in an initial two-week assessment and motivational training program, which counts toward the individual's work and training requirements.

An individual may participate in a transitional placement for a maximum of 24 months, which need not be consecutive. The 24-month period may be extended on a case-by-case basis by DCF or the W-2 agency with DCF's approval.

**Technical College Program for Community Service Job and Transitional Placements.** Community service job and transitional placements may include participation in a technical college program for a maximum of two years.

All of the following requirements must be met to participate in the technical college program: (a) the W-2 agency, in consultation with the community steering committee required under W-2 and the technical college district board, determines that the technical college education program is likely to lead to employment; (b) the participant maintains full-time status in the technical college edu-

cation program, as determined by the technical college, and regularly attends all classes; (c) the participant maintains a grade point average of at least 2.0, or the equivalent as determined by the technical college; and (d) the participant is employed or engages in work under a community service job or transitional placement for 25 hours per week.

The W-2 agency is required to work with the community steering committee and the technical college district board to monitor the participant's progress and the effectiveness of the program in leading to employment.

**Two-Parent Families.** Under state law, and in accordance with federal law, if one parent in a two-parent custodial family is participating in a W-2 employment position, the second parent is generally required to participate in unsubsidized or subsidized employment, work experience, on-the-job training, or community service programs. In addition, the W-2 agency is required to create an employability plan for the second parent. The family does not receive any additional W-2 cash assistance for the work performed by the second parent.

The second parent is not subject to this work requirement and the W-2 agency is not required to create an employability plan if: (a) the family is not receiving federally-funded child care assistance; (b) the second parent is disabled and receives disability benefits; or (c) the second parent is caring for a severely disabled child. The second parent can elect to participate in work activities, even if the W-2 group is not receiving child care assistance.

If the second parent is subject to the work requirement, the combined number of hours of required participation in work activities for both parents is 55 hours per week. In these cases, the first parent must participate in up to 40 hours of W-2 activities. This means that the second parent would be assigned to at least 15 hours of work

activities.

### **Employer Criteria**

For an employment position to qualify for TEMP, DCF rules require an employer to do all of the following: (a) pay the participant the amount established by contract, but not less than the minimum wage for every hour worked; (b) make a good faith effort to retain the participant as a permanent unsubsidized employee after the wage subsidy is terminated; (c) provide worker's compensation; (d) inform the participant of his or her eligibility for the federal and state earned income tax credits; (e) provide the same education and training opportunities provided to other employees; and (f) provide a grievance procedure for regular employees of the worksite to resolve any complaints related to displacement.

In addition, employers of participants in community service jobs and transitional jobs must do all of the following to qualify: (a) provide a structured work environment that includes close supervision and willingness to mentor and coach participants to succeed in the workplace; (b) provide a position that replicates actual conditions of work and provides responsibilities and expectations similar to unsubsidized employees of the employer; (c) cooperate with the W-2 agency to provide verification of the participant's hours of participation and missed hours; and (d) provide a grievance procedure for regular employees of the worksite to resolve any complaints related to displacement.

An employer that does not meet these criteria is ineligible to receive any subsidy for any position provided to the participant.

### **Non-displacement Provisions**

No W-2 employment position or Transform Milwaukee or transitional job (described below) may be implemented so as to: (a) have the effect of filling a vacancy created by an employer terminating a regular employee or otherwise reducing

its work force for the purpose of hiring a W-2 participant; (b) fill a position when any other person is on layoff or strike from the same job or any substantially equivalent job within the same organizational unit; or (c) fill a position when any other person is engaged in a labor dispute regarding the same or a substantially equivalent job within the same organizational unit. DCF rules provide a grievance procedure for resolving complaints involving a violation of these prohibitions.

### **Cash Benefits**

A recipient's monthly benefit amount under W-2 depends upon the type of placement and the number of hours worked during the month. Unlike the AFDC program, there is no family-size adjustment. The cash benefits for each type of employment position are summarized above in Table 2.

**Trial Employment Match Program.** Participants in TEMP jobs receive the amount established in a contract between the W-2 agency and the employer. The employer pays participants no less than the state or federal minimum wage, whichever is applicable, for every hour worked in a TEMP placement. Currently, the state and federal minimum wage is generally \$7.25 per hour. As noted above, hours spent participating in educational and training activities are included in determining the number of hours worked for TEMP jobs.

**Community Service Jobs.** The grant amount for community service jobs is \$653 per month. The same grant amount applies to community service job participants in the technical college program.

The grant is reduced by \$5.00 for every hour that a participant misses required work, educational, or training activities without good cause. Good cause is determined by the W-2 agency's financial and employment planner and includes: (a) a required court appearance for any reason; (b) una-

availability of child care; (c) lack of transportation; (d) W-2 group member's illness, injury, disability, or incapacity; (e) accommodations necessary to participate are not available to complete the assigned activity; (f) conflict with another assigned W-2 activity or job search attempts; (g) inclement weather that impedes transportation or travel; (h) school emergency; (i) domestic violence issues; (j) death in immediate family; (k) routine medical or school appointments that cannot be scheduled at times other than assigned activities; (l) observance of religious holiday (by participant, child's school, or employer); and (m) other circumstances beyond the control of the participant, but only as determined by the financial and employment planner.

As discussed above, benefit levels are prorated for participants in community service jobs who are required to work fewer than 30 hours per week because the participant has unsubsidized employment.

**Transitional Placements.** The monthly grant amount for transitional placements is \$608. The cash benefit is the same for transitional placements in the technical college program. The sanctions described above for community service jobs also apply to transitional placements.

**Custodial Parent of Infant.** A participant who meets the nonfinancial and financial eligibility requirements for a W-2 employment position and who is a custodial parent of a child who is eight weeks old or younger is eligible to receive a monthly grant of \$673.

The W-2 agency may not require caretakers of infants to participate in a W-2 employment position. Receipt of a grant under these provisions does not constitute participation in a W-2 employment position for purposes of the 48-month time limit for participation in all W-2 employment positions, if the child was born less than 10 months after the parent was first determined to be eligible for a W-2 employment position. If the child is born more than 10 months after the parent

was first determined to be eligible, receipt of the grant counts against the time limit unless the child was conceived as a result of incest or sexual assault.

**At-Risk Pregnant Women.** An unmarried woman who would be eligible for a W-2 employment position except that she is not the custodian of a dependent child and who is in her third trimester of a medically-verified at-risk pregnancy such that the woman cannot participate in the work force is eligible to receive a monthly grant of \$673.

The W-2 agency may not require at-risk pregnant women to participate in a W-2 employment position. Receipt of a grant under these provisions does not constitute participation in a W-2 employment position for purposes of the 48-month time limit for participation in all W-2 employment positions.

**Noncustodial Parents Subject to a Child Support Order.** Noncustodial parents are eligible for certain services if the following apply. First, the non-custodial parent must otherwise meet the W-2 eligibility criteria. Second, the non-custodial parent is subject to a child support order. Third, the custodial parent is: (a) receiving case management services under W-2; (b) participating in a W-2 employment position; (c) receiving a caretaker of a newborn infant or an at-risk pregnant woman grant; or (d) receiving a child care subsidy under Wisconsin Shares.

The types of services that may be provided by the W-2 agency to the non-custodial parent include: (a) job search assistance and case management designed to enable the individual to obtain and retain employment; (b) placement in one TEMP job under W-2; or (c) a stipend in an amount to be determined by the W-2 agency for a maximum of four months. The stipend ends if the individual is placed in a TEMP job or obtains unsubsidized employment.

## Payment Procedures

Prior to 2013, funding for W-2 cash benefits was allocated to the local W-2 agencies, who were responsible for not exceeding those allocations. Since then, the funding allocated for W-2 benefits has been statewide and cash benefits have been paid directly by DCF, such as by check or direct deposit into a participant's bank account.

Participants in W-2 employment positions receive payments as shown in Table 3. According to the DCF W-2 policy manual, the W-2 participation period is from the 16<sup>th</sup> day of a month to the 15<sup>th</sup> day of the next month. The W-2 payment is issued for completed participation on the 30<sup>th</sup> day of the month the participation period ends.

W-2 agencies continue to determine eligibility for an emergency payment for participants who are awaiting a first W-2 payment. Emergency payments are one-time payments designed to meet an emergency need at the beginning of a W-2 episode. Emergency payments are not an additional W-2 benefit, are not required to be repaid, and do not count towards the 48-month participation limitation.

## Child Support

An individual must assign to the state any right of the individual or of any dependent child of the individual to support or maintenance from any other person that accrues during the time that any W-2 benefit is paid to the individual. Under current state law, the state must first pay the fed-

eral government its share of the assigned child support collected and then pass the remainder of the support collected through to the W-2 participant. 2009 Act 28 calculated the federal share, after consideration of provisions of the federal Deficit Reduction Act of 2005, to be 25%. As a result, 75% of the assigned child support collected is passed through to the W-2 participant.

The Legislative Fiscal Bureau informational paper entitled, "Child Support Enforcement Program" provides additional information regarding the pass-through of child support.

## Other Economic Support Benefits

In addition to the employment benefits outlined above, W-2 participants are eligible for FoodShare and child care subsidies. Participants may also be eligible for medical assistance (MA). Further, participants in unsubsidized employment, TEMP placements, and other subsidized private sector employment positions are eligible for the federal and state earned income tax credits.

## Worker's Compensation

For W-2 TEMP jobs, the employer must provide the participant with worker's compensation coverage. Participants in community service jobs and transitional placements are employees of the W-2 agency for purposes of worker's compensation coverage, unless the employer provides coverage. A participant in a community service job or transitional placement who is provided coverage

**Table 3: Payment Schedule Examples**

	Example 1	Example 2
If participation begins:	April 7	April 20
Partial payment provided:	April 30, for participation April 7 – April 15.	May 10, for participation April 20 - April 30; and May 30, for participation May 1 – May 15.
First full payment provided:	May 30, for participation April 16 - May 15.	June 30, for participation May 16 – June 15.

by the W-2 agency and who makes a claim for worker's compensation may not make a claim or maintain an action in tort against the employer who provided the community service job or transitional placement from which the claim arose.

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### **Work Experience Drug Testing and Treatment**

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The 1996 federal welfare reform law, P.L. 104-193, grants states the option of requiring drug tests for assistance recipients and providing substance abuse treatment as a job readiness activity. The federal welfare reform law also bars states from providing TANF assistance to those convicted of a felony for possession, use, or distribution of illegal drugs. However, Wisconsin has modified the ban, as permitted under federal law.

**Wisconsin Works.** Individuals applying for a W-2 employment position or job access loan must state in writing whether they have been convicted of a felony that has as an element possession, use, or distribution of a controlled substance. If a participant in a community service job or transitional placement was convicted in any state or federal court of such a felony after August 22, 1996, and within five years of applying for a W-2 employment position, the W-2 agency must require the individual to submit to a test for use of a controlled substance as a condition of continued eligibility.

If the test results are positive, the W-2 agency must decrease the pre-sanction benefit amount for that participant by up to 15% for at least 12 months, or for the remainder of the participant's period of participation in the employment position, if less than 12 months. If, at the end of 12 months, the individual is still a participant in the employment position and submits to another test for the use of controlled substances, and if the results of the test are negative, the full benefit

amount must be restored.

The W-2 agency may require an individual who tests positive for use of a controlled substance to participate in a drug abuse evaluation, assessment, and treatment program as part of the work or education and training requirements for that employment position.

**Work Experience Programs.** 2015 Act 55 provided substance abuse screening, testing, and treatment as an eligibility requirement for three work experience programs administered by DCF: (a) W-2 services for non-custodial parents, including W-2 TEMP and stipends; (b) the Transform Milwaukee and Transitional Jobs programs (described below); and (c) children first (also described below).

Act 55 created an annual appropriation and provided \$250,000 GPR in 2015-16 and 2016-17 to DCF for drug screening, testing, and treatment costs. DCF is required to pay for all costs of substance abuse treatment not otherwise covered by medical assistance, private insurance, or another type of coverage.

All new participants are required to complete a questionnaire that screens for the abuse of a controlled substance. Based on the answers to the questionnaire, if DCF (or the agency with which DCF has contracted to administer a work program) determines that there is a reasonable suspicion that a participant who is otherwise eligible for a work program is abusing a controlled substance, the participant would have to undergo a test for the use of a controlled substance in order to remain eligible.

Screening questionnaires have been incorporated into preexisting application procedures for DCF's work experience programs. DCF has approved two screening questionnaires: (a) a four-question portion of the screening tool used to assess drug use barriers to employment in the W-2 program; and (b) a ten-question form used in

**Table 4: Drug Screening, Testing, and Treatment for DCF Work Experience Programs through September, 2016**

	<u>Applicants/ Participants</u>	<u>Screened</u>	<u>Referred to Testing</u>	<u>Refused Testing</u>	<u>Referred for Treatment</u>	<u>Refused Treatment</u>	<u>Completed Treatment</u>
<b>Transform Milwaukee</b> (since 11/09/15)	395	395	15	3	4	1	0
<b>W-2 Noncustodial Parent Placements</b> (since 3/1/16)	32	32	2	0	1	0	0
<b>Children First</b> (since 3/7/16)	672	671	9	1	1	0	0
<b>Transitional Jobs</b> (since 7/1/16)	<u>6</u>	<u>6</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total	1,105	1,104	26	4	6	1	0

Transform Milwaukee since November, 2015, and in Children First since March, 2016. Three affirmative responses on the questionnaire will trigger the requirement for drug testing.

If the test is negative for the use of a controlled substance, the applicant would remain eligible to participate in the work programs. If the applicant refuses to submit to a test, the applicant would not be eligible until the applicant complies with the requirement to undergo a test for the use of a controlled substance. If the test is positive for use of a controlled substance without a valid prescription, then the applicant must participate in substance abuse treatment to remain eligible.

While undergoing treatment, a participant would have to submit to random testing for the use of a controlled substance, and the test results would have to be negative, or positive with evidence of a valid prescription, in order for the participant to remain eligible. If any test results are positive and the participant does not have a valid prescription, the participant could restart treatment one time and remain eligible so long as all subsequent test results are negative or positive with a valid prescription. An additional failed test would result in the participant becoming ineligible for 12 months.

Table 4 shows the initial results of drug screening, testing, and treatment through September, 2016.

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### Child Care under W-2

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Wisconsin's child care subsidy program, known as "Wisconsin Shares," provides child care assistance for working low-income families to enable eligible persons to work or to prepare for employment through W-2, the FoodShare employment and training (FSET) program, or through a combination of work and education or training. Under the program, the state subsidizes the cost of child care charged by providers chosen by the parent. The parent must pay a copay amount based on income, family size, and the number of children in care.

### Child Care Subsidy Program

**Eligibility Criteria.** In order to be eligible for a child care subsidy, an individual must meet all of the following conditions, as determined by the county department or W-2 agency.

*Criteria for Parent, Child, and Employment.* To be eligible, the individual must be a custodial

or placement parent of a child under the age of 13. This includes a subsidized guardian, interim caretaker, legal custodian, person acting in the place of a parent, person providing kinship care, or biological, adoptive, or foster parent. Child care may also be subsidized for children up to the age of 19 if the child has a documented emotional, behavioral, physical, or personal need requiring more than the usual amount of care and supervision for the child's age.

Further, child care must be needed to do any of the following:

1. Work in an unsubsidized job, including training provided by an employer during regular hours of employment.
2. Work in a W-2 employment position, including participation in job search, orientation, education, and training activities.
3. Participate in a job search or work experience component of the FSET.
4. Participate in a course of study at a technical college, or participate in educational courses that provide an employment skill, as determined by DCF, if the W-2 agency determines that the course would facilitate the individual's efforts to maintain employment. An individual may receive a child care subsidy under this provision for up to two years.
5. Participate in basic education, including an English as a second language course, literacy tutoring, or a course of study to obtain a GED if the W-2 agency determines that basic education would facilitate the individual's efforts to maintain employment. An individual may receive a child care subsidy under this provision for up to two years.
6. Obtain a high school diploma or participate in a course of study to obtain a GED if the parent is 19 years of age or younger. If the parent is age 17 or younger, the individual must also

reside with his or her custodial parent, with a kinship care relative, in a foster home, a subsidized guardianship home, a group home, or an independent living arrangement supervised by an adult.

7. Meet the Learnfare school attendance requirements.

*Income and Resource Criteria.* Initial eligibility for the child care subsidy program is limited to families with gross income of no more than 185% of FPL (\$37,296 for a family of three in 2016). Once eligible, families retain eligibility until gross income exceeds 200% of FPL for two consecutive months (\$40,320 for a family of three in 2016). Once a case has been closed for more than a calendar month, the family must re-apply using the 185% FPL standard.

Due to changes in federal law introduced by the Child Care and Development Block Grant (CCDBG) Act of 2014, (P.L. 113-186), once a participant is determined eligible for child care subsidies, federal law requires a minimum twelve-month eligibility period in which subsidies cannot be terminated for rising above the state financial eligibility level. Termination of subsidies will now occur only once the participant's income rises above the federal financial eligibility threshold of 85% of state median income for a family of similar size (the median income was \$70,830 for a Wisconsin family of three in 2015, according to the 2011-2015 American Community Survey by the U.S. Census Bureau).

The definition of gross income is the same as used for purposes of determining eligibility for W-2 employment positions, except: (a) the income of farmers and self-employed persons is adjusted to allow for the subtraction of business expenses; and (b) child support is included in the calculation of gross income if the monthly amount of child support exceeds \$1,250. Participants in the subsidy program are not required to

meet the asset limitation requirements that are required of W-2 employment position participants.

Foster and kinship care parents (who are caring for a child under court order and receiving kinship care payments), as well as subsidized guardians and interim caretakers, may be eligible to receive a child care subsidy if the natural or adoptive parent's income at the time the child was removed from the home was at or below 200% of the federal poverty level.

In addition to the requirements outlined above, DCF may establish other eligibility criteria by rule.

*Non-Financial Criteria.* To be eligible for the child care subsidy program, the child receiving care must be a U.S. citizen, or a qualifying alien. In addition, an individual must

1. Fully cooperate with efforts to establish paternity for any minor child and in obtaining support payments for that child.
2. Assign to the state any right of the individual to support or maintenance from any other person when child care is provided for parents receiving cash assistance under W-2.
3. Furnish the W-2 agency with any relevant information the agency determines is necessary within seven working days after receiving the request. The time limit may be extended if the agency determines that seven days would be unduly burdensome.

*Qualifying Child.* In order to prevent improper claiming of child care, state law places restrictions on the use of Wisconsin Shares subsidies for children of child care providers and children of employees of child care providers.

First, subsidies may not be used to provide care for a child who resides with the provider or is the provider's child.

Second, if the child's parent is a child care provider, subsidies may not be used for care provided by a different child care provider who is not the child's parent. By administrative rule, a county department or agency may grant a waiver of this prohibition if: (a) the child has a special need; (b) the parent is the child's foster parent; (c) the parent is the child's guardian or interim caretaker and is receiving subsidized guardianship payments; (d) the child has been placed with a kinship care relative under a court order and the relative is receiving kinship care payments; (e) the parent is requesting child care assistance in order to engage in one of the above described Wisconsin Shares eligible educational or work activities; or (f) the child's biological parent is a dependent minor child currently enrolled in high school and the child and minor parent both reside with the dependent minor parent's parent, kinship care relative, guardian, foster parent, or custodian.

Third, DCF cannot distribute subsidy payments to a certified child care provider for services provided to an employee who is either the parent of the child or a person who resides with the child. As for licensed providers, payments will be suspended if more than 40% of the children are children of or reside with employees of the provider. Licensed providers may avoid payment suspension by altering the mix of children being cared for within six weeks of exceeding the 40% threshold.

**Local Administration of Child Care.** For geographic regions outside of Milwaukee County, DCF may make child care subsidy eligibility determinations, contract with a county department or agency to make eligibility determinations, or contract with a county department or agency to share in making eligibility determinations. If DCF contracts with a county department or agency to make eligibility determinations, such contract must also require the county department or agency to administrate the child care subsidy program within its geographical region

or tribal unit. DCF may also contract with a county department or other agency in a particular geographic area or particular tribal unit for certification of child care providers.

As part of the administration of child care, DCF may require the contracted entity to: (a) determine a parent's copayment; (b) determine and authorize the amount of child care for which an individual may receive a subsidy; (c) review and redetermine the financial and nonfinancial eligibility of individuals receiving child care subsidies; and (d) assist eligible individuals to identify and select appropriate child care. According to administrative rule, the child care administrative agency must redetermine the need for service and eligibility at least every twelve months.

In calendar year 2017, a total of \$12.2 million is allocated for local administration of child care outside of Milwaukee County. DCF allocated \$10.3 million to counties and tribes for child care administration, including eligibility determinations, \$1.4 million for certification activities, and \$0.5 million for fraud detection and prevention activities.

To resolve ongoing issues in Milwaukee County, such as untimely responses to applications and instances of fraud, 2009 Act 28 required the state, through DCF, to take over the child care subsidy program in Milwaukee County. Act 28 authorized DCF to either contract with the Milwaukee County enrollment services unit in the Department of Health Services (DHS) or to establish its own child care provider services unit.

DCF contracted with the Milwaukee County enrollment services unit in DHS to determine and re-determine eligibility for Wisconsin Shares. DCF also created its own bureau, the Milwaukee Early Care Administration (MECA), within its Division of Early Care and Education, to oversee Wisconsin Shares in Milwaukee County, including program integrity and provider certification.

In 2015-16, MECA expended \$8.0 million for the administration of Wisconsin Shares in Milwaukee County. Of this amount, \$6.3 million was for administration and certification activities and \$1.7 million was for eligibility determinations. For 2016-17, MECA is budgeted \$8.2 million for the administration of Wisconsin Shares in Milwaukee County (\$6.5 million for administration and certification activities and \$1.7 million for eligibility determinations).

**Allowable Child Care Providers.** An eligible parent may use Wisconsin Shares subsidies with child care providers that are licensed by DCF, certified by the local administrator for the county, or established by a school board. Providers must also participate in the YoungStar program, described below, before they can receive payments under Wisconsin Shares.

Individuals may also use Wisconsin Shares subsidies for child care that is provided by an out-of-state provider regulated in accordance with another state's standards. However, the out-of-state providers must submit a Wisconsin Shares participation contract to DCF.

**Licensing and Certification.** Table 5 shows the licensed and certified child care capacity in Wisconsin as of January, 2016. In general, child care providers must be licensed by DCF in order to receive compensation for caring for four or more children under the age of seven. Licensed group child care centers may provide care for nine or more children. Licensed family child care centers, usually operating out of the provider's home, may provide care for up to eight children. Licensed day camps may provide care for more than four children, usually operating seasonally and outdoors.

Public and private schools are exempt from licensure. Thus, child care and early education providers established by or regulated by a school board are not required to be licensed by DCF. However, public schools may receive an exemp-

**Table 5: Licensed and Certified Child Care Capacity as of January 1, 2016**

	No. of Providers	Daytime Capacity	Night Capacity	Est. Enrolled Children
Licensed Group	2,267	136,122	9,519	193,702
Licensed Family	1,793	14,223	2,246	21,903
Licensed Day Camp	89	8,218	N/A	10,929
Certified Family	1,008	Up to 6	Up to 6	6,048
Certified School Age	<u>6</u>	283	N/A	<u>376</u>
Total	5,163			232,958

tion to receive payments under Wisconsin Shares. Private schools must be licensed in order to receive payments under Wisconsin Shares.

Providers caring for three or fewer children under the age of seven must be certified by the local administrator in order to receive payment from Wisconsin Shares. There are two certification categories: Level I (regular) family child care and Level II (provisional) family child care. In order to receive the Level I payment rate under Wisconsin Shares, the provider must care for at least one unrelated child. Further, regularly, but not provisionally, certified family child care providers must complete two credits of early childhood training or non-credit DCF-approved training. In order to receive a certification, an applicant may be required to graduate from high school or obtain a GED. Up to five hours of annual training may also be required.

Both regularly and provisionally certified providers, and all employees, substitutes, and volunteers of those providers, must have training in the most current, medically accepted methods of preventing sudden infant death syndrome and shaken baby syndrome.

*Criminal History and Background Investigations.* Licensed and certified child care providers (and their household members age 12 and older, contractors, and employees) must provide background information disclosure forms and fingerprints when applying for the initial issuance

of a child care license, certification, or contract to operate a child care facility. After initial disclosures, additional background disclosures are only required for new staff members and non-client residents. A background information disclosure form must be completed prior to working with children for all individuals subject to these requirements.

The required background information that must be submitted includes: (a) a criminal history search from the Department of Justice; (b) information from the registry of nurses aids maintained by DHS; (c) information maintained by the Department of Safety and Professional Services regarding the status of the person's credentials; (d) information maintained by DCF regarding any final determination (or contested case decision) of child abuse or neglect against the person; (e) information regarding the denial of an application to operate a child care facility or other similar entity for the reasons noted above; (f) information from the sex offender registry; and (g) in some cases, information maintained by the Federal Bureau of Investigation (FBI). The Department of Justice may submit fingerprint cards to the FBI to verify the identity of the person fingerprinted and to obtain the records of his or her criminal arrests and convictions.

No provider's license, certification, or contract may be issued, continued, or renewed if: (a) the provider has been convicted or adjudicated delinquent of a serious crime; (b) the provider is the

subject of a pending criminal charge or delinquency petition alleging that the provider has committed a serious crime; (c) a final determination (or final decision on a contested case hearing) has been made that the person has abused or neglected a child; or (d) the provider's current credentials are inadequate. A provider is also prohibited from employing or contracting with a person who will have access to children under the same conditions.

Depending on the criminal offense involved, an individual may be permanently barred from providing child care, barred from providing child care for a period of five years after completion of any sentence, or barred from providing child care until rehabilitated. An individual may demonstrate that they have been rehabilitated by clear and convincing evidence. However, providers, caregivers, and residents cannot be rehabilitated for the purpose of providing child care services if convicted or adjudicated delinquent of a serious crime, such as murder, kidnapping, or sexual assault. In addition, child care providers (but not caregivers or residents) are prohibited from being rehabilitated for certain crimes against property, such as retail theft, forgery, or identity theft.

A person who provides false information under these provisions can be required to forfeit not more than \$1,000 and may be subject to other sanctions. DCF, the county departments, contracted agencies, or school boards may charge a reasonable fee for any required background investigation.

Further, DCF and county departments may refuse to pay a child care provider an authorized subsidy if it is determined that the provider, an employee, or resident living on the premises: (a) has been convicted or adjudicated delinquent, at age 12 or older, of a felony or misdemeanor that substantially relates to the care of children or to the operation of a business; (b) is the subject of a pending criminal charge that substantially relates to the care of children; (c) has been determined to

have abused or neglected a child; or (d) has violated any provision or rule of the child care subsidy program.

**Child Care Subsidy Payments.** As explained in more detail below, DCF uses market surveys to establish the maximum reimbursement amount Wisconsin Shares will pay for child care. Families must pay a portion of this amount depending on the size of the family, income, and other factors (the copay). Wisconsin Shares pays the remaining amount to the child care provider (the subsidy). Participating child care providers may charge more than the maximum reimbursement, but families will be liable for all amounts exceeding the subsidy by choosing such providers.

*Authorization.* DCF authorizes payment for child care based upon assessment of the number of child care hours needed for the parents to participate in their approved activities and the length of care needed up to twelve months. Child care eligibility must be reviewed every time a parent reports a change that may affect their eligibility, and at least every twelve months.

Authorizations for child care may be for full-time care (between 35 and 50 hours per week) or part-time care (less than 35 hours per week). Additional time may also be authorized; however, a child cannot be authorized for more than 75 hours per week. In general, a child may not receive more than 12 hours of child care per day. Up to 16 hours may be authorized if the parent provides written documentation of work or transportation requirements exceeding 12 hours a day.

*Payment and the Electronic Benefit Transfer System.* Currently, payments to child care providers may be based on the number of hours a child is authorized to attend (enrollment-based), or based on the number of hours the child actually attended (attendance-based). Enrollment-based authorizations pay for the child care "slot" at the provider, whether or not the child actually attends. Under administrative rules, licensed group

child care providers generally receive enrollment-based payments, and certified child care providers may only receive attendance-based payments. However, if the child's schedule varies widely from week to week or if the provider has significantly over-reported attendance in the past, a licensed group child care provider may be reimbursed based on attendance. As of September, 2016, approximately 61% of payments to group providers were enrollment-based.

DCF is implementing an electronic benefit transfer (EBT) system for Wisconsin Shares that will substantially alter the payment process. The new EBT system is intended to make the payment process more consistent with the practices commonly used in the market for unsubsidized child care.

Instead of paying for care after it is provided, DCF will prospectively calculate the subsidy amount based upon the projected hours of child care needed by the parent. The subsidy, including adjustments made for YoungStar rating as described below, will be transferred to an EBT account established on behalf of the parent at the beginning of each payment period (generally at the beginning of each month). Parents will be free to transfer funds at any time from the EBT account via telephone, website, or an EBT "swipe" card. The charged amounts will be immediately and electronically transferred into the child care provider's bank account.

The new EBT system will end the use of attendance-based and enrollment-based authorizations for child care. Child care providers will no longer be required to report biweekly attendance to DCF as part of the Wisconsin Shares subsidy payment process. Instead, parents will be responsible for managing the subsidy they receive and will be free to decide whether to reserve a slot at a child care provider, purchase hourly child care, or save subsidy amounts for future use as needed. For auditing purposes, child care providers are still required to maintain attendance records for at least

three years.

The EBT system will be rolled out in two stages. First, as of December, 2016, EBT has been implemented in the western part of the state (Buffalo, Clark, Jackson, Monroe, Pepin, Trempealeau, Vernon, and La Crosse counties). Second, the rollout will expand to the rest of the state beginning February, 2017.

During the transition period, YoungStar adjustments, which are described below, will continue to be paid directly to four-star and five-star providers. DCF indicates that YoungStar adjustments will be paid via the EBT card once it is fully implemented.

*Maximum Reimbursement Rates.* Payments to child care providers are capped at maximum weekly reimbursement rates set by DCF for each county. If care is provided outside the county where the parent resides, the higher of the two county rates applies. As for an out-of-state provider, the rate in the parent's county of residence applies.

Attachment 1 shows the maximum rates in effect since November 9, 2014. As shown in Attachment 1, separate rates are set based on the child's age. Separate rates are also provided for the different types of child care. By statute, the maximum rate for Level I certified providers cannot exceed 75% of the rate for licensed family child care providers, and the maximum rate for Level II certified providers cannot exceed 50% of the rate for licensed family child care providers.

The maximum hourly rate for licensed providers is the maximum weekly rate divided by 35 hours. For regularly and provisionally certified providers, the maximum hourly rate is 75% and 50% of the licensed family hourly rate, respectively.

Higher rates than the established maximum are allowed on a case-by-case basis for children

with special needs. Lower rates are provided for part-time child care. Payment rates may also be adjusted for individual child care providers based on the provider's YoungStar rating, which is discussed in further detail below under "Quality Rating and Improvement System." Further, a child care administrative agency may establish its own rates for child care provided for less than a two-week period, provided sporadically, or provided for care of an ill child through negotiations with the child care provider.

*Maximum Rate Setting.* The current maximum reimbursement rates are a product of a somewhat complicated administrative history. Prior to February, 2006, each county established the maximum child care rates using a market survey of licensed group and licensed family child care providers. The maximum reimbursement rate was set so that at least 75% of the number of slots for children with licensed providers could be purchased at or below the maximum rate.

Effective February 25, 2006, the Department of Workforce Development (DWD) (which administrated Wisconsin Shares at the time) modified the methodology of calculating subsidy rates in order to make the program more equitable and efficient across the state. DWD established four rate zones based on the percent of the population in each county living in an urban area: (a) 0-24%; (b) 25-49%; (c) 50-74%; and (d) 75-100%. Each county was placed into one of these four zones based on U.S. census data. Rates were then set to the 75<sup>th</sup> percentile for each zone (instead of by county) as measured by market surveys. The planned transition to the urban rate zone system was capped such that each county's maximum rate increase or decrease could not exceed 10% from the 2005 rate.

Before the transition to the new system was completed, rates were frozen at the 2006 level due to limited funding and increased costs for the child care subsidy program. Administrative rules and provisions of 2011 Act 32 prohibited DCF

from increasing rates before July, 2013. Because market rates continued to rise during this time period, the maximum reimbursement rate fell below the 75<sup>th</sup> percentile in all four zones.

The rate freeze ended on June 30, 2013, when 2013 Act 20 provided funding to increase the maximum rates. Act 20 also introduced several changes which permit DCF more discretion in setting rates. For example, DCF (as opposed to counties) now directly determines the rates and state law no longer ties reimbursement rates to specific counties.

The maximum reimbursement rates were adjusted in October, 2013, to bring all county/tribe rates to within 25% of the 75<sup>th</sup> percentile based on the 2012 market rate survey. The rates were again adjusted in November, 2014, to bring all county rates within 18% of the 75<sup>th</sup> percentile based on the 2012 market survey. Rates have not changed since November, 2014.

Attachments 2 and 3 show the results of the 2015 market survey, specifically the average price per child care slot in each county. Based upon the results of the market survey, DCF estimates that the overall maximum reimbursement rates for the state are in the 23<sup>rd</sup> percentile of the market price for child care slots. This means that the maximum reimbursement rates, before adjusting downward for copays, are sufficiently large enough to pay for the entire cost of 23% of the child care slots available in the state. Conversely, the maximum rates would not cover the full costs of 77% of the child care slots in the state.

*Copayment Liability.* Families are required to pay a portion of child care costs subsidized under Wisconsin Shares. DCF specifies the minimum or estimated copayment amounts in a schedule based on family size, income level, and other factors. Under federal law, parents cannot be charged a different copayment amount for the type of child care used.

The copayment amounts may be adjusted by

DCF to reflect changes in: (a) child care prices or rates; (b) the amount of available child care funding; (c) inflation; (d) the federal poverty levels; and (e) other economic factors that affect the cost of child care, such as a change in demand.

If a proposed change to the schedule would increase copayments by 10% or more, the change must be promulgated by rule. DCF may not issue emergency rules to implement such an adjustment before providing at least one month of advance notice to the public.

Attachment 4 shows the copayment schedule in effect since March 6, 2016. As the schedule shows, the weekly copayment amount varies based on the family's size and income and the number of children in subsidized care. The copayment schedule is structured so that the required copayment will not exceed 12% of the family's gross income. For example, the weekly copayment for a family of two with \$1,328 in monthly income (approximately 100% of poverty) and one child in child care is \$22 (or \$1,144 per year). This copayment amount makes up 7.2% of the parent's annual income.

Attachment 5 shows the new copayment schedule which became effective October 1, 2016, for counties implementing the EBT payment system. The new copayment schedule sets a monthly copayment determined by two amounts depending on a family's income: (a) a sliding scale base amount determined by the number of monthly child care hours for the family; plus (b) an amount for each child, based on each child's authorized hours. For example, a family having gross income of 130% of the federal poverty level that has one child in care for 15 hours a month and another child in care for 31 hours a month would have: (a) a base amount of \$68.50 (50% of \$137); plus (b) an additional \$18.80 (10% of \$47 plus 30% of \$47).

There are several exceptions to the copay schedules:

a. State law specifies that an individual who is under the age of 20 and is attending high school or participating in a course of study to obtain a GED may not be liable for more than the minimum copayment amount for the number of children receiving child care.

b. Foster care parents, subsidized guardians, interim caretakers, and kinship care parents who have court-ordered placement of a child are not subject to copay requirements.

c. Kinship care parents who are providing care for a child without a court order are subject to the minimum copayment.

d. Parents who have left a W-2 employment position for an unsubsidized job qualify for the minimum copay for one month.

e. Families with children who receive child care services for 20 hours or less in a week are subject to one half of the usual copay amount.

f. State law prohibits a copayment responsibility for minor teen parents who are Learnfare participants.

*Subsidy.* The maximum subsidy available to a child care provider under Wisconsin Shares is the lowest of the following: (a) the maximum weekly reimbursement rate; (b) the number of authorized hours of child care provided in a week multiplied by the provider's private rate; or (c) the number of authorized hours of child care provided in a week multiplied by the hourly maximum reimbursement rate.

The child care provider receives the difference between the maximum subsidy amount and the family's copay. Families are responsible for paying the copayment directly to the provider.

**Program Integrity and Penalties.** DCF's program integrity unit reviews potential fraud in Wisconsin Shares and suspends payments to sus-

pected fraudulent providers. DCF reports enforcement actions on its website and lists the violations committed by child care providers and any steps the provider has taken to correct the violation.

DCF has also instituted several initiatives to enhance program integrity in Wisconsin Shares, including: (a) monthly "red flag" reports, which highlight indicators that certain child care providers may be participating in fraudulent activity; (b) a child care anti-fraud task force to deal with parents, child care providers, and others who fraudulently receive child care subsidies in Milwaukee County; (c) new attendance reporting methods for child care providers; (d) a child care fraud reporting hot line and a "report child care fraud" form available on the DCF website; and (e) an internal referral network among all public assistance regulators and licensors/certifiers to identify and report suspected fraud.

Table 6 below shows fraud prevention and overpayment expenditures, establishment, and actual recoveries.

*Attendance.* Child care providers must maintain a written record of the daily hours of attendance of each child for whom a subsidy is provided. This information must be maintained for at least three years after the child's last day of attendance, regardless of whether the child care

provider is still receiving or eligible to receive payments under the Wisconsin Shares program.

At the time of this writing, child care providers continue to report actual attendance either via mail or through the child care provider information website. Once the EBT system is implemented, it is anticipated that providers will no longer report actual attendance to DCF.

*Penalties.* State law enables DCF to recoup payments, withhold payments, and impose forfeitures on a child care provider if the provider submits false, misleading, or irregular information to DCF or fails to comply with the terms of the child care subsidy program. The forfeiture amount ranges from \$100 to \$10,000 based on the seriousness of the violation and other factors. All suspended providers have the right to appeal suspensions and forfeitures within 30 days of the effective date of the suspension. If a child care providing corporation or limited liability company cannot pay the penalty, personal liability may extend to officers, directors, and employees having sufficient ownership and control of the child care business.

Benefits must be denied to applicants who intentionally violate the rules of the subsidy program for the purpose of establishing or maintaining eligibility, including: (a) six months for the first intentional program violation; (b) one year

**Table 6: Fraud Prevention Expenditures, Establishment, and Recovery in Wisconsin Shares**

	2010	2011	2012	2013	2014	2015	Total
Expenditures for Fraud Prevention and Investigation	\$1,892,800	\$2,408,300	\$2,521,300	\$2,028,100	\$1,456,304	\$1,670,687	\$11,977,491
Expenditures for Recovery of Overpayments	351,994	565,000	369,162	276,897	256,324	220,413	2,039,790
Overpayments Established against Suspended Providers	3,575,684	2,919,130	2,217,197	693,286	192,773	335,544	9,933,614
Collections of Overpayments and Restitution (Recipients and Providers)	2,653,777	3,495,611	2,557,885	2,300,491	2,003,065	1,660,560	14,671,389

for the second intentional program violation; and (c) permanently for the third intentional program violation.

A child care provider and a parent are jointly and severally liable for an overpayment if the provider and parent collude to violate the child care subsidy program. Further, state law prohibits a child care provider from using marketing or promotional offerings that personally benefit Wisconsin Shares parents (such as a cash payment). This prevents providers from paying "kickbacks" to parents that effectively split the child care subsidy between the parent and the provider.

**Cost-Saving Initiatives.** Wisconsin law authorizes DCF to implement a number of cost saving measures for the Wisconsin Shares program to ensure that expenditures for the program do not exceed the amounts budgeted. Using this authority, DCF may: (a) adjust the amount of reimbursement paid to child care providers who provide child care services under Wisconsin Shares; (b) increase the copayment amount that an individual must pay toward the cost of child care received under Wisconsin Shares; (c) implement a waiting list for Wisconsin Shares applicants (but not W-2); and (d) adjust the gross income levels for eligibility for receipt of a child care subsidy under Wisconsin Shares.

DCF used this authority to require all licensed family child care providers to receive attendance-based payments. As a result, only licensed group child care providers may receive enrollment-based payments. DCF has not implemented a wait-list for Wisconsin Shares participants.

As noted above, it is anticipated that the new EBT payment system will end the use of attendance-based and enrollment-based authorizations. So long as enrollment authorizations are continued to be made, Wisconsin law requires DCF to lower costs by limiting payments for underutilized enrollments. To do this, DCF tracks a

child's weekly usage of child care authorizations over a six-week period. If the tracked hours show that less than 60% of the authorized hours are used, DCF reduces the authorized hours of child care to 90% of the highest number of hours of child care that the child attended during any week of that six-week period. DCF must provide written notice of the adjustment to the parent, the child care provider, and the applicable child care administrative agency, and provide a grace period of two weeks before implementing the reduced payments to the child care provider. In determining a child's hourly usage, DCF excludes on an annual basis two weeks of the child's vacation time and one week of vacation time and one week of sick time for the provider

### **Indirect Child Care Services**

**Child Care Quality and Availability.** As described in Appendix B, federal law requires states to use a certain portion of federal and state funding sources for child care quality improvements. In addition, funding received under the federal child care and development program is earmarked for certain kinds of activities including expansion of child care, child care quality improvements, and resource and referral services.

Approximately \$17.1 million was expended from the TANF budget in 2015-16 and \$15.5 million is budgeted in 2016-17 for programs to improve child care quality and availability. The funding is allocated for the following programs:

*Technical Assistance.* Technical assistance expenditures to child care providers totaled \$686,200 in 2015-16 and are budgeted at \$541,000 in 2016-17. Funding is provided for: (a) the Registry (a system that documents verified formal and informal education of individuals in the early care and education workforce); (b) the Supporting Families Together Association (SFTA); and (c) other technical and training opportunities.

The Registry provides a credential system for the child care and education profession. The Registry awards certificates for specialized teaching fields and determines an individual's placement into the career levels system based on the individual's education and training.

SFTA and the Wisconsin Early Childhood Association provide YoungStar training, technical assistance, and rating to support child care providers and programs working towards quality enhancement, training on the Wisconsin model early learning standards and the Wisconsin pyramid model, collaboration and quality improvement efforts with the child care resource and referral delivery system for tribal child care needs, and support in tribal and rural areas for family child care programs to improve their YoungStar ratings.

Other technical and training opportunities include accreditation support, professional practices, mentoring and coaching support, and credit for prior learning.

*Resource and Referral Agencies.* Wisconsin utilizes 10 locally based child care resource and referral agencies to provide the following services throughout the state: (a) connect parents with child care services and consumer education to make informed choices in selecting child care; (b) provide guidance to parents on child development, early learning, child abuse and neglect prevention, health and wellness, early care and education, and school-readiness; (c) develop professionals who care for and educate children; (d) deliver training and professional development, conferences, on-site consultation, and networking opportunities; (e) design, implement, and evaluate child care quality improvement initiatives; and (f) collect, analyze, and share data about early child care and education. Resource and referral agencies also function as local YoungStar offices.

Expenditures for resource and referral agencies totaled \$1.5 million in 2015-16 and are

budgeted at \$1.3 million in 2016-17.

*Child Care Scholarships and Stipends.* The teacher education and compensation helps (TEACH) program and the rewarding education with wages and respect for dedication (REWARD) program are designed to address child care staffing shortages and low retention rates. The TEACH program provides scholarships to teachers and child care providers for educational costs directly related to the child care field. The scholarships, which vary in length and amount, cover a portion of books, travel, and the costs of tuition (from three to 18 credits), and provide a raise or a bonus upon completion of a Registry credential. The REWARD program provides stipends to child care providers and teachers, provided that they meet certain requirements for education, employment, and longevity. Stipend amounts are based on the individual's career level in the Registry.

As of September, 2016, the TEACH program had 1,668 active scholarship participants. As of November, 2016, there were a total of 3,454 active recipients participating in the REWARD program.

TEACH and REWARD expenditures totaled \$4.1 million in 2015-16 and are budgeted \$4.0 million in 2016-17.

*Child Care Information Center.* The child care information center is a mail-order lending library and information center that serves those who work in the fields of child care and early childhood education. The child care information center provides free information services, library services, and education and training services to help Wisconsin's child care professionals. The information center is administered by the Department of Public Instruction's reference and loan library. Expenditures for the child care information center totaled \$46,000 in 2015-16 and are budgeted at \$120,000 in 2016-17.

*Other Expenditures.* Additional funding includes \$167,600 in 2015-16 for Milwaukee early care administration and \$362,900 in 2015-16 and \$318,100 in 2016-17 for training contracts. Other funding that may count in part toward the federal requirements for spending on child care quality improvements includes \$10.2 million of the total \$10.7 million expended in 2015-16 and \$9.2 million budgeted in 2016-17 of the total \$10.7 million described below for the quality rating and improvement system. The remaining funding for the quality rating and improvement system is part of the budget for child care state administrative costs.

**Quality Rating and Improvement System (YoungStar).** The Child Care Quality Rating and Improvement System, referred to as YoungStar, evaluates child care providers on a publically searchable five-star scale. YoungStar communicates its ratings to the public and provides training, technical assistance, and certain financial assistance in order to improve child care quality in Wisconsin.

*Administration.* STFA administers the YoungStar program locally in 10 offices in six

regions. YoungStar expenditures were \$10.7 million in 2015-16 and are budgeted at \$10.7 million in 2016-17 for: (a) quality assurance monitoring (\$1.6 million); (b) training and technical assistance (\$4.6 million); (c) improvement grants (\$1.7 million); (d) internal training and professional development (\$0.7 million); (e) project management/administration (\$0.7 million); (f) information technology (\$1.1 million); and (g) other costs, such as communication and state staff (\$0.3 million). YoungStar ratings of child care providers are shown below in Table 7.

In general, child care providers must participate in YoungStar in order to participate in Wisconsin Shares. However, license-exempt programs, such as those operated by school districts discussed above in "Licensing and Certification," remain eligible for Wisconsin Shares.

*Ratings Process.* YoungStar assesses child care providers when they apply to be in YoungStar, and every other year thereafter when they renew their YoungStar contract. There is an appeals process for child care providers who disagree with their rating. Ratings are posted on the DCF website.

**Table 7: YoungStar Participation (October, 2016)**

*Wisconsin Shares Children Authorized by YoungStar Rating*

One Star*	Two Star	Three Star	Four Star	Five Star	Total
0	11,517	24,401	2,187	8,401	46,506
(0%)	(24.8%)	(52.5%)	(4.7%)	(18.1%)	(100%)

*YoungStar Ratings of Child Care Provider by Regulated Type*

	One Star*	Two Star	Three Star	Four Star	Five Star	Total
Licensed Group	1	565	825	104	352	1,847
Licensed Family	10	631	343	74	58	1,116
Certified Family	2	423	52	8	1	486
Public School	<u>0</u>	<u>114</u>	<u>73</u>	<u>5</u>	<u>3</u>	<u>195</u>
Total	13	1,733	1,293	191	414	3,644
	(0.4%)	(47.6%)	(35.5%)	(5.2%)	(11.4%)	(100.0%)

\*Child care providers who were rated as one star cannot participate in Wisconsin Shares.

*Technical Consultation and Rating.* STFA uses technical consultants to complete on-site ratings and provide consultation services to child care providers. A technical consultant from the regional office will first verify the provider's education and training through the Registry to confirm that the provider could potentially qualify for a higher rating. Then the technical consultant will generally meet with the provider on-site to develop a quality improvement plan. Over the course of 20 weeks, the provider and consultant will decide what the provider's micro-grant will be used for and monitor progress toward the quality improvement goals. Next, the consultant will make and discuss the YoungStar rating with the provider. Afterwards, DCF will post the rating on the YoungStar public child care search website.

If the provider chooses to be rated without technical consultation, the consultant will determine the rating based upon documentation supplied by the provider. If a provider chooses to be rated before technical consultation, a consultant will arrange to visit the program to complete a rating within eight weeks of receiving the completed YoungStar contract.

Two different evaluation methods are used. First, child care providers participating in YoungStar may opt for a technical rating to receive either two or three stars. The rating is based on the number of points earned in the following quality indicator categories: (a) provider or staff education and training; (b) learning environment and curriculum; (c) business and professional practices; and (d) health and wellness. As of July 1, 2016, a cumulative total of 2,090 providers were rated using a technical rating.

Second, providers may opt for more intensive formal on-site review in order to receive three, four, or five stars. This rating uses the YoungStar quality indicators, environmental rating scales (which are utilized by quality rating and technical assistance programs to observe classrooms

throughout the country), and program administration and business administration scales (which review business practices, professional development, staff benefits and parent/family involvement). As of July 1, 2016, a cumulative total of 226 providers were rated using a formal rating.

As of, July 1, 2016, a total of \$9.1 million in micro-grants has been issued under the YoungStar program. SFTA processes all micro-grants.

*Automated Rating.* Child care providers are automatically assigned one star if their licenses or certifications have been revoked, suspended, or denied, or if their payments under Wisconsin Shares have ended due to fraud or suspected fraud. One-star providers cannot receive reimbursement under Wisconsin Shares.

Child care providers that comply with licensing regulations (or which are managed by a school board) may opt out of the technical observation process and automatically receive a two-star rating. Providers often choose to forgo the technical ratings process because they would not meet the educational and training requirements needed to receive a higher rating.

Finally, child care providers may automatically receive a four- or five- star rating through accreditation with certain organizations which DCF has recognized as having equivalent standards as YoungStar. The Wisconsin Council on Children and Families indicates that approximately 90% of five-star group providers received their rating via accreditation.

As of July 1, 2016, a cumulative total of 1,461 providers active in YoungStar chose to be rated automatically.

*Tiered Reimbursement.* Child care providers receive an adjustment to their reimbursement under Wisconsin Shares based on the number of stars earned. The rate adjustment applies after the parent copayment. The tiered reimbursement

amounts are currently as follows: (a) one-star providers are prohibited from receiving reimbursement under Wisconsin Shares; (b) two-star providers receive a reduction of up to 5% from the base reimbursement rate; (c) three-star providers receive up to the base reimbursement rate; (d) four-star providers receive an increase of up to 10% from the base reimbursement rate; and (e) five-star providers receive an increase of up to 25% from the base reimbursement rate.

As part of the new EBT system for Wisconsin Shares, DCF intends to apply a market cap to YoungStar adjustments. As a result, the sum of the subsidy and YoungStar bonus will no longer be able to exceed the market price charged by the provider. However, as described above, DCF indicates that four- and five- star providers will continue to receive YoungStar bonuses directly during the implementation of the EBT system.

Table 8 below shows the tiered reimbursements under YoungStar in 2015. As shown in the table, YoungStar adjustment resulted in a net increase in child care subsidy payments of approximately \$9.4 million.

**Table 8: YoungStar Tiered Reimbursement for 2015**

	Authorized Hours	Wisconsin Shares Issuance	YoungStar Adjustment
Not Rated	1,870,786	\$5,879,767	\$0
1 Star	10,418	36,094	0
2 Stars	18,373,205	56,178,400	-2,989,458
3 Stars	30,164,650	106,670,045	-11,000
4 Stars	3,812,523	13,879,190	1,168,368
5 Stars	<u>11,243,729</u>	<u>55,973,927</u>	<u>11,212,741</u>
Total	65,475,311	\$238,617,423	\$9,380,651

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### Other W-2 Benefits and Services

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#### Job Access Loans

Pursuant to rules promulgated by DCF, W-2

agencies issue job access loans to individuals. The minimum loan amount available is \$25, and the maximum an individual may receive is \$1,600 in any 12-month period. Emergency payments may be made within 24 to 96 hours of the approval of the job access loan.

The W-2 agency must determine a minimum monthly repayment amount for each loan, and an individual receiving a loan must submit to the agency a repayment plan for the loan which includes the maximum cash repayment amount and the shortest repayment period that the W-2 agency determines is feasible. At least 25% of the loan amount must be repaid in cash. The remaining 75% may be repaid in cash or through a combination of cash and volunteer in-kind community work approved by the W-2 agency. The participant must repay a job access loan within 12 months, which may be extended to 24 months with W-2 agency approval.

In general, individuals who meet the nonfinancial and financial eligibility requirements for participation in a W-2 employment position may be eligible for a job access loan if the individual: (a) needs the loan to address an immediate and discrete financial crisis that is not the result of the individual's failure to accept a bona fide job offer or the individual's termination of a job without good cause; (b) needs the loan to obtain or continue employment or to repair or purchase a vehicle that is needed to obtain or continue employment; (c) is not in default with respect to the repayment of any previous job access loan or repayment of any W-2 grant or wage overpayments; and (d) is not a migrant worker.

Generally, individuals who are less than 18 years old are not eligible for W-2 employment positions or job access loans. However, if the person will be 18 within two months of the date of application, the person may be eligible for a loan if the individual is in kinship care, a foster home, a group home, or an adult-supervised independent living arrangement approved by the W-2 agency.

In addition, the individual must have graduated from high school or met the standards for the granting of a declaration of equivalency of high school graduation.

The source of funding for job access loans comes from the TANF block grant and the repayment of job access loans. In addition, repayments may be used to fund administrative costs associated with collecting delinquent job access loan repayments. DCF certifies delinquent repayments of job access loans to the Department of Revenue for setoff against state tax refunds and credits. Any revenues recovered must be used to make additional job access loans. DCF may also collect delinquent repayments through other legal means.

### **Transportation Assistance**

W-2 agencies must provide transportation assistance to enable participation in W-2 activities. The types of transportation services provided may vary from agency to agency based on the options in the area that are both available and reasonable. A reasonable transportation option must meet all of the following criteria:

1. The transportation option is safe;
2. All out-of-pocket transportation costs are reasonable with respect to the applicant's or participant's income;
3. The one-way travel time between home, child care, and work or activities is no more than 60, or in some cases 90, minutes; and
4. All relevant factors have been considered (such as whether the option is the most convenient and reliable one that also meets the other criteria).

A W-2 participant who receives transportation assistance is subject to all TANF requirements pertaining to the 48-month lifetime limit and other nonfinancial specifications such as cooperation

with child support. However, transportation assistance will not count against the 48-month time limit for W-2 participants in an unpaid, case management only placement if any of the following apply: (a) they are employed for at least one hour per month; (b) they are engaged in job search/readiness activities requiring child care; (c) the transportation is not provided for longer than four months; or (d) the transportation services are provided via a group transportation or transportation capacity building project (such as a TANF-funded expanded bus route).

### **Pregnant Women**

A pregnant woman who is not considered an at-risk pregnant woman described above under "W-2 Employment Positions," and who would otherwise be eligible for a W-2 employment position except for the fact that she is not (yet) a custodial parent of a dependent child is eligible for services through a case management pregnancy placement. Individuals in this placement may receive services such as employment training, job search assistance, child care related activities, and other related case management activities, provided by the W-2 agency. The pregnancy must be medically-verified.

Once the child is born, the participant may be eligible for the payments and services described above under "Custodial Parent of Infant."

### **Minor Custodial Parents**

Under the W-2 program, an individual must be at least 18 years old in order to participate in a subsidized employment position. However, a custodial parent under the age of 18 is eligible to meet with a financial and employment planner, regardless of the income or assets of that individual or the individual's parents. The planner may provide the individual with information regarding W-2 eligibility, available child care services, employment and financial planning, family planning services, community resources, and eligibility for

FoodShare and other food and nutrition programs.

### **Assistance Payments Exempt from Levy**

Payments for kinship care, community service jobs, transitional placements, custodial parents of infants, at-risk pregnant women, child care, and transportation are exempt from every tax, and from execution, garnishment, attachment, and every other process and are inalienable.

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### **Sanctions, Dispute Resolution, Earnings Check, and Overpayments and Fraud**

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#### **Sanctions**

As noted above, a \$5.00 hourly sanction is imposed if a participant in a community service job or transitional placement misses required work, training, or educational and training activities without good cause. Additional sanctions may be imposed upon recipients for refusal to participate in an employment position, not cooperating with child support requirements, intentional program violations, and for failing a drug test.

Before taking any action against a W-2 participant that would result in a 20% or more reduction in the participant's benefits or in termination of the participant's eligibility to participate in W-2, a W-2 agency must: (a) provide written notice of the proposed action and of the reasons for the proposed action to the W-2 participant; and (b) allow the W-2 participant reasonable time to rectify the deficiency, failure, or other behavior to avoid the proposed action. However, notice and opportunity to rectify are not required for actions predicated upon W-2 financial and non-financial eligibility criteria (such as a child becoming 18 years old or the participant moving out of the state).

**Refusal to Participate.** If a W-2 participant (or individual in a participant's W-2 group) refuses to participate in a W-2 employment position com-

ponent, the participant is ineligible to participate in the entire W-2 program for three months. If a participant (or individual in a participant's W-2 group) refuses without good cause to participate in a W-2 component three times, that participant is ineligible to further participate in that component.

A participant is considered to have refused to participate if he or she, without good cause, as determined by the W-2 agency: (a) fails to appear for an interview with a prospective employer, including a work experience provider; (b) fails to appear for an assigned activity; (c) voluntarily leaves appropriate employment or training without good cause; (d) is discharged from appropriate employment or training for cause; (e) refuses to accept a bona fide offer of employment; (f) refuses to participate in a W-2 employment position; (g) is discharged from a work experience site for cause; or (h) demonstrates through other behavior or action, as determined by the financial and employment planner, that he or she refuses to participate.

**Cooperation with Child Support Efforts.** In order to be eligible for a W-2 employment position or child care, every parent in an individual's W-2 group must fully cooperate in efforts to establish paternity and obtain support payments or any other payments or property to which that parent and the dependent child may have rights, unless it is determined that the parent has good cause for not cooperating or is exempt because the child is 60 days old or younger. An individual who fails three times to meet these requirements remains ineligible until all members of the individual's W-2 group cooperate or for a period of six months, whichever is later.

**Intentional Program Violations.** If an individual applying for or receiving benefits under W-2, Wisconsin Shares, or emergency assistance intentionally violates any provision or rule related to these programs, the individual must be denied benefits as follows: (a) for six months for a first intentional program violation; (b) for one year for a second program violation; and (c) permanently

for a third intentional program violation.

## **Dispute Resolution**

Under state law, a two-part process is established for reviewing decisions by local W-2 agencies. The first step of the process allows individuals to petition the local agency for a fact finding review of certain decisions. If the agency's review does not result in a decision that is acceptable to the individual, he or she can then petition DCF for review of the agency's decision. The W-2 agency may also request a review by DCF.

**W-2 Agency Review.** Any individual whose application for a W-2 employment position, job access loan, or emergency assistance is not acted upon by the local W-2 agency with reasonable promptness may petition the W-2 agency for review of such action. A petition for review may also be made if the application is denied in whole or in part, if the individual's benefit is modified or canceled, if the individual believes that the benefit was calculated incorrectly, or if the individual believes that he or she was placed in an inappropriate employment position. Review is not available if the agency's action occurred more than 45 days prior to submission of the petition.

Upon a timely petition for review, the agency must give the applicant or participant reasonable notice and opportunity for a review. The agency must render its decision as soon as possible after the review and mail a certified copy of its decision to the applicant or participant. The agency is required to deny a petition for review or refuse to grant relief if the petitioner withdraws the petition in writing or abandons the petition. Abandonment occurs if the petitioner fails to appear in person or by representative at a scheduled hearing without good cause, as defined by DCF by rule.

**DCF Review of Financial Eligibility Determinations.** If the W-2 agency's decision in-

involved denial of an application based solely on the determination of financial ineligibility, DCF is required to review the W-2 agency's decision if: (a) the applicant or participant petitions DCF for review of the decision within 21 days after the certified copy of the W-2 agency decision is mailed; or (b) the W-2 agency requests DCF to review the agency's decision.

Reviews of financial eligibility are referred to and conducted by the Division of Hearings and Appeals in the Department of Administration (DOA). The review is limited to the record and the fact finding decision of the W-2 agency. However, the Division may make any additional investigation it considers necessary.

DCF must make a decision as soon as possible and must send a certified copy of its decision to the applicant or participant, county clerk, and W-2 agency. The decision is a final decision, but may be revoked or modified as conditions change.

**DCF Review of Other Agency Decisions.** If the agency's decision does not involve denial of an application based solely on the determination of financial ineligibility, DCF is authorized, but not required, to review a decision by a W-2 agency. These reviews are also referred to and conducted by DOA.

**Corrective Actions.** W-2 agencies are bound by a DCF final decision. The W-2 agency must place an individual in the first available W-2 employment position that is appropriate for that individual if: (a) the individual's application for a W-2 employment position was denied and the W-2 agency or DCF determines that the individual was in fact eligible; or (b) the individual was placed in an inappropriate W-2 employment position. The individual would be eligible for the benefit for the W-2 employment position beginning on the date on which the individual begins employment or education and training activities for that position. Further, if the W-2 agency or

DCF determines that a person's benefit was improperly modified, canceled, or calculated, the W-2 agency must restore the benefit to the appropriate level retroactive to the date on which the error first occurred.

### **Earnings Verification**

State law requires DCF to periodically review the earnings of participants in the W-2 program by checking amounts credited to recipient social security numbers. Any discrepancy between the amounts reported as earnings and the amounts credited to a social security number must be investigated.

Federal law requires states to implement an income eligibility verification system (IEVS) to verify the accuracy of financial information provided by applicants for federally funded assistance programs. If a state does not implement this system, the federal TANF grant could be reduced by as much as 2% per year.

Wisconsin utilizes a data exchange between state, federal, and private databases to request and verify recipient earnings information. Information verified includes social security numbers and SSI payments from the U.S. Social Security Administration, state wage and unemployment insurance information collected by DWD, unearned income from the Internal Revenue Service (IRS), and immigration status from the United States Citizenship and Immigration Services.

The Legislative Audit Bureau determined in its 2004 single audit report that Wisconsin failed to meet IEVS requirements for the TANF program. DWD, which administered TANF at the time, was notified that the state was subject to a penalty of \$4.7 million. After the State's dispute of the penalty was denied, Wisconsin submitted an approved corrective compliance plan under which no penalty would be imposed if Wisconsin corrected the IEVS violation on or before September 30, 2007. Despite the corrective compliance plan, the Legis-

lative Audit Bureau's 2009 single audit report identified that Wisconsin was not properly conducting IEVS data matching of unearned income with the IRS. Further, county and W-2 agencies did not timely follow up on data matches of wage information and unemployment insurance from DWD. As a result, the \$4.7 million penalty was imposed on the TANF block grant for FFY 2015. Wisconsin was required to replace this amount with state funds.

In 2015, DCF entered into corrective action plan to meet IEVS data matching requirements by the end of 2016. DCF reports that it has completed all documentation and taken the necessary steps under the corrective action plan to be in compliance with the IEVS data matching requirements.

### **Overpayments and Fraud**

DCF is required to recover all overpayments of benefits paid for participation in W-2 employment positions, Transform Milwaukee and Transitional jobs programs, child care subsidies, transportation assistance, and emergency assistance. Further, state law allows for recovery when a W-2 recipient receives a financial windfall (such as an inheritance, court settlement, or lottery winnings). DCF must also conduct activities to reduce payment errors and distribute funds to W-2 agencies for the administrative costs of reducing payment errors.

Overpayments may result from administrative errors, inadvertent errors in information provided by the participant, or from intentional program violations by participants willfully misreporting or failing to report eligibility information. Liability for an overpayment is joint and several and extends to any parent, nonmarital coparent, or step-parent for the period of time such persons are in the W-2 group while it receives benefits.

When an overpayment of W-2, child care, or transportation benefits is detected, the W-2 agency must provide notification to the participant stating the reason for the overpayment, the time period in

which it occurred, and the participant's right to appeal the overpayment determination. The participant can choose to follow the dispute resolution procedures outlined above. If still not satisfied, the participant can request a hearing under the DOA administrative review process.

If the overpayment determination becomes final after the dispute resolution procedures, DCF may recoup the overpayment through several different methods. In general, W-2 payments may be recovered through a tax intercept program. The state share of these recovered payments may be used to fund state and local welfare fraud and error reduction efforts.

For closed cases and unpaid W-2 placements, any overpayment may be recovered by the W-2 agency via a negotiated repayment agreement requiring monthly payments over a reasonable period of time.

For community service jobs and transitional placements (which provide cash grants to participants), the W-2 agency, county, or tribal governing body must ask a participant to voluntarily repay the overpayment amount. If the participant refuses, the W-2 agency must refer the individual to DCF for collection or court action. DCF is required to recover an overpayment resulting from an error by reducing the amount of the individual's benefit payment by no more than 10%. A participant may also make an additional voluntary repayment. In cases of intentional program violations, DCF must recover the overpayment by deducting the following amounts from subsequent monthly W-2 employment benefits:

- a. If the amount of the overpayment is less than \$300; 10% of the monthly benefit payment.
- b. If the overpayment is at least \$300, but less than \$1,000; \$75.
- c. If the overpayment is at least \$1,000, but less than \$2,500; \$100.

- d. If the overpayment is \$2,500 or more; \$200.

For the TEMP placements (which provide a wage subsidy to employers), DCF may recover from the participant up to the amount paid in wage subsidies while the participant was ineligible to participate. For Transform Milwaukee and Transitional Job placements (which, as discussed below, also provide a subsidy to employers), DCF may recover any overpayments from participants that result from their misrepresentation of eligibility for the program. DCF may recover overpayments from contractors that result from a contractor failing to meet performance standards or failing to comply with the terms of the contract.

For emergency assistance, in the case of an error in payment, DCF is required to recover the overpayment from the W-2 agency by offsetting the agency's W-2 contract. County departments and W-2 agencies must notify DCF if they determine that DCF may recover an overpayment. In the case of an overpayment resulting from a misrepresentation by the participant with respect to his or her eligibility, recovery may be made from the participant by any legal means, including state income tax intercept or levy against property.

A repayment will be considered delinquent if the participant fails three times to timely submit a payment by its due date. If a repayment is delinquent, DCF may issue a warrant to a county circuit court clerk that is considered a final judgment and perfected lien against all the participant's real property and personal property in that county. DCF must provide notice of the warrant to the participant, who has the right to an administrative hearing concerning the delinquency of the debt.

Once the warrant is issued and the time for a hearing has expired, DCF can direct the county sheriff to levy and seize the participant's property. The first \$1,000 in a bank account is exempt from any levy. In addition, the greater of the following is exempt from the levy: (a) a subsistence allow-

ance of 75% of the individual's disposable earnings; or (b) an amount equal to 30 times the federal minimum hourly wage for each full week of the individual's pay period.

**Local Fraud Investigation.** Administrative rules provide for incentive payments to local child care agencies for identifying fraud in Wisconsin Shares by child care providers. The incentive payment is an amount equal to the average monthly subsidy payment per child during the prior fiscal year, multiplied by the number of children participating in the subsidy program for whom the provider provides care, multiplied by 1.5 months.

The incentive payment may be used to either: (a) add to next year's child care fraud contract (or its existing child-care fraud contract if requested in the first half of the contract term) with DCF; or (b) for another TANF-related purpose consistent with the state TANF plan.

In 2015, DCF provided one incentive payment to Kenosha County in the amount of \$34,044. Kenosha opted to receive those funds in its 2016 fraud allocation.

**Mandatory Fraud Reporting.** Employees of DCF, a county, or a tribal governing body must immediately report suspected fraudulent activity in public assistance programs to their immediate supervisor. The supervisor then must evaluate the report to determine whether there is reason to suspect that the fraudulent activity has occurred or is occurring. If so, the supervisor must report the fraudulent activity to DCF and, if in a county having a population of 145,000 or more, to the sheriff. Any person who fails to report suspected fraudulent activity may be required to forfeit not more than \$1,000.

The identity of the employee reporting fraud must remain confidential if it is reasonably possible to do so. Any person who reports suspected fraudulent activity in good faith has immunity from any liability, civil or criminal, that may result. DCF, a county, a tribal governing body, and

their employees are prohibited from taking disciplinary action against, or threatening to take disciplinary action against, any person because the person in good faith reported suspected fraudulent activities. Any employee subjected to, or threatened with, disciplinary action is allowed to file an equal rights complaint or a fair employment claim.

**Criminal Penalties.** Pursuant to 2013 Act 226, the Department of Justice and district attorneys are authorized to prosecute violations of criminal laws affecting any public assistance program, including W-2, FoodShare, and medical assistance. It is a Class A misdemeanor to (a) intentionally make, or cause to be made, any false statement or representation of material fact in any application for W-2 benefits; or (b) conceal or fail to disclose an event which would affect the initial or continued eligibility for W-2 benefits. If accomplished by furnishing items or services for which payment is or may be made under W-2, such violations constitute a Class H felony.

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## Other Related Programs

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### Transform Milwaukee and Transitional Jobs Program

The Transform Milwaukee program, which was created under 2013 Act 20 and took effect on July 1, 2013, provides employers in the City of Milwaukee with financial subsidies if they hire eligible low-income individuals. In contrast with W-2, childless individuals may qualify for the Transform Milwaukee program, and the income eligibility limit is higher (150% of the federal poverty level). The program is a public-private partnership focusing on the area of Milwaukee encompassed by West Silver Spring Drive, West Mitchell Street, North Sherman Boulevard, and Highway 43. A total of 867 participants were placed in Transform Milwaukee jobs in 2015.

Under the program, DCF may reimburse an employer or contractor for a minimum of 20 hours per week for any of the following costs that are attributable to the employment of an eligible individual: (a) a wage subsidy equal to the amount of wages paid to the individual for hours actually worked, not to exceed 40 hours per week at the applicable federal or state minimum wage; (b) federal social security and Medicare taxes; (c) state and federal unemployment taxes; and (d) worker's compensation insurance premiums. An employer or, subject to DCF's approval, a contractor, may pay a participant an amount that exceeds the wage subsidy. Participants can work in the program for a maximum of 1,040 hours.

To be eligible to participate in the program, an individual must: (a) be at least 18 years of age; (b) if older than 24 years of age, be a parent of a child under age 18 or be a relative and primary caregiver of a child under age 18; (c) have an annual household income below 150% of the FPL; (d) be unemployed for at least four weeks; (e) be ineligible to receive unemployment insurance benefits; and (f) not be participating in a W-2 employment position. An individual in foster care who met the above criteria when obtaining the subsidized job is permitted to remain in the program after reaching the age of 22 until they complete the subsidized job.

Furthermore, pursuant to the Transform Milwaukee policy manual, those meeting the above eligibility requirements must also reside within the boundaries of the program's service area and be a parent with a child support order or a reunification plan, or be an ex-offender. However, such additional requirements do not apply to those individuals between 18 and 21 years of age who are in out-of-home care or reside in Milwaukee County and are transitioning into independent living.

**Transitional Jobs Program.** Subsequent to the enactment of the Transform Milwaukee program, 2013 Act 113 authorized DCF to establish a similar program in areas outside Milwaukee, to the

extent funding is available. DCF must give priority to areas having relatively high rates of unemployment and childhood poverty and other areas with special needs that DCF determines should be given priority. The same eligibility and program requirements apply to both programs.

The program expanded beyond Milwaukee to Forest, Langlade, Menominee, Florence, Ashland, Bayfield, Iron, Sawyer, Rusk, Taylor, and Rock (Beloit only) Counties. As of September 30, 2016, 184 participants have been placed in transitional jobs.

Three entities have contracted to administer the program locally in four geographic regions: (a) Community Action, Inc. in the Urban Southwest Region (Beloit); (b) UMOS, Inc. in the Rural Northeast Region (Forest, Langlade, Menominee, and Florence Counties) and the Urban Southeast Region (Racine county); and (c) the Northwest Wisconsin Concentrated Employment Program, Inc. in the Rural Northwest Region (Ashland, Bayfield, Iron, Sawyer, Rusk, and Taylor counties). Generally, the local agencies will take applications from participants in these areas and match them with employers.

### **FoodShare Wisconsin**

FoodShare, which is the state's name for the federal supplemental nutrition assistance program (SNAP) authorized under Title 7, Chapter 51 of the U.S. Code, provides federally-funded benefits to individuals and families to purchase food from participating grocery stores and other retailers. The Department of Health Services administers the program in compliance with federal law and policy, and contracts with multi-county income maintenance consortia to conduct eligibility determinations and case management functions. In Milwaukee County, these services are performed by state staff at Milwaukee Enrollment Services.

Federal regulations allow states to extend "categorical eligibility" for SNAP to individuals

with income less than 200% of the FPL who also qualify for TANF-funded services (\$40,320 for a family of three in 2016). This option is currently in effect in Wisconsin. Participants must also meet various non-financial criteria, such as citizenship requirements. As of July 1, 2016, 717,400 Wisconsin residents lived in families that received FoodShare benefits.

For additional information on this program, see the Legislative Fiscal Bureau's informational paper entitled, "FoodShare."

### **Kinship Care**

TANF funds are budgeted to support monthly payments to certain qualifying individuals who care for relative children. In 2017, a qualifying caregiver receives \$232 per month per child as a "kinship care" payment. In addition, a relative who has been appointed as a guardian of a child may be eligible to receive "long-term kinship care payments," which are similar to kinship care payments. In counties and tribes other than Milwaukee County, relative caregivers receive these payments from the county or tribe, while caregivers in Milwaukee County receive these payments from DCF (which administers child welfare services in that county). Each calendar year, DCF allocates funding to counties to support the estimated costs of making these payments.

The state has implemented a foster care licensing system in the child welfare system based on the level of care needed for a child. As a part of this effort, there has been a shift to license kinship care relatives in order to be able to claim additional federal funds. If a child is placed in the home of a kinship care relative under a court order, the relative is required to apply for a foster home license. However, the kinship care program still exists for relative caregivers who do not become licensed foster parents.

Relatives of minor children are eligible for kinship care payments if the following conditions ap-

ply:

- The kinship care relative applies to the county, tribe, or DCF for kinship care payments and, if the placement is court-ordered, applies for a foster home license as well;
- The county, tribe, or DCF determines that there is a need for the child to be placed with the kinship care relative and that the placement with the relative is in the best interests of the child;
- The county, tribe, or DCF determines that the child meets, or would be at risk of meeting, one or more of the criteria regarding the need for protective services;
- The county, tribe, or DCF conducts a background investigation to determine if the kinship care relative (and employees, prospective employees, and adult household residents who would have regular contact with the child) have any arrests or convictions that could adversely affect the child or the kinship care relative's ability to care for the child;
- The kinship care relative states that he or she (and employees, prospective employees, or other adults in the residence) have no arrests or convictions that could adversely affect the child or the ability to care for the child;
- The kinship care relative cooperates with the application process, including applying for other forms of assistance for which the child may be eligible;
- The kinship care relative is not receiving any other kinship care, foster care, subsidized guardianship, or interim caretaker payment with respect to the same child; and
- The child for whom the kinship care relative is providing care and maintenance is not receiving SSI benefits.

The kinship care program is not administered as a statewide benefits program with a single budget. For this reason, although total funding budgeted for the program on a statewide basis may be sufficient to support all kinship care benefits costs, individual counties and tribes may have surpluses and shortfalls in their kinship care budgets when their actual caseloads do not correspond with the initial funding allocations they receive from DCF. DCF makes adjustments to the initial calendar year county allocations, based on caseload information the agency receives from counties. By rule, DCF, counties, and tribes may place eligible caregivers on waiting lists to receive kinship care benefits if the amount of funding allocated for these payments is insufficient to support caseloads. However, individuals who care for children under a court order may not be placed on waiting lists to receive these payments.

### **SSI Caretaker Supplement**

The SSI program provides cash benefits to low-income individuals who are elderly, blind, or disabled. SSI recipients with dependent children receive a "caretaker supplement" payment in addition to state and federal SSI benefits. Eligible SSI participants receive \$250 per month for the first child and \$150 per month for each additional child. SSI recipients qualify for the caretaker supplement if (among other criteria) all custodial parents receive state SSI benefits, the child does not receive an SSI benefit, and the child would have qualified for the former AFDC program under that program's eligibility requirements. SSI recipients may not participate in W-2 employment positions.

For additional information on this program, see Legislative Fiscal Bureau informational paper entitled, "Supplemental Security Income."

### **BadgerCare Plus**

Wisconsin's medical assistance program provides health care benefits to certain individuals and families through BadgerCare Plus, with eli-

gibility requirements set in federal and state law. Adults in households with income of no more than 100% of the FPL (\$20,160 for a family of three in 2016), and children in households with income of no more than 300% of the FPL (\$60,480 for a family of three in 2016) qualify for coverage. In Wisconsin, most W-2 recipients qualify for medical assistance benefits because they meet eligibility requirements for BadgerCare Plus.

Legislative Fiscal Bureau informational paper entitled, "Medical Assistance and Related Programs (BadgerCare Plus, EBD Medicaid, Family Care, and SeniorCare)" provides additional information on these health programs.

### **Learnfare**

Dependent children age six through 17 in a W-2 group that includes a participant in a TEMP placement, community service job, or transitional placement are subject to the Learnfare school attendance requirement unless otherwise exempt. Each child must be enrolled in school, or must have been enrolled in the immediately preceding semester. In addition, certain persons must participate in case management services, including minor parents, habitual truants (absent from school without an acceptable excuse for part or all of five or more school days during a semester), dropouts, returning dropouts, and children of individuals participating in W-2 who have been unable to participate in assigned activities due to the child's school-related problems.

The W-2 agency is required to verify enrollment during a case review. If the children and parent do not provide all information necessary for the W-2 agency to verify enrollment, the parent is not eligible for a W-2 employment position.

A financial penalty may be imposed if a child fails to meet the enrollment requirement or does not cooperate with case management services without good cause. According to the administrative rules, the penalty is a reduction in the W-2

participant's cash benefit of \$50 per month per penalty, not to exceed \$150 per month. The penalty is imposed each month until the child complies with the Learnfare requirements.

The child or W-2 participant may request a review of an agency decision. If a review is requested within 10 days of the notice of a financial penalty, the penalty will not be imposed until after the review is completed, unless the petition is withdrawn or abandoned.

### **Children First**

The children first program provides job training and work experience to noncustodial parents to promote the emotional and financial responsibility that a noncustodial parent has for his or her children. A noncustodial parent who has no current means of meeting a child support obligation may be ordered by the court into the program. A total of 589 participants were placed in children first in 2015-16.

The children first program is administered by DCF, however, DCF may contract with a county child support agency, county human/social services agency, tribal governing body, or W-2 agency to administer the program locally. In Milwaukee County, DCF contracts with the Milwaukee County Department of Child Support Services, which subcontracts with the Center for Veterans Issues, UMOS, and My Father's House for local administration.

A participant in children first is considered an employee of the W-2 agency, county department, or tribal governing body for purposes of worker's compensation benefits only. Participants are reimbursed a maximum of \$25 per month for transportation costs associated with participating in the program. The program requires a formal partnership between the county child support agency, the county/tribal judicial system, and the W-2 agency, county department, or tribal governing body.

DCF is required to pay a W-2 agency, county, or tribal governing body administering the program not more than \$400 per year for each participant. Allocations for participating agencies, county departments, or tribal governing bodies are budgeted at \$400 per year for each estimated participant. Additional program costs are paid by the agency, county, or tribal governing body. Pursuant to 2015 Act 331, a court may order a noncustodial parent to a children first program in another county if the program is reasonably close and the other county agrees to accept the parent.

A participant successfully completes the program when he or she either fulfills child support obligations for three consecutive months, or completes 16 weeks of employment and training activities.

### **Emergency Assistance**

The emergency assistance program provides assistance to needy persons with children in cases of fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. Benefits are in the form of cash, voucher, or vendor payment. W-2 agencies administer the emergency assistance program at the local level. There were 24,355 emergency assistance grants issued in 2015 and 11,162 for the six-month period from January through June of 2016.

Eligibility for emergency assistance requires the applicant to meet financial and non-financial criteria. The non-financial eligibility criteria are as follows: (a) the emergency resulted from a fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness; (b) the child's caretaker must not have received emergency assistance within the previous 12 months; (c) the family must be living and intending to reside in Wisconsin; (d) the family must be U.S. citizens or qualifying aliens; (e) the child involved was living with a qualified caretaker within six months prior to the application; and (f) assistance is needed to avoid destitution of the child or to provide living

arrangements and the need is not due to the caretaker refusing to accept employment or training without good cause.

A family is considered homeless or facing impending homelessness if: (a) the family has left or must leave its current housing because it is uninhabitable; (b) the family is experiencing a financial crisis that makes it very difficult to make a rent, mortgage, or property tax payment and the family has been notified that it will be required to leave if the payment is not made immediately; (c) the family has a current shelter that is designed for temporary accommodations such as a motel, hotel, or other shelter facility; (d) a member of the family was a victim of domestic abuse; (e) the family is without a fixed, regular, and adequate nighttime residence; (f) the family is living in a place that is not designed for, or ordinarily used as, a regular sleeping accommodation; or (g) the family has received written or oral notice that they will be removed from their rental housing because of a foreclosure action against the owner.

To be eligible for assistance due to an energy crisis, the family must: (a) have exhausted resources available through the Wisconsin home energy assistance program; (b) need assistance to obtain or maintain heat, electricity, water, or sewer service provided by a utility company; (c) have or be likely to have an immediate threat to their health or safety due to the lack of the utility service; and (d) have an energy crisis due to reasons beyond the control of all adult members or the reasons constitute good cause, as determined by the W-2 agency.

The financial eligibility criteria include: (a) gross income at or below 115% of the federal poverty level (\$23,184 for a family of three in 2016); and (b) assets at or below \$2,500 in combined equity value, excluding vehicles with an equity value of up to \$10,000 and one home. Gross income is measured similar to W-2, but excludes kinship care and foster care payments.

The actual payment amount for emergencies other than energy crisis is calculated as the lower of the following two amounts: (a) the total of the maximum payment amount per group member for that group size multiplied by the number of members in the group; or (b) the total financial need. The actual payment for energy crisis is the maximum payment amount for the group (\$500) or the amount needed to obtain or maintain essential utility service, whichever is lower.

The maximum payment amount per group member for emergencies other than energy crisis is as follows: (a) \$258 per group member when the group is two members; (b) \$172 per group member when the group is three members; (c) \$129 per group member when the group is four or five members; and (d) \$110 per group member when the group is six or more members.

Financial need due to impending homelessness is the unpaid rent and related late fees and court costs. The financial need due to homelessness is the first month's rent, security deposit, and necessary household items. Financial need due to fire, flood, or natural disaster is the total need from all of the following: (a) temporary housing; (b) first month's rent and security deposit; (c) clothing; (d) food; (e) medical care; (f) transportation; (g) necessary appliances and household items; and (h) necessary home repairs.

Emergency assistance payments can only be used for temporary or transitional shelter in cases where the need arises out of a fire, flood, or natural disaster. Recipients who are homeless or facing impending homelessness may only use assistance to obtain or retain permanent living accommodations. W-2 agencies are also required to determine the emergency assistance group's social service needs and make appropriate referrals for services such as counseling, family shelter, and child care funding.

W-2 agencies must determine eligibility for emergency assistance within five working days. If

the group is found eligible, assistance must be provided within the same five working days.

An individual may petition the W-2 agency for a review within 45 days of the agency's action if: (a) the application for emergency assistance is not acted upon promptly; (b) assistance is partially or wholly denied; (c) the award is modified or canceled; or (d) the reward is insufficient. The person must be given reasonable notice and opportunity for a review, and a decision must be rendered as soon as possible. In addition, the individual may request that DCF review the agency's decision within 14 days of the decision.

### **Eligibility for Other Programs**

**Weatherization Assistance.** The weatherization assistance program, administered by DOA, provides energy conservation services, such as adding insulation, installing programmable thermostats, and modifying, repairing, or replacing heating systems. A W-2 group in which one member is a participant in a W-2 cash grant program (such as a community service job or a transitional placement) is categorically eligible for weatherization assistance.

**Low-Income Home Energy Assistance Program.** The low-income home energy assistance program, administered by DOA, provides financial assistance to offset energy costs and assists households facing an energy crisis. Similar to eligibility for weatherization assistance, a W-2 group in which one member is a participant in a cash grant program is categorically eligible for energy assistance.

**Federal Nutrition Programs.** Children receiving TANF assistance are automatically eligible for free school meals and other child nutrition programs. Women, infants, and children receiving TANF assistance are also eligible for the supplemental nutrition program for women, infants, and children.

**Homestead Tax Credit.** Property taxes or

rent under the homestead tax credit are reduced by one-twelfth for each month or portion of a month that a claimant participated in a W-2 community service job or transitional placement or received W-2 benefits as the custodial parent of an infant or as a pregnant woman in the third trimester of an at-risk pregnancy.

**Funeral, Burial and Cemetery Costs.** DHS is required to pay funeral, burial, and cemetery expenses for most individuals who, at the time they died, were receiving W-2, SSI, or medical assistance benefits, and whose estates are insufficient to pay these expenses. The payment for funeral and burial expenses is the lesser of \$1,500 or the amount not paid by the decedent's estate or by other persons. The payment for cemetery expenses is the lesser of \$1,000 or the amount not paid by the decedent's estate or by other persons. DHS does not provide any reimbursement for funeral and burial expenses if these expenses exceed \$4,500, and does not provide any reimbursement for cemetery expenses if total cemetery expenses exceed \$3,500. DHS may waive these reimbursement limits if it determines that special circumstance exist. Funeral homes, cemeteries and crematories must submit claims for reimbursement within 12 months of the date of a qualifying individual's death.

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### **W-2 Administration**

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The W-2 program can be administered at the local level by governmental and private agencies that enter into contracts with DCF. DCF pays W-2 benefits as a direct state activity and may impose enrollment limits on any geographic area at any time during the contract period.

There have been seven sets of contracts since W-2 replaced AFDC. The seventh contract period covers calendar years 2013 through 2016. The 2013-2016 W-2 agency contracts provide for up

to four additional two-year extensions. As a result, the current set of contracts could remain in effect for a period of 12 years until December of 2024. DCF exercised its first option to renew the contract for a two-year extension through 2018.

### **Contracting Process**

State law authorizes DCF to award a contract to any person to administer the W-2 program in a geographical area determined by DCF. DCF may either award a contract on the basis of a competitive process approved by DOA or award a contract to a W-2 agency if that agency has met performance standards under the immediately preceding contract period.

The competitive process used to award contracts must include cost and prior experience criteria. Agencies that do not meet the performance standards under the preceding contract are permitted to apply for the new contract under the competitive process. Agencies that meet the performance standards but opt not to compete for a subsequent contract must notify their employees at least six months prior to the expiration of the contract.

If no acceptable provider in a geographical area is selected under the competitive bidding process, DCF must administer the program in that area. However, the Secretary of DOA is authorized to waive the normal state procurement requirements with respect to a contract entered into by DCF for the administration of W-2 under certain conditions.

**Geographical Areas.** DCF must determine the geographical area that each W-2 agency will cover. No area can be smaller than one county, except on federally recognized American Indian reservations and in Milwaukee County. An area may include more than one county.

If any changes are made to the geographical area for which a W-2 agency is responsible, DCF

is required to use a competitive process to award the W-2 contract for that area, regardless of whether the W-2 agency has met the performance standards required for continued selection under a contract.

The current W-2 agency contracts consolidated the state into 10 geographical areas--four areas in Milwaukee County and six that divide the rest of the state. As a result, no W-2 agency earned the right under the previous W-2 contracts to first selection in their respective geographic areas. Table 9 shows the contracted agencies and regions.

### **Contract Requirements**

W-2 contracts must require each W-2 agency to establish one or more community steering committees to participate in the implementation of the W-2 program. Steering committees: (a) advise the W-2 agency concerning employment and training activities; (b) identify and encourage employers to provide permanent, subsidized jobs, and work experience opportunities; (c) coordinate with local workforce development boards; and (d) may foster and guide the entrepreneurial efforts of W-2 participants and furnish mentors to provide job-related guidance.

Each steering committee consists of no more than 20, members. Each county that the W-2 agency serves must be represented on a committee by a member who is a representative of a county department responsible for economic development, of a city department responsible for economic development of a city that is in that county, or of the business community in that county. The W-2 agency must appoint at least one representative of business interests as a committee member. The committee must appoint a chairperson who represents business interests. Because W-2 agencies span many counties, they are authorized to appoint as many committees as necessary to allow the required representation on each committee without exceeding the maximum number of committee members.

**Table 9: W-2 Agencies**

Agency	Region	County
America Works of Wisconsin, Inc	East Central Milwaukee	Milwaukee
ResCare Workforce Services	Southeast	Kenosha, Ozaukee, Racine, Walworth, Washington, and Waukesha
Forward Service Corporation	North Central Northeast Southwest	Adams, Brown, Calumet, Columbia, Dane, Dodge, Door, Florence, Fond du Lac, Forest, Grant, Green, Green Lake, Iowa, Jefferson, Juneau, Kewaunee, Lafayette, Langlade, Lincoln, Manitowoc, Marathon, Marinette, Marquette, Menominee, Oconto, Oneida, Outagamie, Portage, Price, Richland, Rock, Sauk, Shawano, Sheboygan, Taylor, Vilas, Waupaca, Waushara, Winnebago, Wood
Maximus Human Services, Inc	West Central Milwaukee	Milwaukee
Ross Innovative Employment Solutions Corp	Northern Milwaukee	Milwaukee
UMOS, Inc	Southern Milwaukee	Milwaukee
Workforce Connections, Inc	Western Milwaukee	Buffalo, Crawford, Jackson, La Crosse, Monroe, Pepin, Trempealeau, and Vernon
Workforce Resource, Inc	Northwest	Ashland, Barron, Bayfield, Burnett, Chippewa, Clark, Douglas, Dunn, Eau Claire, Iron, Pierce, Polk, Rusk, Sawyer, St. Croix, and Washburn

Each agency contract also must contain provisions requiring the W-2 agency to perform several activities including: (a) employ at least one financial and employment planner to work with participants; (b) employ staff to meet the needs of participants who are refugees and have cultural or linguistic barriers; and (c) ensure that services delivered under W-2, the FoodShare program, and MA are coordinated in a manner that most effectively serves the recipients of those services. Under the 2013-2016 W-2 agency contracts, each of the W-2 agencies for the 10 geographical areas must maintain the following minimum staff positions: W-2 program director, W-2 program manager, quality assurance manager, finance manager, IT manager, and financial and employment planner.

In addition, W-2 agencies are required to: (a) determine eligibility for and administer child care assistance if DCF contracts with the W-2 agency to do so; (b) provide, or contract with another per-

son to provide, credit establishment and credit repair assistance after submission of a proposed plan to DCF; (c) provide a single-page description of all benefits and services that may be provided to any individual by a W-2 agency; and (d) perform any other tasks specified by DCF in the W-2 agency contract that DCF determines are necessary.

W-2 agencies are also required to establish a referral relationship with other employment and training programs, to encourage employers to make training available on business sites for participants, and to work with the Wisconsin Economic Development Corporation to coordinate services. W-2 agencies may also establish a nutrition outreach program with the community steering committee, and may coordinate with local food pantries and food banks and other interested parties to increase the supply of food available.

**Audits of W-2 Agencies.** W-2 agencies are subject to audit by the Legislative Audit Bureau. The Bureau may inspect, at any time, any W-2 agency's records as the Bureau deems appropriate and necessary. In performing audits of W-2 agencies, the Bureau may audit only the records and operations of the agencies that pertain to the receipt, disbursement, or other handling of state appropriations. If the Bureau inspects the records of individual participants, it must protect the confidentiality of those records. DCF may also require a W-2 agency to submit to an independent annual audit paid for by the agency.

**Financial Accountability.** Under the contracts, W-2 agencies are paid using a performance-based model for achieving outcomes for participants. No payments are provided if W-2 agencies submit reports or claims that are incomplete or lacking in documentation. Annual fiscal reviews ensure that expenditures are for eligible individuals and are allowable under federal regulations. DCF may withhold, deduct, reduce, or recover payments for disallowed costs.

W-2 agencies may spend money in the manner they determine to be most effective in reaching the performance outcomes. Although W-2 agencies are not paid according to the costs they incurred, they are required to report all program expenses incurred for operating W-2 and related programs. These costs must be allowable costs that comply with federal TANF cost reporting guidelines.

### **Performance Standards**

DCF must establish performance standards for the administration of W-2. If an agency does not meet these standards, DCF may withhold any or all payment from the agency.

In addition to the statutorily-required criteria, the W-2 contracts require agencies to meet additional minimum standards of performance. Further, DCF may negotiate with a W-2 agency for additional outcomes if the agency has attained all of its target outcomes under the contract.

### **Payment under the 2013-2016 W-2 Agency Contracts (2017-2018 extension)**

The payment structure under the contracts provides W-2 agencies with a monthly capitated payment. In 2017, capitation payments will not exceed 30% of the maximum contract budgeted amount. Pursuant to contract changes made in 2016, Milwaukee agencies receive a monthly capitated payment of \$160 per case and agencies in all other counties receive \$200 per case.

The remaining 70% of payments are based on performance standards and achieving additional outcomes for applicants. Performance payments are paid to W-2 agencies each month on a per-outcome basis as negotiated with each W-2 agency under the contracts. DCF may pay for additional outcomes above these targets up to the maximum total allocation for the geographical area. For example, W-2 agencies may be paid a negotiated amount for each unsubsidized job attained by W-2 participants in that agency.

Finally, W-2 agencies may also be reimbursed for certain allowable costs and for achieving work participation rates. W-2 agencies that meet the federal all-families work participation rate of 50% for their geographical area will receive certain quarterly payments above their total allocation amounts.

Table 10 displays the total maximum allocation for capitated payments, performance outcome payments, cost reimbursement, and work participation rate payments in calendar year 2016 for each W-2 agency. The total amount budgeted cannot be exceeded in terms of payment for capitated enrollment, performance payments, or those parts of the W-2 program reimbursed on a cost basis.

W-2 agencies are also reimbursed for allowable costs for TEMP placements, emergency assistance benefit payments, contracted child care, refugee cash assistance, and other refugee services. TEMP cost reimbursements are shown in Table 10.

**Table 10: 2016 W-2 Agency Contract Amounts**

Agency	America Works of Wisconsin, Inc.	ResCare Workforce Services	Forward Service Corporation	Maximums Human Services, Inc	Ross Innovative Employment Solutions Corp.	UMOS, Inc.	Workforce Connections, Inc.	Workforce Resource, Inc.	Total
<b><u>Maximum Capitated Amount</u></b>	\$2,707,477	\$1,917,897	\$5,793,347	\$2,468,424	\$2,796,318	\$2,623,799	\$260,295	\$632,442	\$19,200,000
<b><u>Performance Outcome Payments</u></b>	\$4,061,210	\$2,876,845	\$8,690,021	\$3,702,615	\$4,194,477	\$3,935,682	\$390,442	\$948,663	\$28,799,954
Job Attainment	1,291,950	1,108,800	2,694,100	1,177,222	1,390,127	1,371,000	131,400	296,500	9,461,099
Long-Term Participant Job Attainment	131,950	71,200	125,672	134,211	154,154	48,025	8,574	17,614	691,400
Partial Job Attainment	62,994	122,400	348,475	159,910	178,313	63,360	19,800	25,473	980,725
Job Retention	1,302,200	833,450	2,797,560	1,069,151	1,193,940	1,096,500	120,815	268,840	8,682,456
Work Participation Rate Numerator	841,680	475,680	1,745,360	634,320	814,640	853,040	55,040	217,440	5,637,200
Noncustodial Parents Served	121,836	86,305	260,702	111,079	125,834	118,071	11,713	28,460	864,000
SSI/SSDI Attainment	30,000	31,660	212,751	133,712	66,009	135,366	14,400	25,666	649,563
Emergency Assistance Applications	278,600	147,350	505,400	283,010	271,460	250,320	28,700	68,670	1,833,510
<b><u>Quarterly Incentive Payments</u></b>									
Work Participation	\$156,077	\$107,967	\$242,877	\$136,336	\$159,149	\$151,578	\$14,960	\$31,052	\$999,996
<b><u>Cost Reimbursement - TEMP</u></b>	<b><u>\$1,274,950</u></b>	<b><u>\$427,295</u></b>	<b><u>\$850,095</u></b>	<b><u>\$1,059,570</u></b>	<b><u>\$1,221,940</u></b>	<b><u>\$366,140</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$5,199,990</u></b>
<b>Total Contract Amount</b>	\$8,199,714	\$5,330,004	\$15,576,340	\$7,366,945	\$8,371,885	\$7,077,199	\$665,697	\$1,612,157	\$54,199,940

Capitation rates and enrollment targets, performance-based payments and targets, whether to delete or add any performance outcomes, and any other adjustments to the geographic area's budget may be renegotiated annually if mutually agreed to do so by the W-2 agency and DCF. This process begins in August of each contract year.

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## Program Funding and Participation

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### Program Funding

The primary source of funding for the W-2 and child care programs is the federal TANF block grant. Additional funding is provided by the federal Child Care Development Fund (CCDF), state GPR appropriated to DCF, segregated funding from low-income public benefits, and other program revenues.

Wisconsin's annual TANF block grant allocation from the federal government is \$318.2 million. Under federal law, a tribal organization in a state may elect to operate a separate tribal public assistance program. For a tribe that submits an acceptable plan, the federal government will provide funding to the tribe and reduce the state's TANF block grant by an equivalent amount. After accounting for the nine separate tribal programs (Bad River, Forest County Potawatomi, Red Cliff, Mole Lake Sokaogon, Lac du Flambeau, Stockbridge-Munsee Mohican, Oneida, Menominee, and Lac Courte Oreilles), Wisconsin's adjusted TANF block grant is estimated at \$313.9 million in 2016-17.

A key provision of federal law is a maintenance-of-effort (MOE) requirement, which obligates the state to spend an amount of state dollars equal to 75% of historic state expenditures if the state meets federal mandatory work requirements (\$167.3 million for Wisconsin), or 80% if the state does not meet these requirements (\$178.4

million for Wisconsin). Historic state expenditures are based on the former AFDC program. In addition, the MOE may be reduced by the percentage reduction in the state's TANF block grant attributable to tribal programs. Wisconsin reported MOE spending of \$267.8 million in FFY 2015, which is approximately 120% of historic expenditures. More information regarding allowable state expenditures for the MOE requirement is provided in Appendix B.

### 2015-17 Revenues and Expenditures

Table 11 shows actual and budgeted revenues and expenditures for W-2 and other economic support programs for the 2015-17 biennium. The 2015-16 figures reflect amounts budgeted in 2015 Wisconsin Act 55, and more recent estimates of actual expenditures in that year as provided by DCF. The figures for 2016-17 are budgeted amounts, which reflect 2015 Act 55, more recent revenue and expenditure estimates, and reallocations approved by the Department of Administration pursuant to Wis. Sta. § 49.175(2). A description of revenues and expenditures follows.

**Revenues Available for Public Assistance Programs.** As shown in Table 11, total revenues available for public assistance programs in 2015-16 were \$768.5 million compared to the budgeted amount of \$725.0 million. Revenues are estimated at \$800.2 million for 2016-17.

*State Funding.* State funding included \$179.4 million (\$159.8 million GPR, \$10.5 million PR, and \$9.1 million SEG) in 2015-16, and is estimated at \$174.4 million (\$160.4 million GPR, \$4.9 million PR, and \$9.1 million SEG) for 2016-17. The program revenue is primarily from child support collections assigned to the state by public assistance recipients. It also includes funds from welfare fraud and overpayment recoveries, W-2 agency filing fees, and child care licensing fees. Additional program revenue in 2015-16 was available from federal income augmentation rev-

**Table 11: TANF-Related Revenues and Expenditures**

	Budget 2015-16	Actual 2015-16	Budget 2016-17
<b>Revenues</b>			
State General Purpose Revenue (GPR)	\$160,373,800	\$159,781,600*	\$160,373,800
TANF Block Grant (FED)	312,713,400	312,713,400	313,896,000
TANF Contingency Fund (FED)	15,031,500	30,827,300	10,463,200
Child Care Block Grant (FED)	91,123,300	94,916,500	95,200,900
TANF and CCDF Recoveries (FED)	4,286,600	4,798,300	4,287,600
Carryover from Prior Year (All Funds)	122,617,900	145,791,700	201,961,700
Child Support Collections (PR)	3,010,800	3,914,500	3,010,800
Child Care Licensing Fees (PR)	1,700,400	1,688,100	1,650,000
Income Augmentation Receipts (PR)	4,730,300	4,730,300	0
AFDC Recoveries, State Share (PR)	160,600	81,000	160,600
SSBG from DHS (PR)	100,000	100,000	100,000
Public Benefits Funding (SEG)	<u>9,139,700</u>	<u>9,139,700</u>	<u>9,139,700</u>
Total Available	\$724,988,300	\$768,482,400	\$800,244,300
<b>Expenditures</b>			
<i>Wisconsin Works</i>			
Subsidized Employment Benefits	\$83,000,000	\$51,340,400	\$55,000,000
W-2 Service Contracts	58,336,500	49,630,000	55,000,000
<i>Other TANF Employment Programs</i>			
Transform Milwaukee/Transitional Jobs	6,000,000	3,841,700	8,500,000
<i>Child Care</i>			
Direct Child Care Subsidies	262,064,700	255,359,800	280,719,700
Quality Care for Quality Kids	15,492,700	17,088,000	15,492,700
Child Care State Administration	35,181,800	34,970,700	33,185,500
<i>Other Benefits</i>			
Kinship Care Benefits	21,222,700	20,621,600	21,435,000
Caretaker Supplement for Children of SSI Recipients	31,338,200	23,449,800	31,338,200
Emergency Assistance	8,500,000	6,592,000	8,500,000
<i>Child Support Related to W-2</i>			
Children First	1,140,000	673,600	1,140,000
<i>Administrative Support</i>			
State Administration	15,080,200	13,533,500	15,295,800
Local Fraud Aids	605,500	515,800	605,500
<i>Grant Programs</i>			
Grants to Boys and Girls Clubs of America	1,175,000	1,163,100	1,175,000
Wisconsin Community Services	400,000	380,200	400,000
Fostering Futures - Connections Count	0	0	360,300
GED Testing	127,000	47,300	115,000
Adult Literacy	41,600	15,500	41,600
Legal Services	500,000	252,800	500,000
<i>Expenditures in Other Programs</i>			
Earned Income Tax Credit	67,600,000	67,600,000	69,700,000
SSBG Transfer to DHS/Community Aids	15,018,700	15,018,700	14,653,500
Child Welfare Safety Services	3,647,200	3,101,700	5,392,700
Child Welfare Prevention Services	<u>1,389,600</u>	<u>1,315,500</u>	<u>1,389,600</u>
Total Expenditures	\$627,861,400	\$566,520,700	\$618,440,100
<b>Ending Balance</b>	\$97,126,900	\$201,961,700	\$181,804,200

Source: Based on information available from the Department of Children and Families as of December, 2016.

\*Does not include \$592,200 GPR lapsed pursuant to 2015 Act 55.

enue, referred to as "targeted case management funds," which are federal Title XIX medical assistance reimbursements for certain case management activities conducted by child welfare caseworkers. Such funds will no longer be claimed in future years. The segregated revenue was established in 2003 Act 33, which created an annual appropriation funded from segregated low-income public benefits funding.

*Annual Federal Funding.* Federal funding totaled \$443.2 million in 2015-16 and is estimated at \$423.9 million in 2016-17. Federal funding includes the basic TANF block grant (\$312.7 million in 2015-16 and \$313.9 million in 2014-15), CCDF (\$94.9 million in 2015-16 and \$95.2 million in 2016-17), TANF and CCDF overpayment recoveries (\$4.8 million in 2015-16 and \$4.3 million in 2016-17), and TANF contingency funds (\$30.8 million in 2015-16 and \$10.5 million in 2016-17).

*All Funds Carryover.* Table 11 shows federal and state funding carrying over from the prior year in the amounts of \$145.8 million in 2015-16 and \$202.0 million in 2016-17.

**Public Assistance Expenditures.** Funding for W-2 and other economic support programs is allocated in the 2015-17 biennium as shown in the following paragraphs. If more funds are spent than were budgeted, the additional funds would come from programs with underspending in that year and from additional revenue.

*W-2 Subsidized Employment Benefits.* Budgeted expenditures for W-2 benefits were \$83.0 million in 2015-16 and \$55.0 million in 2016-17. This includes wage subsidies and cash grants for participants in TEMP placements, community service jobs, transitional placements, custodial parents of newborn infants, and at-risk pregnant women. Actual expenditures for subsidized employment benefits in 2015-16 were \$51.3 million.

As shown in Figure 1, benefit payments increased significantly during the 2008-2009 recession and decreased substantially after 2014. DCF indicates that the decrease in W-2 participation was in part due to jobs gains after the recession ended. Other contributing factors are the 48-month lifetime participation limit on W-2 work placements and renewed emphasis on work requirements by W-2 agencies and sanctions for nonparticipation in work activities.

*W-2 Agency Contracts.* Funding of \$58.3 million in 2015-16 and \$55.0 million in 2016-17 was budgeted for W-2 agency contracts (capitation and performance). Actual expenditures for W-2 contracts in 2015-16 were \$49.6 million.

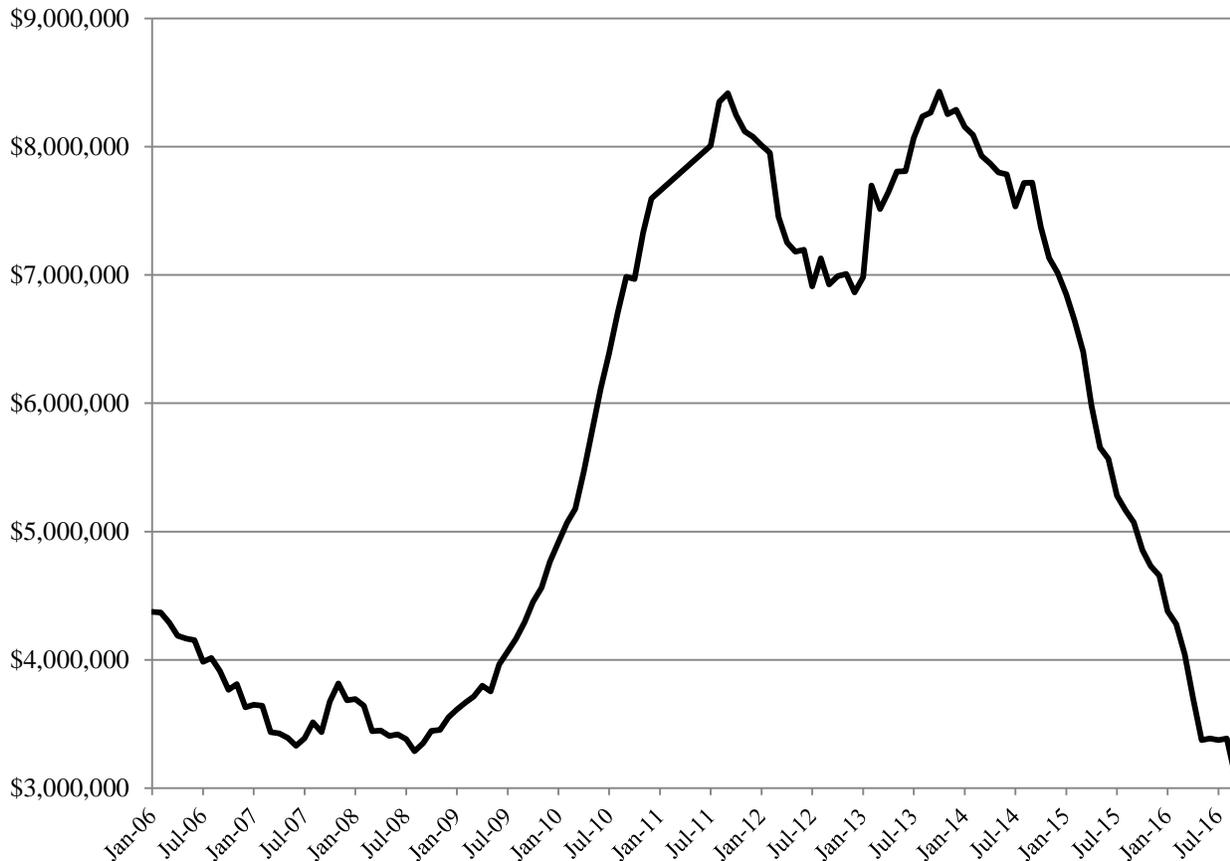
*Transform Milwaukee/Transitional Jobs Program.* Under 2015 Wisconsin Act 55, the costs for the Transform Milwaukee and Transitional Jobs programs were budgeted at \$6.0 million in 2015-16 and at \$7.0 million in 2016-17. Via letter dated September 19, 2016, pursuant to Wis. Stat. § 49.175(2) the Department of Administration approved DCF's request to transfer \$1.5 million from the TANF allocation for W-2 benefits to the Transform Milwaukee and Transitional Jobs allocation. As a result, the total budgeted amount is \$8.5 million in 2016-17. Actual expenditures in 2015-16 totaled \$3.8 million.

*Child Care Program.* The child care program provides funds for subsidies, programs to improve child care quality and availability, and state administration of child care, including child care licensing, as described below. The total amount budgeted for the child care program was \$312.7 million in 2015-16 and \$329.4 million in 2016-17.

*a. Child Care Subsidies.* A total of \$262.0 million in 2015-16 and \$280.7 million in 2016-17 was budgeted for child care subsidies. Actual subsidies for 2015-16 totaled \$255.4 million.

*b. Child Care State Administration.* A total

**Figure 1: Total W-2 Benefits January, 2006, through September, 2016**



of \$35.2 million in 2015-16 and \$33.2 million in 2016-17 was budgeted for state administration of the child care program, including fraud detection and prevention activities and licensing and monitoring family and group child care facilities. Funding also includes local administration in Milwaukee County. Actual expenditures totaled \$35.0 million in 2015-16.

*c. Quality Care for Quality Kids.* A total of \$15.5 million in 2015-16 and 2016-17 was budgeted for programs to improve child care quality and availability, including the quality rating and improvement system, called YoungStar. These funds are for activities designed to increase the capacity and quality of child care providers in the state.

A more thorough description of programs funded under Quality Care for Quality Kids is included in the "Indirect Child Care Services"

section of this paper. Actual expenditures totaled \$17.1 million in 2015-16.

*Kinship Care.* Budgeted expenditures for kinship care were \$21.2 million in 2015-16 compared to actual expenditures of \$20.6 million. For 2016-17, budgeted expenditures total \$21.4 million.

*Caretaker Supplement Program.* The caretaker supplement benefit is \$250 for the first eligible child and \$150 for each additional eligible child. The caretaker supplement program is funded entirely with TANF funds. Funding of \$31.3 million was budgeted in 2015-16 and 2016-17 for the caretaker supplement program benefits and administrative costs. A total of \$23.5 million was expended in 2015-16.

*Emergency Assistance.* A total of \$8.5 million was budgeted for emergency assistance in 2015-

16 and \$7.0 million is budgeted in 2016-17. Actual expenditures were approximately \$6.6 million in 2015-16.

DWD began tracking emergency assistance grants in January, 2002. The number of grants issued in calendar year 2002 totaled 7,820. After 2005 Act 25 allowed emergency assistance to be provided for homelessness or impending homelessness not related to domestic violence once in a 12-month period, rather than once in a 36-month period under prior law, emergency assistance grants issued increased to 24,355 in 2015.

*Children First.* Budgeted expenditures for the children first employment program for noncustodial parents are \$1.1 million annually. Actual expenditures for 2015-16 were \$0.7 million.

*State Administration and Local Fraud Aids.* The budget provided \$15.1 million in 2015-16 and \$15.3 million in 2016-17 for state administration of the W-2 program and other public assistance programs being funded by TANF. An additional \$0.6 million is budgeted annually to aid local fraud prevention and program integrity activities. In 2015-16, actual expenditures were \$13.5 million for state administration and \$0.5 million for local fraud aids.

*Grant Programs.* TANF funding supports various programs that provide services to eligible low-income families, as described below. The total amount budgeted for grant programs was \$2.2 million in 2015-16 and \$2.6 million in 2016-17

*a. Boys and Girls Clubs.* A total of \$1.2 million annually is budgeted for grants to the Boys and Girls Clubs of America. These grants support programs that improve social, academic, and employment skills of youth. Actual expenditures in 2015-16 totaled \$1.2 million.

*b. Wisconsin Community Services.* A total

of \$0.4 million annually supports Wisconsin Community Services, Inc. The funding is used for community building training for workshop facilitators to provide services for TANF-eligible individuals in the City of Milwaukee. In 2015-16, actual expenditures for Wisconsin Community Services, Inc. totaled \$0.4 million.

*c. Fostering Futures - Connections Count.* Beginning in 2016-17, \$0.4 million is budgeted to support the Fostering Futures - Connections Count pilot program, which assists low-income families with young children by connecting them to formal and informal support programs and services that meet their needs.

*d. High School Equivalency and General Education Development (GED) Test Assistance.* A total of \$0.1 million in 2015-16 and 2016-17 was budgeted to support GED test preparation for TANF-eligible individuals. Actual expenditures in 2015-16 were \$47,300.

*e. Adult Literacy Grants.* Funding of \$41,600 annually supports literacy training to TANF-eligible adults with low literacy or limited English proficiency skills. Grant recipients coordinate with W-2 agencies. Actual expenditures in 2015-16 were \$15,500.

*f. Legal Services for Low Income Families.* A total of \$0.5 million annually supports the Wisconsin Trust Account Foundation (WisTAF), a non-profit organization established by the Wisconsin Supreme Court. The grants support specific legal services for TANF-eligible families with incomes below 200% of the federal poverty level, such as those related to domestic abuse, sexual abuse, and restraining orders for certain at-risk elderly and disabled individuals. Actual expenditures in 2015-16 were \$252,800.

*Earned Income Tax Credit (EITC).* The federal TANF regulations allow states to utilize TANF funds for the refundable portion of state earned income tax credits. In total, the EITC cost \$101.8

million in 2015-16. Of this amount TANF funded \$67.6 million. The remaining portion of the credit is paid by GPR. TANF expenditures budgeted for 2016-17 were \$69.7 million.

*TANF for Community Aids and Children and Family Aids.* Under current federal law, states are allowed to transfer up to 10% of the state's TANF block grant funds to be used to carry out programs under the social services block grant (SSBG). In the past, the transfer amount has varied between 4.25% and 10%. These TANF funds are distributed to counties through community aids and children and family aids. A total of \$15.0 million (4.8%) of the TANF block grant was budgeted for the SSBG in 2015-16 to be used for community aids and children and family aids. The actual amount transferred in 2015-16 was \$15.0 million. The 2016-17 budgeted amount is \$14.7 million.

*Child Welfare Safety Services.* A total of \$3.6 million in 2015-16 and \$5.4 million in 2016-17 was budgeted for child welfare safety services in Milwaukee County. In 2015-16, TANF expenditures for safety services totaled \$3.1 million.

Safety services are available to families in Milwaukee County where abuse or neglect issues have been identified, but the Division of Milwaukee Child Protection Services (DMCPS) has determined that the child can remain at home safely.

In 2015, 173 children in Wisconsin and 113 families in Milwaukee received child welfare safety services. These services may include: (a) supervision, observation, basic parenting assistance, social and emotional support, and basic home management; (b) child care; (c) routine and emergency drug and alcohol screening and treatment services; (d) family crisis counseling; (e) routine and emergency mental health services; (f) respite care; (g) housing assistance; and (h) transportation. Families receive services that are appropriate to their specific situations based on the safety plan.

*Child Welfare Prevention Services.* The biennial budget provides \$1.4 million in TANF funds annually for child abuse prevention services in Milwaukee County. DCF provides funding to reduce the incidence of child abuse and neglect in Milwaukee County through two different services: (a) home-visiting services for parents in Milwaukee County; and (b) community-based grants for prevention services. TANF expenditures totaled \$1.3 million in 2015-16.

**Ending TANF Balance.** Table 11 shows an estimated ending TANF balance of \$181.8 million in 2016-17. However, this is subject to change as the figures for 2016-17 are budgeted amounts.

Table 12 shows the annual ongoing TANF revenues and expenditures based on amounts budgeted in 2016-17 with adjustments to account for one-time revenues (such as carryover funds). As shown in the table, annual expenditures exceed annual revenues by \$20.6 million.

**Table 12: 2016-17 TANF Structural Deficit**

Ongoing Revenues	\$587.8
Annual Expenditures	<u>608.4</u>
Structural Deficit	- \$20.6

As noted above, Table 12 is based on budgeted amounts in 2016-17. The TANF structural deficit could be more if actual expenditures exceed the amounts budgeted. On the other hand, if actual expenditures are less than the amounts budgeted, the structural deficit would be lower.

**Program Participation**

Table 13 shows the number of families receiving TANF-related cash benefits for 1998 through 2016. Figure 2 shows the change in the number of cases receiving cash benefits from the AFDC and TANF programs from 1985 to 2016.

**AFDC and W-2 Recipients.** The last month of AFDC was August, 1997. In that month, there

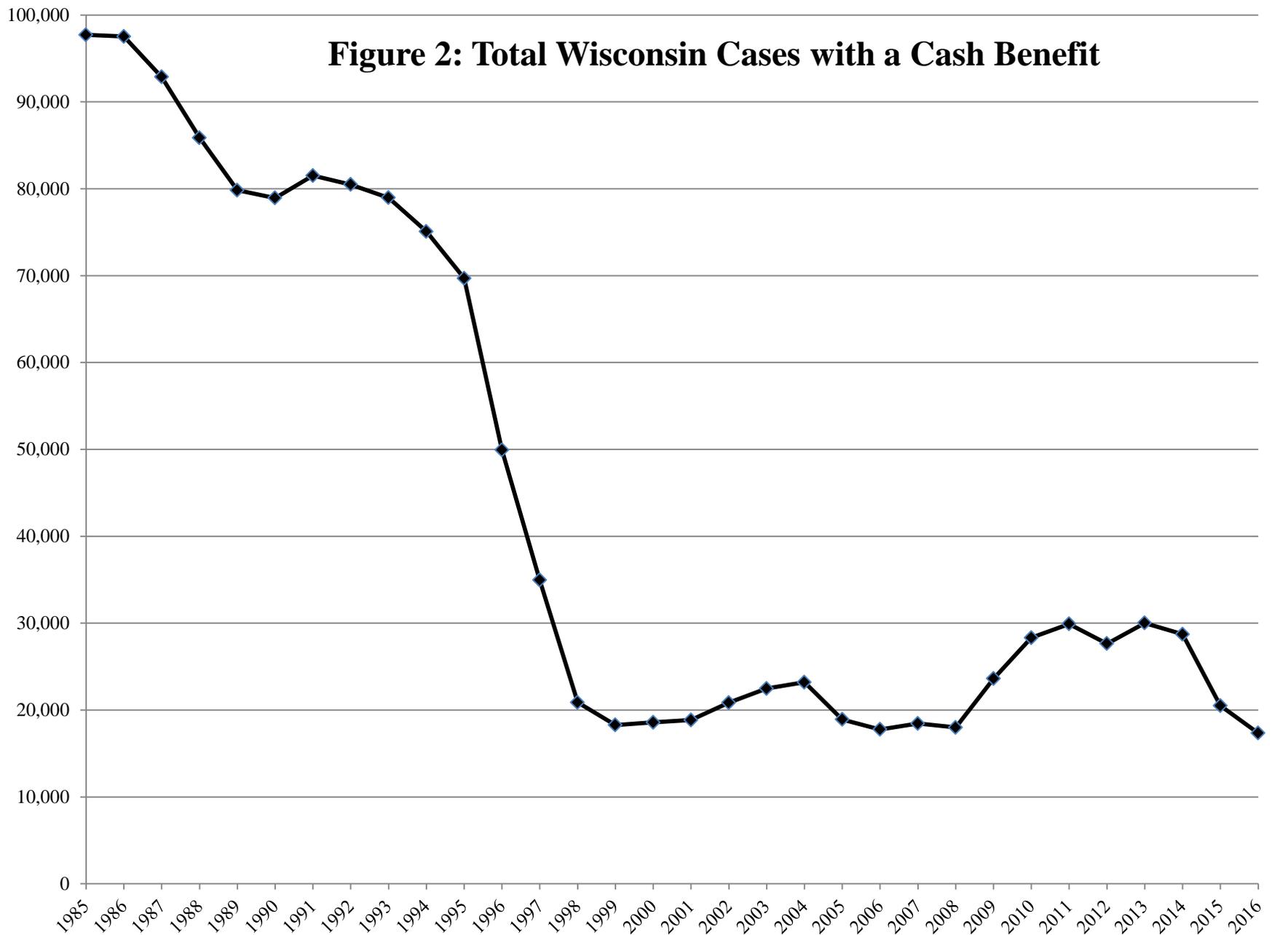
**Table 13: TANF Program Participation**

	Sept. 1998	Sept. 1999	Sept. 2000	Sept. 2001	Sept. 2002	Sept. 2003	Sept. 2004	Sept. 2005	Sept. 2006	Sept. 2007	Sept. 2008	Sept. 2009	Sept. 2010	Sept. 2011	Sept. 2012	Sept. 2013	Sept. 2014	Sept. 2015	Sept. 2016
<i>W-2 Cash Benefit</i>																			
Transitional Placements	2,261	2,452	2,510	2,665	3,335	4,003	4,703	3,513	2,953	2,858	2,543	2,822	3,981	4,593	4,322	4,821	4,496	3,396	2,511
Community Service Jobs	6,822	3,899	3,159	4,133	5,325	5,737	5,889	2,951	2,396	2,371	2,229	3,875	7,910	9,613	8,443	10,503	9,457	5,618	3,732
Trial Jobs/ TEMP	83	42	25	19	37	18	29	21	13	11	5	9	20	15	14	3	0	0	13
Caring for a Newborn	881	996	1,078	1,245	1,296	1,529	1,392	1,396	1,339	1,466	1,579	1,643	1,652	1,677	1,011	858	943	729	640
At-Risk Pregnant Women	0	0	0	0	0	0	0	0	0	0	0	0	36	41	40	33	35	24	20
<i>Other TANF Cash Benefits</i>																			
Other Subsidized Jobs Programs*	0	0	0	0	0	0	0	0	0	0	9	15	0	0	0	0	137	54	80
Kinship Care	5,163	5,368	6,232	4,893	5,200	5,263	5,188	5,149	5,320	5,581	5,603	8,655	7,770	6,773	6,571	6,803	6,821	4,709	4,661
Caretaker Supplement	<u>5,668</u>	<u>5,516</u>	<u>5,576</u>	<u>5,889</u>	<u>5,646</u>	<u>5,925</u>	<u>5,992</u>	<u>5,883</u>	<u>5,744</u>	<u>6,150</u>	<u>6,029</u>	<u>6,607</u>	<u>6,955</u>	<u>7,195</u>	<u>7,241</u>	<u>6,991</u>	<u>6,963</u>	<u>6,016</u>	<u>5,755</u>
Total Cash-Benefit Cases	20,878	18,273	18,580	18,844	20,839	22,475	23,193	18,913	17,765	18,437	17,997	23,626	28,324	29,907	27,642	30,012	28,852	20,546	17,412
Percent Change	-40.3%	-12.5%	1.7%	1.4%	10.6%	7.9%	3.2%	-18.5%	-6.1%	3.8%	-2.4%	31.3%	19.9%	5.6%	-7.6%	8.6%	-3.9%	-28.8%	-15.3%
Cumulative Change Since 1997**	-40.3%	-47.7%	-46.8%	-46.1%	-40.4%	-35.7%	-33.6%	-45.9%	-49.2%	-47.2%	-48.5%	-32.4%	-18.9%	-14.4%	-20.9%	-14.1%	-17.4%	-41.2%	-50.2%

\*Subsidized jobs programs include the real work real pay, transform Milwaukee, and transitional jobs programs.

\*\*AFDC was phased out from September, 1997, to August, 1998. In August, 1997, there were a total of 34,948 cases with a cash benefit (34,491 in AFDC plus 457 in kinship care).

**Figure 2: Total Wisconsin Cases with a Cash Benefit**



were 34,491 families receiving an AFDC benefit, including those cases in which the child receiving AFDC was living with a non-legally responsible relative or was the child of an SSI parent. Beginning in September, 1997, W-2 agencies began converting AFDC cases to the W-2 program. Cases converted to the W-2 program could have been placed in a W-2 employment position and received a cash benefit under one of those W-2 employment positions.

Alternatively, in some cases the W-2 applicant may have been determined to be eligible for case management services only. Those receiving only case management services include: (a) individuals who are currently working in unsubsidized employment and are receiving case management to retain or advance in their jobs; (b) pregnant women with no other children; (c) non-custodial parents; or (d) minor parents.

**Breakdown into W-2 Employment Positions.** During the month of September, 2016, DCF reported 6,916 cases receiving a W-2 cash benefit. Of those, 36.3% were placed in transitional placements, 54.0% were placed in a community service job, 0.2 % were placed in TEMP subsidized employment, 9.3% received a benefit as a caretaker of a child under eight weeks of age, and 0.2% received at-risk pregnancy cash benefits. Another 5,336 cases were receiving case management services only.

**Kinship Care and Caretaker Supplement Recipients.** When comparing caseloads for the AFDC program with the W-2 program, it is important to include the kinship care and SSI caretaker supplement cases, as these cases previously received AFDC benefits and are included in the August, 1997, AFDC caseloads.

*Kinship Care.* Counties began transitioning cases from AFDC to kinship care on January 1, 1997. Beginning April 1, 1997, all new cases were assessed for kinship care eligibility. It was estimated that there were 457 caretakers receiving

kinship care payments in August, 1997.

Counties were required to transfer all eligible cases to kinship care by December 31, 1997. The number of kinship care cases was at a high of 8,655 in September, 2009, and was at 4,661 in September, 2016. The kinship care caseload has declined with the effort to have kinship care parents become licensed foster parents beginning during the 2009-11 biennium.

*Caretaker Supplement.* Beginning January 1, 1998, AFDC cases involving dependent children of SSI recipients were converted to the SSI caretaker supplement. The number of families receiving a caretaker supplement was 5,755 in September, 2016.

**Caseload Trend.** Historically, Wisconsin's AFDC caseload peaked at over 100,300 in April, 1986, and then began to decline. By 1990, the average monthly number of cases had fallen 19.2% as compared to the average monthly caseload for 1986. From 1991 to 1992 the average monthly number of cases increased slightly before beginning an extended decline. In March 1996, the caseload was 62,900, when the state implemented two significant reforms: the self-sufficiency first and pay-for-performance initiatives. By August, 1997, the caseload had declined 44.4% compared to the March, 1996, caseload. Since the peak Wisconsin caseload in April, 1986, the number of cases receiving cash benefits in Wisconsin has declined by 82.6%.

Nationwide, the number of families receiving cash benefits under the AFDC program increased nearly every year from 1986 to 1994. In August, 1986, there were approximately 12.2 million AFDC recipients, representing 5.1% of the total U.S. population. In 1994, the caseload had increased to 14.2 million recipients representing 5.5% of the total population. After 1994, however, national caseloads declined after the enactment of the federal welfare reform legislation in August, 1996. As shown in Figure 3, nationwide

**Figure 3: Nationwide Number of TANF Recipients  
October, 1999, to June, 2016**



caseloads continued to decline to fewer than 3.8 million recipients in August, 2008. In 2009, caseloads increased in response to the recession up to 4.5 million cases in December, 2010, but gradually declined during the subsequent recovery.

Overall, according to caseload data from the federal Department of Health and Human Services, from August, 1996, to June, 2016, caseloads declined in every state and territory, resulting in a drop in the total number of TANF recipients over that time period of 78.3% nationwide.

The average monthly number of TANF recipients nationwide for June, 2016, was 1.16 million families composed of 2.66 million individuals, which represented approximately 0.8% of the population. Approximately 2.0 million of these recipients were children.

It should be noted that it is unclear how many cases nationwide now receive benefits under programs similar to the kinship care program and the caretaker supplement program in Wisconsin.

These cases are not all included in national caseload data because they are not all funded with TANF. Therefore, the national decline in caseloads of 78.3% is likely overstated by an unknown amount.

### **Additional W-2 Caseload Information**

More information regarding the current W-2 caseload is presented in Attachments 6 through 9. Attachment 6 shows the paid placements for each county in the state for September, 2016.

Attachment 7 shows the number of W-2 participants in September, 2016, including both subsidized and unsubsidized employment, by age of the W-2 participant. W-2 participants must be 18 years of age or older. Attachment 8 provides information regarding the number of children in W-2 groups in September, 2016, showing an average number of children of 1.9 per family. It should be noted that the number of participants in Attachment 7 is higher than the number of W-2 groups in Attachment 8 because a W-2 group may have

more than one participant.

Finally, Attachment 9 provides information on the interaction between W-2 and other services. It shows the total number of cases where participants were receiving W-2 cash assistance and/or case management services for the month of September, 2016. It compares the total W-2 caseload with the number of W-2 cases that also receive medical assistance, FoodShare, or child care services.

### Child Care Participation

Child care subsidies have increased from \$127.2 million in 1998-99 to \$348.8 million in 2008-09 and fallen back to \$239.9 million in 2015-16. These figures do not include expenditures for local administration, on-site child care, and migrant child care. Direct child care subsidies expenditures in Table 11 do include these expenditures.

Table 14 shows the level of growth in the subsidy program by comparing data for fiscal years 1998-99 through 2015-16. As reflected in Table 14, until 2008-09, the growth was due primarily to the increase in child care caseloads, although the average family subsidy amount had also increased. Program growth declined beginning in 2009-10 due to several factors, including initiatives to detect and prevent fraudulent activity, the economic downturn in 2008 and 2009, and a decline in the number of families receiving subsidies through Wisconsin Shares. DCF also reduced reimbursements to licensed family child care providers by paying for actual attendance of children, rather than the number of hours authorized for care. Growth in subsidies resumed in 2015-16 after the increases in the maximum reimbursement rates in October, 2013, and November, 2014.

**Table 14: Child Care Subsidy Growth**

Fiscal Year	Average Monthly Subsidies	Percent Growth	Average Number of Children	Percent Growth	Average Number of Families	Percent Growth	Average Subsidy Per Family	Percent Growth
1998-99*	\$10,597,636		26,763		15,412		\$688	
1999-00	13,006,963	22.7%	31,486	17.6%	17,750	15.2%	733	6.6%
2000-01	18,181,669	39.8	39,520	25.5	22,435	26.4	810	10.6
2001-02	20,875,288	14.8	44,985	13.8	25,769	14.9	810	0.0
2002-03	22,487,129	7.7	48,584	8.0	27,897	8.3	806	-0.5
2003-04	23,485,024	4.4	51,328	5.6	29,496	5.7	796	-1.2
2004-05	24,527,416	4.4	52,341	2.0	30,166	2.3	813	2.1
2005-06	25,625,124	4.5	54,191	3.5	31,006	2.8	826	1.6
2006-07	26,659,373	4.0	56,566	4.4	32,199	3.8	828	0.2
2007-08	27,824,584	4.4	58,379	3.2	32,820	1.9	848	2.4
2008-09	29,069,562	4.5	59,730	2.3	33,436	1.9	869	2.5
2009-10	26,319,216	-9.5	56,720	-5.0	32,443	-3.0	811	-6.7
2010-11	23,044,945	-12.4	54,055	-4.7	31,748	-2.1	726	-10.5
2011-12	22,571,848	-2.1	52,812	-2.3	31,501	-0.8	717	-1.3
2012-13	20,025,151	-11.3	49,147	-6.9	29,518	-6.3	678	-5.3
2013-14	19,615,076	-2.0	46,601	-5.2	27,867	-5.6	704	3.8
2014-15	19,781,256	0.8	46,131	-1.0	27,357	-1.8	723	2.7
2015-16	19,993,320	1.1	45,145	-2.1	26,476	-3.2	755	4.4
Total Growth		88.7%		68.7%		71.8%		9.8%

\*First full year for which data is available. The program began in 1997-98.

Source: Department of Children and Families

# ATTACHMENT 1

## Maximum Child Care Reimbursement Rates, Effective November 9, 2014

Counties	Licensed Group								Licensed Family								Regularly Certified				Provisionally Certified			
	0 - 2		2 - 3		4 - 5		6+		0 - 2		2 - 3		4 - 5		6+		0 - 2	2 - 3	4 - 5	6+	0 - 2	2 - 3	4 - 5	6+
	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate						
Adams	\$113.00	\$3.23	\$110.00	\$3.14	\$110.00	\$3.14	\$105.00	\$3.00	\$123.00	\$3.51	\$119.00	\$3.40	\$119.00	\$3.40	\$105.00	\$3.00	\$2.64	\$2.55	\$2.55	\$2.25	\$1.76	\$1.70	\$1.70	\$1.50
Ashland	146.00	4.17	145.00	4.14	132.00	3.77	130.00	3.71	131.00	3.74	110.00	3.14	110.00	3.14	110.00	3.14	2.81	2.36	2.36	2.36	1.87	1.57	1.57	1.57
Barron	121.00	3.46	110.00	3.14	110.00	3.14	110.00	3.14	115.00	3.29	110.00	3.14	110.00	3.14	110.00	3.14	2.46	2.36	2.36	2.36	1.64	1.57	1.57	1.57
Bayfield	138.00	3.94	125.00	3.57	120.00	3.43	116.00	3.31	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Brown	207.00	5.91	170.00	4.86	149.00	4.26	148.00	4.23	143.00	4.09	132.00	3.77	127.00	3.63	123.00	3.51	3.06	2.83	2.72	2.64	2.04	1.89	1.81	1.76
Buffalo	138.00	3.94	110.00	3.14	110.00	3.14	110.00	3.14	124.00	3.54	110.00	3.14	110.00	3.14	110.00	3.14	2.66	2.36	2.36	2.36	1.77	1.57	1.57	1.57
Burnett	138.00	3.94	126.00	3.60	126.00	3.60	126.00	3.60	132.00	3.77	119.00	3.40	115.00	3.29	115.00	3.29	2.83	2.55	2.46	2.46	1.89	1.70	1.64	1.64
Calumet	182.00	5.20	165.00	4.71	153.00	4.37	144.00	4.11	156.00	4.46	144.00	4.11	144.00	4.11	130.00	3.71	3.34	3.09	3.09	2.79	2.23	2.06	2.06	1.86
Chippewa	162.00	4.63	153.00	4.37	149.00	4.26	135.00	3.86	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Clark	121.00	3.46	117.00	3.34	117.00	3.34	117.00	3.34	112.00	3.20	110.00	3.14	110.00	3.14	110.00	3.14	2.40	2.36	2.36	2.36	1.60	1.57	1.57	1.57
Columbia	169.00	4.83	156.00	4.46	140.00	4.00	130.00	3.71	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Crawford	172.00	4.91	160.00	4.57	139.00	3.97	127.00	3.63	131.00	3.74	115.00	3.29	115.00	3.29	115.00	3.29	2.81	2.46	2.46	2.46	1.87	1.64	1.64	1.64
Dane	250.00	7.14	221.00	6.31	193.00	5.51	181.00	5.17	205.00	5.86	193.00	5.51	185.00	5.29	164.00	4.69	4.39	4.14	3.96	3.51	2.93	2.76	2.64	2.34
Dodge	165.00	4.71	165.00	4.71	143.00	4.09	143.00	4.09	135.00	3.86	125.00	3.57	122.00	3.49	122.00	3.49	2.89	2.68	2.61	2.61	1.93	1.79	1.74	1.74
Door	162.00	4.63	152.00	4.34	144.00	4.11	140.00	4.00	131.00	3.74	125.00	3.57	123.00	3.51	123.00	3.51	2.81	2.68	2.64	2.64	1.87	1.79	1.76	1.76
Douglas	165.00	4.71	157.00	4.49	141.00	4.03	132.00	3.77	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Dunn	148.00	4.23	145.00	4.14	138.00	3.94	123.00	3.51	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Eau Claire	184.00	5.26	172.00	4.91	158.00	4.51	149.00	4.26	165.00	4.71	149.00	4.26	149.00	4.26	149.00	4.26	3.54	3.19	3.19	3.19	2.36	2.13	2.13	2.13
Florence	153.00	4.37	153.00	4.37	135.00	3.86	126.00	3.60	153.00	4.37	153.00	4.37	117.00	3.34	117.00	3.34	3.28	3.28	2.51	2.51	2.19	2.19	1.67	1.67
Fond du Lac	171.00	4.89	153.00	4.37	138.00	3.94	137.00	3.91	138.00	3.94	127.00	3.63	127.00	3.63	127.00	3.63	2.96	2.72	2.72	2.72	1.97	1.81	1.81	1.81
Forest	158.00	4.51	135.00	3.86	135.00	3.86	113.00	3.23	158.00	4.51	135.00	3.86	135.00	3.86	113.00	3.23	3.39	2.89	2.89	2.42	2.26	1.93	1.93	1.61
Grant	151.00	4.31	151.00	4.31	151.00	4.31	151.00	4.31	121.00	3.46	110.00	3.14	110.00	3.14	110.00	3.14	2.59	2.36	2.36	2.36	1.73	1.57	1.57	1.57
Green	171.00	4.89	151.00	4.31	151.00	4.31	151.00	4.31	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Green Lake	161.00	4.60	145.00	4.14	139.00	3.97	139.00	3.97	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Iowa	152.00	4.34	140.00	4.00	120.00	3.43	115.00	3.29	125.00	3.57	115.00	3.29	115.00	3.29	115.00	3.29	2.68	2.46	2.46	2.46	1.79	1.64	1.64	1.64
Iron	135.00	3.86	125.00	3.57	124.00	3.54	124.00	3.54	135.00	3.86	125.00	3.57	120.00	3.43	120.00	3.43	2.89	2.68	2.57	2.57	1.93	1.79	1.71	1.71
Jackson	154.00	4.40	117.00	3.34	117.00	3.34	117.00	3.34	123.00	3.51	110.00	3.14	107.00	3.06	99.00	2.83	2.64	2.36	2.29	2.12	1.76	1.57	1.53	1.41
Jefferson	182.00	5.20	154.00	4.40	137.00	3.91	137.00	3.91	164.00	4.69	135.00	3.86	135.00	3.86	130.00	3.71	3.51	2.89	2.89	2.79	2.34	1.93	1.93	1.86
Juneau	161.00	4.60	161.00	4.60	161.00	4.60	161.00	4.60	124.00	3.54	110.00	3.14	110.00	3.14	110.00	3.14	2.66	2.36	2.36	2.36	1.77	1.57	1.57	1.57
Kenosha	222.00	6.34	200.00	5.71	176.00	5.03	171.00	4.89	190.00	5.43	175.00	5.00	165.00	4.71	155.00	4.43	4.07	3.75	3.54	3.32	2.71	2.50	2.36	2.21
Kewaunee	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	119.00	3.40	113.00	3.23	113.00	3.23	113.00	3.23	2.55	2.42	2.42	2.42	1.70	1.61	1.61	1.61
Lacrosse	171.00	4.89	143.00	4.09	143.00	4.09	141.00	4.03	143.00	4.09	132.00	3.77	127.00	3.63	116.00	3.31	3.06	2.83	2.72	2.49	2.04	1.89	1.81	1.66
Lafayette	151.00	4.31	151.00	4.31	151.00	4.31	151.00	4.31	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Langlade	162.00	4.63	145.00	4.14	140.00	4.00	130.00	3.71	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Lincoln	150.00	4.29	125.00	3.57	120.00	3.43	120.00	3.43	135.00	3.86	125.00	3.57	120.00	3.43	120.00	3.43	2.89	2.68	2.57	2.57	1.93	1.79	1.71	1.71

**ATTACHMENT 1 (continued)**

**Maximum Child Care Reimbursement Rates, Effective November 9, 2014**

	Licensed Group								Licensed Family								Regularly Certified				Provisionally Certified			
	0 - 2		2 - 3		4 - 5		6+		0 - 2		2 - 3		4 - 5		6+		0 - 2	2 - 3	4 - 5	6+	0 - 2	2 - 3	4 - 5	6+
	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate						
Manitowoc	\$165.00	\$4.71	\$149.00	\$4.26	\$149.00	\$4.26	\$145.00	\$4.14	\$149.00	\$4.26	\$135.00	\$3.86	\$135.00	\$3.86	\$130.00	\$3.71	\$3.19	\$2.89	\$2.89	\$2.79	\$2.13	\$1.93	\$1.93	\$1.86
Marathon	189.00	5.40	165.00	4.71	153.00	4.37	149.00	4.26	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Marinette	138.00	3.94	121.00	3.46	121.00	3.46	121.00	3.46	131.00	3.74	116.00	3.31	116.00	3.31	116.00	3.31	2.81	2.49	2.49	2.49	1.87	1.66	1.66	1.66
Marquette	152.00	4.34	145.00	4.14	145.00	4.14	145.00	4.14	125.00	3.57	122.00	3.49	122.00	3.49	122.00	3.49	2.68	2.61	2.61	2.61	1.79	1.74	1.74	1.74
Milwaukee	246.00	7.03	220.00	6.29	191.00	5.46	179.00	5.11	190.00	5.43	177.00	5.06	165.00	4.71	155.00	4.43	4.07	3.79	3.54	3.32	2.71	2.53	2.36	2.21
Monroe	146.00	4.17	132.00	3.77	120.00	3.43	116.00	3.31	131.00	3.74	116.00	3.31	116.00	3.31	110.00	3.14	2.81	2.49	2.49	2.36	1.87	1.66	1.66	1.57
Oconto	148.00	4.23	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	111.00	3.17	110.00	3.14	110.00	3.14	2.68	2.38	2.36	2.36	1.79	1.59	1.57	1.57
Oneida	162.00	4.63	138.00	3.94	121.00	3.46	121.00	3.46	135.00	3.86	116.00	3.31	116.00	3.31	116.00	3.31	2.89	2.49	2.49	2.49	1.93	1.66	1.66	1.66
Outagamie	190.00	5.43	174.00	4.97	157.00	4.49	155.00	4.43	150.00	4.29	136.00	3.89	135.00	3.86	130.00	3.71	3.21	2.91	2.89	2.79	2.14	1.94	1.93	1.86
Ozaukee	218.00	6.23	205.00	5.86	181.00	5.17	161.00	4.60	160.00	4.57	153.00	4.37	149.00	4.26	149.00	4.26	3.43	3.28	3.19	3.19	2.29	2.19	2.13	2.13
Pepin	138.00	3.94	120.00	3.43	120.00	3.43	115.00	3.29	132.00	3.77	123.00	3.51	123.00	3.51	110.00	3.14	2.83	2.64	2.64	2.36	1.89	1.76	1.76	1.57
Pierce	170.00	4.86	160.00	4.57	140.00	4.00	130.00	3.71	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Polk	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Portage	189.00	5.40	165.00	4.71	153.00	4.37	145.00	4.14	150.00	4.29	136.00	3.89	136.00	3.89	136.00	3.89	3.21	2.91	2.91	2.91	2.14	1.94	1.94	1.94
Price	144.00	4.11	125.00	3.57	110.00	3.14	110.00	3.14	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Racine	215.00	6.14	187.00	5.34	170.00	4.86	163.00	4.66	182.00	5.20	175.00	5.00	165.00	4.71	155.00	4.43	3.90	3.75	3.54	3.32	2.60	2.50	2.36	2.21
Richland	161.00	4.60	151.00	4.31	151.00	4.31	151.00	4.31	131.00	3.74	110.00	3.14	110.00	3.14	110.00	3.14	2.81	2.36	2.36	2.36	1.87	1.57	1.57	1.57
Rock	193.00	5.51	173.00	4.94	171.00	4.89	154.00	4.40	161.00	4.60	149.00	4.26	149.00	4.26	149.00	4.26	3.45	3.19	3.19	3.19	2.30	2.13	2.13	2.13
Rusk	132.00	3.77	116.00	3.31	116.00	3.31	110.00	3.14	124.00	3.54	110.00	3.14	110.00	3.14	110.00	3.14	2.66	2.36	2.36	2.36	1.77	1.57	1.57	1.57
St Croix	181.00	5.17	169.00	4.83	156.00	4.46	141.00	4.03	140.00	4.00	126.00	3.60	122.00	3.49	122.00	3.49	3.00	2.70	2.61	2.61	2.00	1.80	1.74	1.74
Sauk	176.00	5.03	144.00	4.11	143.00	4.09	130.00	3.71	150.00	4.29	136.00	3.89	135.00	3.86	130.00	3.71	3.21	2.91	2.89	2.79	2.14	1.94	1.93	1.86
Sawyer	127.00	3.63	110.00	3.14	110.00	3.14	110.00	3.14	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Shawano	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	111.00	3.17	110.00	3.14	110.00	3.14	2.68	2.38	2.36	2.36	1.79	1.59	1.57	1.57
Sheboygan	189.00	5.40	165.00	4.71	145.00	4.14	145.00	4.14	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Taylor	132.00	3.77	132.00	3.77	132.00	3.77	132.00	3.77	110.00	3.14	110.00	3.14	110.00	3.14	110.00	3.14	2.36	2.36	2.36	2.36	1.57	1.57	1.57	1.57
Trempealeau	132.00	3.77	121.00	3.46	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Vernon	139.00	3.97	118.00	3.37	116.00	3.31	116.00	3.31	123.00	3.51	111.00	3.17	111.00	3.17	111.00	3.17	2.64	2.38	2.38	2.38	1.76	1.59	1.59	1.59
Vilas	180.00	5.14	132.00	3.77	119.00	3.40	119.00	3.40	125.00	3.57	112.00	3.20	111.00	3.17	111.00	3.17	2.68	2.40	2.38	2.38	1.79	1.60	1.59	1.59
Walworth	176.00	5.03	154.00	4.40	139.00	3.97	138.00	3.94	150.00	4.29	140.00	4.00	135.00	3.86	130.00	3.71	3.21	3.00	2.89	2.79	2.14	2.00	1.93	1.86
Washburn	138.00	3.94	125.00	3.57	120.00	3.43	110.00	3.14	125.00	3.57	113.00	3.23	110.00	3.14	110.00	3.14	2.68	2.42	2.36	2.36	1.79	1.61	1.57	1.57
Washington	201.00	5.74	165.00	4.71	160.00	4.57	145.00	4.14	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Waukesha	234.00	6.69	205.00	5.86	185.00	5.29	179.00	5.11	202.00	5.77	175.00	5.00	165.00	4.71	155.00	4.43	4.33	3.75	3.54	3.32	2.89	2.50	2.36	2.21
Waupaca	151.00	4.31	148.00	4.23	132.00	3.77	132.00	3.77	121.00	3.46	110.00	3.14	110.00	3.14	110.00	3.14	2.59	2.36	2.36	2.36	1.73	1.57	1.57	1.57
Waushara	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	112.00	3.20	112.00	3.20	110.00	3.14	2.68	2.40	2.40	2.36	1.79	1.60	1.60	1.57
Winnebago	226.00	6.46	184.00	5.26	170.00	4.86	160.00	4.57	165.00	4.71	149.00	4.26	143.00	4.09	143.00	4.09	3.54	3.19	3.06	3.06	2.36	2.13	2.04	2.04

**ATTACHMENT 1 (continued)**

**Maximum Child Care Reimbursement Rates, Effective November 9, 2014**

	Licensed Group								Licensed Family								Regularly Certified				Provisionally Certified			
	0 - 2		2 - 3		4 - 5		6+		0 - 2		2 - 3		4 - 5		6+		0 - 2	2 - 3	4 - 5	6+	0 - 2	2 - 3	4 - 5	6+
	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate						
Wood Menominee	\$154.00	\$4.40	\$147.00	\$4.20	\$147.00	\$4.20	\$147.00	\$4.20	\$138.00	\$3.94	\$130.00	\$3.71	\$127.00	\$3.63	\$127.00	\$3.63	\$2.96	\$2.79	\$2.72	\$2.72	\$1.97	\$1.86	\$1.81	\$1.81
	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	113.00	3.23	110.00	3.14	110.00	3.14	2.68	2.42	2.36	2.36	1.79	1.61	1.57	1.57
<b>Tribes*</b>																								
Red Cliff	\$138.00	\$3.94	\$125.00	\$3.57	\$120.00	\$3.43	\$116.00	\$3.31	\$125.00	\$3.57	\$110.00	\$3.14	\$110.00	\$3.14	\$110.00	\$3.14	\$2.68	\$2.36	\$2.36	\$2.36	\$1.79	\$1.57	\$1.57	\$1.57
Stockbridge-Munsee	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	111.00	3.17	110.00	3.14	110.00	3.14	2.68	2.38	2.36	2.36	1.79	1.59	1.57	1.57
Potawatomi	246.00	7.03	220.00	6.29	191.00	5.46	179.00	5.11	190.00	5.43	177.00	5.06	165.00	4.71	155.00	4.43	4.07	3.79	3.54	3.32	2.71	2.53	2.36	2.21
Lac du Flambeau	180.00	5.14	132.00	3.77	119.00	3.40	119.00	3.40	125.00	3.57	112.00	3.20	111.00	3.17	111.00	3.17	2.68	2.40	2.38	2.38	1.79	1.60	1.59	1.59
Bad River	146.00	4.17	145.00	4.14	132.00	3.77	130.00	3.71	131.00	3.74	110.00	3.14	110.00	3.14	110.00	3.14	2.81	2.36	2.36	2.36	1.87	1.57	1.57	1.57
Sokaogon	158.00	4.51	135.00	3.86	135.00	3.86	113.00	3.23	158.00	4.51	135.00	3.86	135.00	3.86	113.00	3.23	3.39	2.89	2.89	2.42	2.26	1.93	1.93	1.61
Oneida Tribal Council	207.00	5.91	170.00	4.86	149.00	4.26	148.00	4.23	143.00	4.09	132.00	3.77	127.00	3.63	123.00	3.51	3.06	2.83	2.72	2.64	2.04	1.89	1.81	1.76
Lac Courtes Oreilles	127.00	3.63	110.00	3.14	110.00	3.14	110.00	3.14	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57

\*Ho-Chunk and St. Croix do not participate in a child care subsidy programs under Wisconsin Shares.

Source: Department of Children and Families

## ATTACHMENT 2

### 2015 Market Survey of Licensed Group Child Care Providers

Counties	00 - < 01 Years		02 - < 03 Years		04 - < 05 Years		06+ Years	
	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot
Adams	\$113.00	\$200.00	\$110.00	\$200.00	\$110.00	\$150.00	\$105.00	\$150.00
Ashland	146.00	154.50	145.00	154.50	132.00	141.75	130.00	136.50
Barron	121.00	141.29	110.00	133.97	110.00	129.12	110.00	116.44
Bayfield	138.00	138.00	125.00	125.00	120.00	125.00	116.00	125.00
Brown	207.00	235.59	170.00	200.71	149.00	179.65	148.00	173.81
Buffalo	138.00	N.A.	110.00	85.00	110.00	85.00	110.00	85.00
Burnett	138.00	N.A.	126.00	N.A.	126.00	N.A.	126.00	N.A.
Calumet	182.00	203.49	165.00	187.65	153.00	171.73	144.00	180.01
Chippewa	162.00	199.18	153.00	190.04	149.00	180.10	135.00	164.82
Clark	121.00	149.36	117.00	141.17	117.00	135.59	117.00	132.33
Columbia	169.00	201.32	156.00	179.31	140.00	154.44	130.00	147.26
Crawford	172.00	243.45	160.00	225.90	139.00	195.75	127.00	160.30
Dane	250.00	302.55	221.00	256.97	193.00	234.57	181.00	209.30
Dodge	165.00	205.80	165.00	183.00	143.00	161.11	143.00	158.19
Door	162.00	195.49	152.00	176.17	144.00	162.18	140.00	157.73
Douglas	165.00	171.29	157.00	162.41	141.00	150.85	132.00	139.81
Dunn	148.00	193.21	145.00	181.62	138.00	171.33	123.00	157.26
Eau Claire	184.00	205.71	172.00	187.87	158.00	171.10	149.00	161.14
Florence	153.00	N.A.	153.00	N.A.	135.00	N.A.	126.00	N.A.
Fond du Lac	171.00	201.44	153.00	180.10	138.00	160.68	137.00	144.79
Forest	158.00	N.A.	135.00	N.A.	135.00	N.A.	113.00	N.A.
Grant	151.00	147.52	151.00	144.48	151.00	144.48	151.00	144.48
Green	171.00	218.80	151.00	192.80	151.00	174.00	151.00	160.98
Green Lake	161.00	N.A.	145.00	N.A.	139.00	N.A.	139.00	N.A.
Iowa	152.00	182.33	140.00	159.54	120.00	159.54	115.00	159.54
Iron	135.00	N.A.	125.00	N.A.	124.00	N.A.	124.00	N.A.
Jackson	154.00	171.73	117.00	140.68	117.00	133.52	117.00	133.52
Jefferson	182.00	199.10	154.00	174.48	137.00	161.83	137.00	145.99
Juneau	161.00	186.25	161.00	177.00	161.00	162.40	161.00	162.40
Kenosha	222.00	227.78	200.00	209.03	176.00	192.18	171.00	188.01
Kewaunee	138.00	179.64	125.00	160.91	120.00	151.40	115.00	147.32
La Crosse	171.00	191.75	143.00	167.23	143.00	158.42	141.00	158.12
Lafayette	151.00	N.A.	151.00	N.A.	151.00	N.A.	151.00	N.A.
Langlade	162.00	186.25	145.00	147.50	140.00	147.50	130.00	N.A.
Lincoln	150.00	155.74	125.00	134.94	120.00	122.59	120.00	111.30
Manitowoc	165.00	190.80	149.00	173.23	149.00	171.41	145.00	160.47
Marathon	189.00	222.64	165.00	189.50	153.00	174.06	149.00	160.64
Marinette	138.00	145.41	121.00	136.44	121.00	123.81	121.00	119.36
Marquette	152.00	N.A.	145.00	N.A.	145.00	N.A.	145.00	100.00
Menominee	138.00	144.00	125.00	119.00	120.00	119.00	115.00	99.00

**ATTACHMENT 2 (continued)**

**2015 Market Survey of Licensed Group Child Care Providers**

Counties	00 - < 01 Years		02 - < 03 Years		04 - < 05 Years		06+ Years	
	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot
Milwaukee	\$246.00	\$297.90	\$220.00	\$265.33	\$191.00	\$226.10	\$179.00	\$189.87
Monroe	146.00	174.57	132.00	154.21	120.00	146.13	116.00	138.99
Oconto	148.00	172.84	125.00	147.94	120.00	139.39	115.00	137.06
Oneida	162.00	165.61	138.00	143.72	121.00	135.37	121.00	120.34
Outagamie	190.00	228.61	174.00	206.95	157.00	188.19	155.00	182.30
Ozaukee	218.00	269.43	205.00	253.00	181.00	221.20	161.00	186.82
Pepin	138.00	145.00	120.00	135.00	120.00	125.00	115.00	120.00
Pierce	170.00	184.68	160.00	171.13	140.00	154.26	130.00	142.05
Polk	138.00	164.30	125.00	157.21	120.00	148.90	115.00	147.41
Portage	189.00	201.86	165.00	189.98	153.00	179.47	145.00	165.42
Price	144.00	165.49	125.00	143.94	110.00	136.59	110.00	142.31
Racine	215.00	234.23	187.00	209.96	170.00	186.08	163.00	170.57
Richland	161.00	N.A.	151.00	N.A.	151.00	N.A.	151.00	N.A.
Rock	193.00	219.83	173.00	187.07	171.00	170.95	154.00	162.97
Rusk	132.00	150.00	116.00	132.05	116.00	132.05	110.00	N.A.
St. Croix	176.00	184.28	144.00	174.88	143.00	160.56	130.00	149.10
Sauk	127.00	145.00	110.00	125.00	110.00	125.00	110.00	125.00
Sawyer	138.00	156.90	125.00	143.75	120.00	138.22	115.00	140.13
Shawano	189.00	221.49	165.00	189.95	145.00	169.29	145.00	165.45
Sheboygan	181.00	200.40	169.00	180.02	156.00	169.73	141.00	144.65
Taylor	132.00	190.00	132.00	190.00	132.00	190.00	132.00	190.00
Trempealeau	132.00	143.07	121.00	134.60	120.00	134.60	115.00	131.32
Vernon	139.00	174.31	118.00	157.64	116.00	152.22	116.00	152.22
Vilas	180.00	202.75	132.00	141.72	119.00	126.18	119.00	130.61
Walworth	176.00	202.74	154.00	176.15	139.00	149.54	138.00	148.50
Washburn	138.00	140.00	125.00	N.A.	120.00	N.A.	110.00	N.A.
Washington	201.00	216.17	165.00	199.01	160.00	178.66	145.00	162.54
Waukesha	234.00	272.61	205.00	239.00	185.00	214.05	179.00	192.51
Waupaca	151.00	156.16	148.00	146.16	132.00	132.92	132.00	131.68
Waushara	138.00	149.68	125.00	146.49	120.00	139.68	115.00	125.00
Winnebago	226.00	234.89	184.00	211.70	170.00	193.86	160.00	179.92
Wood	154.00	167.72	147.00	159.17	147.00	153.13	147.00	146.05

\*N.A.: Data not available from market survey.

### ATTACHMENT 3

#### 2015 Market Survey of Licensed Family Child Care Providers

Counties	00 - < 01 Years		02 - < 03 Years		04 - < 05 Years		06+ Years	
	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot
Adams	\$123.00	\$150.00	\$119.00	\$117.50	\$119.00	\$117.50	\$105.00	\$125.00
Ashland	131.00	135.00	110.00	124.44	110.00	124.44	110.00	124.29
Barron	115.00	125.91	110.00	127.09	110.00	127.09	110.00	125.43
Bayfield	125.00	150.00	110.00	125.00	110.00	125.00	110.00	125.00
Brown	143.00	160.38	132.00	145.44	127.00	141.65	123.00	132.03
Buffalo	124.00	136.88	110.00	113.12	110.00	113.12	110.00	113.12
Burnett	132.00	140.00	119.00	140.00	115.00	130.00	115.00	N.A.
Calumet	156.00	156.00	144.00	146.00	144.00	142.00	130.00	135.00
Chippewa	131.00	133.33	125.00	127.22	120.00	126.67	120.00	126.88
Clark	112.00	123.33	110.00	117.50	110.00	115.83	110.00	113.75
Columbia	131.00	139.00	125.00	132.00	120.00	131.00	120.00	131.00
Crawford	131.00	133.48	115.00	123.91	115.00	123.91	115.00	122.00
Dane	205.00	225.94	193.00	214.36	185.00	207.94	164.00	198.25
Dodge	135.00	136.00	125.00	133.00	122.00	131.00	122.00	126.25
Door	131.00	N.A.	125.00	N.A.	123.00	N.A.	123.00	N.A.
Douglas	150.00	160.00	135.00	150.00	135.00	150.00	130.00	150.00
Dunn	131.00	142.75	125.00	136.25	120.00	135.00	120.00	135.00
Eau Claire	165.00	148.72	149.00	143.08	149.00	142.05	149.00	132.17
Florence	153.00	N.A.	153.00	N.A.	117.00	N.A.	117.00	N.A.
Fond du Lac	138.00	145.71	127.00	137.14	127.00	137.14	127.00	137.14
Forest	158.00	155.00	135.00	130.00	135.00	130.00	113.00	130.00
Grant	121.00	128.33	110.00	124.58	110.00	122.08	110.00	110.00
Green	131.00	145.26	125.00	142.84	120.00	141.05	120.00	140.60
Green Lake	131.00	161.00	125.00	150.00	120.00	140.00	120.00	130.00
Iowa	125.00	160.00	115.00	153.75	115.00	146.25	115.00	146.25
Iron	135.00	N.A.	125.00	N.A.	120.00	N.A.	120.00	N.A.
Jackson	123.00	142.08	110.00	125.21	107.00	125.21	99.00	110.71
Jefferson	164.00	181.67	135.00	155.83	135.00	153.33	130.00	125.00
Juneau	124.00	125.00	110.00	125.00	110.00	100.00	110.00	100.00
Kenosha	190.00	191.43	175.00	176.43	165.00	163.21	155.00	155.50
Kewaunee	119.00	135.00	113.00	132.50	113.00	132.50	113.00	118.33
La Crosse	143.00	157.31	132.00	145.08	127.00	141.78	116.00	139.96
Lafayette	125.00	125.00	110.00	125.00	110.00	125.00	110.00	125.00
Langlade	131.00	112.50	125.00	112.50	120.00	112.50	120.00	125.00
Lincoln	135.00	147.86	125.00	132.86	120.00	127.86	120.00	125.00
Manitowoc	149.00	169.50	135.00	162.50	135.00	160.00	130.00	160.00
Marathon	150.00	151.41	135.00	142.32	135.00	135.25	130.00	129.47
Marinette	131.00	140.00	116.00	135.00	116.00	125.00	116.00	N.A.
Marquette	125.00	156.00	122.00	156.00	122.00	145.00	122.00	140.00
Menominee	125.00	N.A.	113.00	N.A.	110.00	N.A.	110.00	N.A.

**ATTACHMENT 3 (continued)**

**2015 Market Survey of Licensed Family Child Care Providers**

Counties	00 - < 01 Years		02 - < 03 Years		04 - < 05 Years		06+ Years	
	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot	Max Rate	Average Price per Slot
Milwaukee	\$190.00	\$220.75	\$177.00	\$200.86	\$165.00	\$182.66	\$155.00	\$173.38
Monroe	131.00	129.57	116.00	119.79	116.00	118.71	110.00	118.00
Oconto	125.00	140.00	111.00	135.00	110.00	130.00	110.00	130.00
Oneida	135.00	146.67	116.00	120.00	116.00	120.00	116.00	120.00
Outagamie	150.00	165.78	136.00	155.07	135.00	153.54	130.00	150.17
Ozaukee	160.00	N.A.	153.00	196.15	149.00	196.15	149.00	N.A.
Pepin	132.00	145.51	123.00	130.21	123.00	122.71	110.00	122.71
Pierce	131.00	144.13	125.00	135.18	120.00	128.87	120.00	122.25
Polk	125.00	123.00	110.00	122.17	110.00	122.17	110.00	122.60
Portage	150.00	164.50	136.00	160.50	136.00	156.00	136.00	163.33
Price	125.00	122.50	110.00	100.00	110.00	100.00	110.00	100.00
Racine	182.00	167.00	175.00	158.00	165.00	153.75	155.00	141.67
Richland	131.00	119.00	110.00	116.50	110.00	116.50	110.00	116.50
Rock	161.00	165.00	149.00	150.75	149.00	145.65	149.00	145.70
Rusk	124.00	130.00	110.00	130.00	110.00	130.00	110.00	130.00
St. Croix	150.00	157.88	136.00	146.36	135.00	146.02	130.00	144.74
Sauk	125.00	125.00	110.00	122.50	110.00	122.50	110.00	122.50
Sawyer	125.00	130.00	111.00	125.00	110.00	120.00	110.00	N.A.
Shawano	150.00	150.80	135.00	140.47	135.00	135.13	130.00	142.43
Sheboygan	140.00	155.00	126.00	150.20	122.00	147.60	122.00	139.09
Taylor	110.00	131.25	110.00	131.25	110.00	131.25	110.00	131.25
Trempealeau	125.00	133.75	110.00	122.50	110.00	118.75	110.00	116.25
Vernon	123.00	121.00	111.00	113.33	111.00	112.67	111.00	100.00
Vilas	125.00	142.50	112.00	122.50	111.00	122.50	111.00	120.00
Walworth	150.00	155.79	140.00	143.68	135.00	148.67	130.00	136.67
Washburn	125.00	128.33	113.00	116.67	110.00	116.67	110.00	122.50
Washington	150.00	173.75	135.00	161.25	135.00	138.75	130.00	141.67
Waukesha	202.00	214.29	175.00	181.54	165.00	178.15	155.00	170.00
Waupaca	121.00	112.50	110.00	107.50	110.00	107.50	110.00	107.50
Waushara	125.00	135.50	112.00	132.17	112.00	132.17	110.00	112.17
Winnebago	165.00	170.71	149.00	156.43	143.00	151.59	143.00	146.50
Wood	138.00	138.75	130.00	133.00	127.00	130.00	127.00	121.67

\*N.A.: Data not available from market survey.

## ATTACHMENT 4

### Child Care Copayment Schedule, Effective March 6, 2016\*

Weekly Copay Requirement

FPL	Gross Monthly Income by Family Size									Children in Subsidized Care				
	2	3	4	5	6	7	8	9	10+	1	2	3	4	5+
70%	\$929	\$1,172	\$1,415	\$1,657	\$1,900	\$2,143	\$2,385	\$2,628	\$2,871	\$6	\$11	\$17	\$21	\$28
75%	996	1,256	1,516	1,776	2,036	2,296	2,556	2,816	3,076	6	14	20	26	32
80%	1,062	1,339	1,617	1,894	2,171	2,449	2,726	3,003	3,281	9	15	22	29	35
85%	1,128	1,423	1,718	2,012	2,307	2,602	2,896	3,191	3,486	14	20	26	32	42
90%	1,195	1,507	1,819	2,131	2,443	2,755	3,067	3,379	3,691	15	25	31	40	48
95%	1,261	1,590	1,920	2,249	2,531	2,908	3,237	3,566	3,896	20	29	38	48	54
100%	1,328	1,674	2,021	2,368	2,714	3,061	3,408	3,754	4,101	22	32	41	52	61
105%	1,394	1,758	2,122	2,486	2,850	3,214	3,578	3,942	4,218	26	35	46	55	65
110%	1,460	1,842	2,223	2,604	2,986	3,367	3,748	4,130	4,511	29	39	48	58	68
115%	1,527	1,925	2,324	2,723	3,121	3,520	3,919	4,317	4,716	32	41	52	62	71
120%	1,593	2,009	2,425	2,841	3,257	3,673	4,089	4,505	4,921	35	46	55	64	75
125%	1,659	2,093	2,526	2,959	3,393	3,826	4,259	4,693	5,126	39	49	58	69	80
130%	1,726	2,176	2,627	3,078	3,528	3,979	4,430	4,880	5,331	41	53	65	76	88
135%	1,792	2,260	2,728	3,196	3,664	4,132	4,600	5,068	5,424	45	58	70	83	96
140%	1,859	2,344	2,829	3,315	3,800	4,285	4,771	5,256	5,741	47	61	75	87	102
145%	1,925	2,428	2,930	3,433	3,936	4,438	4,941	5,444	5,946	51	64	76	90	104
150%	1,991	2,511	3,031	3,551	4,071	4,591	5,011	5,631	6,151	55	67	81	93	108
155%	2,058	2,595	3,132	3,605	4,207	4,744	5,282	5,819	6,356	57	70	84	95	111
160%	2,124	2,679	3,233	3,788	4,343	4,897	5,452	6,007	6,561	61	75	87	101	114
165%	2,190	2,762	3,334	3,838	4,478	5,050	5,622	6,194	6,766	62	76	90	101	117
170%	2,257	2,846	3,435	4,025	4,614	5,203	5,793	6,382	6,971	63	81	94	108	120
175%	2,323	2,930	3,536	4,143	4,750	5,356	5,963	6,570	7,176	65	83	96	111	123
180%	2,390	3,014	3,638	4,262	4,886	5,510	6,134	6,758	7,382	68	86	101	114	126
185%	2,456	3,097	3,739	4,380	5,021	5,663	6,181	6,945	7,587	70	88	104	116	130
190%	2,522	3,181	3,840	4,498	5,157	5,816	6,474	7,133	7,792	71	90	107	119	132
195%	2,589	3,265	3,941	4,617	5,293	5,969	6,645	7,321	7,997	74	93	110	123	137
200%	2,655	3,348	4,042	4,735	5,428	6,122	6,815	7,508	8,202	76	94	113	126	139

Look down the column of the appropriate family size until locating the gross monthly family income level or just less than the family income. Look to the right to find the co-pay.

\*Non-court ordered kinship care parents and teen parents who are not Learnfare participants are subject to the minimum copay, which is found by selecting the lowest income line (70% FPL) and then finding the copayment listed for the appropriate number of children. Parents who have left a W-2 employment position for unsubsidized work also qualify for the minimum copay for one month. Children who are authorized for 20 hours or less are subject to one-half of their share of the family copay listed above. Foster care and kinship care parents who have court-ordered placement of a child, as well as Learnfare participants, subsidized guardians, and interim caretakers are not subject to copay requirements.

Source: Department of Children and Families

## ATTACHMENT 5

### Child Care Copayment Schedule for EBT Implementation\* Effective October 1, 2016

Use the family's monthly income and family size to determine the FPL percentage.  
If the family's income is between two lines use the higher amount.

Each family has a base copayment and an additional per-child amount.

The **base** copayment amount is adjusted based on the monthly child care hours for the family.

From Monthly Hours	To Monthly Hours	% Copay
0	20	10
21	40	25
41	80	50
81	999	100

The **per child** copayment amount is further adjusted based on the monthly hours for the individual child.

From Monthly Hours	To Monthly Hours	% Copay
0	15	10
16	30	20
31	45	30
46	60	40
61	75	50
76	90	60
91	105	70
106	120	80
121	135	90
136	999	100

For example: A one-parent family at 100 percent FPL with two children in care for 45 hours per week would have a base copay of \$67 and a total per-child copay of \$72.

**Base Copay:** \$67  
45 Hours/Week x 2 Children > 81 Monthly Hours 100 % Copay = \$67  
**Per Child Copay:** \$36  
45 Hours/Week > 136 Monthly Hours 100 % Copay = \$36 ( x 2 Children)  
**Total Per Child Copay:** \$72  
\$67 + \$72 = \$139  
Total Monthly Copay: \$139

FPL	Gross Monthly Income by Family Size									Monthly Copayment	
	2	3	4	5	6	7	8	9	10+	Base	Per Child
70%	\$935	\$1,176	\$1,418	\$1,659	\$1,901	\$2,143	\$2,385	\$2,628	\$2,871	\$0	\$25
75%	1,001	1,260	1,519	1,778	2,036	2,296	2,556	2,816	3,076	3	27
80%	1,068	1,344	1,620	1,896	2,172	2,449	2,726	3,003	3,281	9	29
85%	1,135	1,428	1,721	2,015	2,308	2,602	2,896	3,191	3,486	25	31
90%	1,202	1,507	1,823	2,133	2,444	2,755	3,067	3,379	3,691	41	32
95%	1,268	1,596	1,924	2,252	2,531	2,908	3,237	3,566	3,896	58	34
100%	1,335	1,680	2,025	2,370	2,715	3,061	3,408	3,754	4,101	67	36
105%	1,402	1,764	2,126	2,489	2,851	3,214	3,578	3,942	4,218	81	38
110%	1,460	1,848	2,228	2,607	2,987	3,367	3,748	4,130	4,511	91	40
115%	1,535	1,932	2,329	2,726	3,122	3,520	3,919	4,317	4,716	98	41
120%	1,602	2,016	2,430	2,844	3,258	3,673	4,089	4,505	4,921	109	43
125%	1,669	2,100	2,531	2,963	3,394	3,826	4,259	4,693	5,126	120	45
130%	1,736	2,184	2,633	3,081	3,530	3,979	4,430	4,880	5,331	137	47
135%	1,802	2,268	2,734	3,200	3,665	4,132	4,600	5,068	5,424	160	49
140%	1,869	2,352	2,835	3,318	3,801	4,285	4,771	5,256	5,741	170	50
145%	1,936	2,436	2,936	3,437	3,937	4,438	4,941	5,444	5,946	176	52
150%	2,003	2,520	3,038	3,555	4,073	4,591	5,011	5,631	6,151	186	54
155%	2,069	2,604	3,139	3,605	4,208	4,744	5,282	5,819	6,356	192	56
160%	2,136	2,688	3,240	3,792	4,344	4,897	5,452	6,007	6,561	203	58
165%	2,203	2,772	3,341	3,838	4,480	5,050	5,622	6,194	6,766	209	59
170%	2,270	2,856	3,443	4,029	4,616	5,203	5,793	6,382	6,971	216	61
175%	2,336	2,940	3,544	4,148	4,751	5,356	5,963	6,570	7,176	222	63
180%	2,403	3,024	3,645	4,266	4,887	5,510	6,134	6,758	7,382	231	65
185%	2,470	3,108	3,746	4,385	5,023	5,663	6,181	6,945	7,587	237	67
190%	2,537	3,192	3,848	4,503	5,159	5,816	6,474	7,133	7,792	244	68
195%	2,603	3,276	3,949	4,622	5,294	5,969	6,645	7,321	7,997	250	70
200%	2,670	3,360	4,050	4,740	5,430	6,122	6,815	7,508	8,202	256	72

\*Schedule is effective only for payments processed via the EBT system.

\*\*Non-court ordered kinship care parents and teen parents who are not Learnfare participants are subject to the minimum copay, which is found by selecting the lowest income line (70% FPL) and then finding the copayment listed for the appropriate number of children. Parents who have left a W-2 employment position for unsubsidized work also qualify for the minimum copay for one month. Children who are authorized for 20 hours or less are subject to one-half of their share of the family copay listed above. Foster care and kinship care parents who have court-ordered placement of a child, as well as Learnfare participants, subsidized guardians, and interim caretakers are not subject to copay requirements.

Source: Department of Children and Families

## ATTACHMENT 6

### W-2 Paid Placements by County September, 2016

Agency	W-2 Transition Job	Full CSJ	Prorated CSJ	Caretaker			Agency	W-2 Transition Job	Full CSJ	Prorated CSJ	Caretaker		
				of Newborn	At Risk Pregnancy	Total					of Newborn	At Risk Pregnancy	Total
Adams	8	2	0	0	0	10	Marathon	7	25	6	5	0	38
Ashland	2	5	3	0	0	10	Marinette	4	7	3	1	0	14
Barron	4	7	3	3	0	17	Marquette	3	5	1	2	0	12
Bayfield	1	1	1	1	0	4	Menominee	0	2	0	0	0	3
Brown	44	80	11	26	2	163	Milwaukee	1,587	2,008	341	359	5	3,967
Buffalo	0	1	0	1	0	2	Monroe	4	10	0	6	0	15
Burnett	0	3	1	1	0	5	Oconto	3	0	0	0	0	4
Calumet	6	7	2	3	0	18	Oneida	9	7	3	2	0	22
Chippewa	4	5	0	1	0	10	Outagamie	29	39	1	7	1	71
Clark	0	1	1	0	0	2	Ozaukee	9	11	0	1	0	20
Columbia	14	4	3	4	0	25	Pepin	2	1	0	0	0	7
Crawford	2	5	1	0	0	8	Pierce	2	4	2	0	0	8
Dane	80	107	23	33	1	244	Polk	8	8	0	2	0	49
Dodge	12	10	4	5	1	32	Portage	0	5	2	4	0	12
Door	7	4	0	5	0	16	Price	5	2	0	2	0	12
Douglas	6	6	5	1	1	19	Racine	56	128	33	34	2	220
Dunn	10	20	5	2	1	38	Richland	3	11	0	0	0	16
Eau Claire	27	34	7	6	0	74	Rock	100	65	17	17	2	190
Florence	0	0	0	0	0	0	Rusk	2	2	0	1	1	5
Fond du Lac	8	39	21	8	0	76	St. Croix	7	3	1	0	0	19
Forest	1	2	1	0	0	4	Sauk	17	7	1	5	2	27
Grant	20	17	10	3	0	50	Sawyer	0	3	0	1	0	6
Green	13	4	0	1	0	18	Shawano	8	12	1	1	0	22
Green Lake	8	8	2	4	0	22	Sheboygan	18	34	4	7	0	60
Iowa	1	6	2	0	0	9	Taylor	0	2	0	1	0	2
Iron	0	1	0	0	0	1	Trempealeau	4	3	1	0	0	8
Jackson	2	4	0	0	0	6	Vernon	3	0	1	0	0	4
Jefferson	24	9	6	0	0	39	Vilas	2	1	1	1	0	4
Juneau	4	1	0	1	0	6	Walworth	42	31	6	5	0	80
Kenosha	95	112	17	21	0	245	Washburn	0	2	2	0	0	25
Kewaunee	3	2	0	0	0	5	Washington	11	14	2	3	0	27
La Crosse	22	20	6	12	1	61	Waukesha	41	23	12	5	0	88
Lafayette	1	0	0	0	0	1	Waupaca	12	10	3	0	0	25
Langlade	6	6	3	2	0	17	Waushara	6	6	0	0	0	14
Lincoln	4	5	2	0	0	11	Winnebago	47	65	9	16	0	121
Manitowoc	4	15	4	2	0	25	Wood	17	22	4	6	0	45
							Total	2,511	3,131	601	640	20	6,903

## ATTACHMENT 7

### W-2 Participants by Age Including Subsidized Employment and Case Management Cases September, 2016

Age of W-2 Participant	Number of Participants
Under 20	392
20-24	2,844
25-29	3,254
30-34	2,244
35-39	1,659
40 and over	<u>1,861</u>
Total Participants	12,254

Source: Department of Children and Families

## ATTACHMENT 8

### Number of Children in W-2 Assistance Groups September, 2016

Number of Children	Number of Assistance Groups *
0**	134
1	5,806
2	3,376
3	1,808
4 or more	<u>1,130</u>
Total Groups	12,254
Average Number of Children	1.9

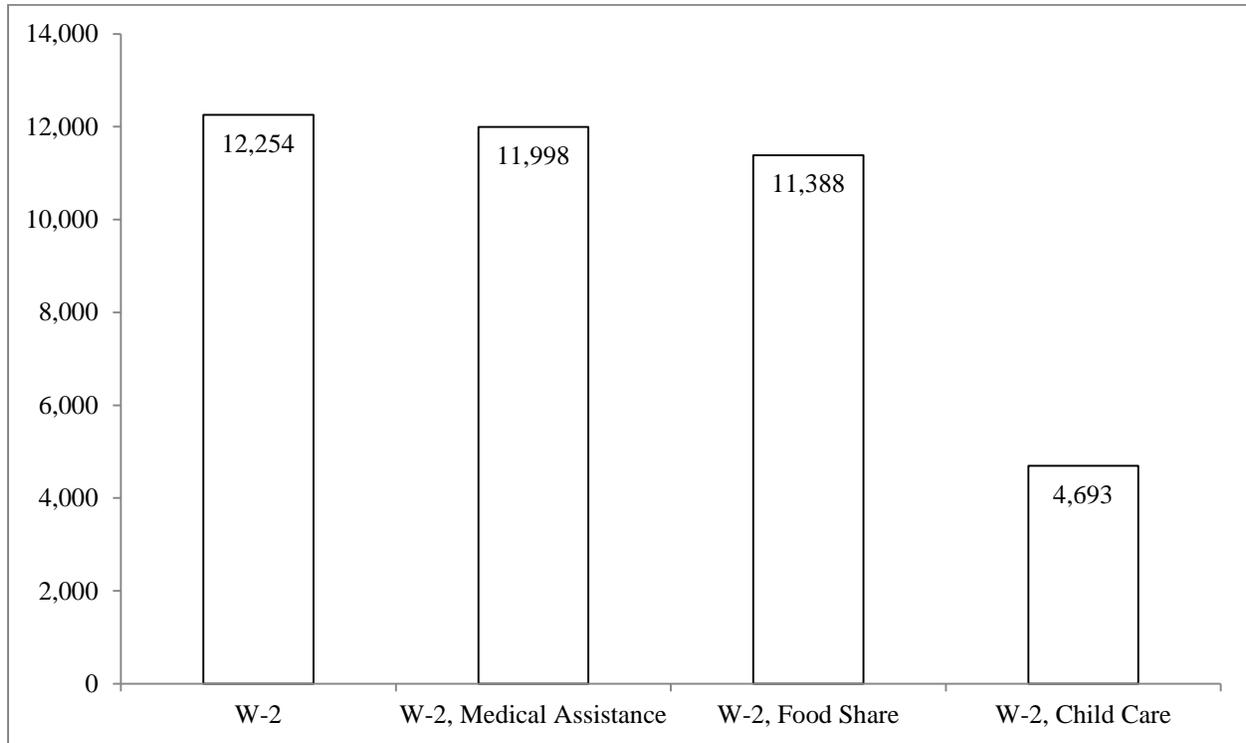
\*Assistance groups may contain multiple participants

\*\*At-risk pregnant women and case management only pregnant women with no eligible children.

Source: Department of Children and Families

## ATTACHMENT 9

### Interaction Between W-2 and Other Programs September, 2016



- Nearly all W-2 participants are also enrolled in medical assistance. The percentage of W-2 participants that were also enrolled in medical assistance in September, 2016, was 98%.
- W-2 participants automatically meet the financial eligibility requirements for the FoodShare program. The percentage of W-2 participants that were also receiving FoodShare in September, 2016, was 93%.
- The percentage of W-2 participants determined eligible for child care subsidies in September, 2016, was 38%.

Source: Department of Children and Families

## APPENDIX A

### Nonfinancial Eligibility Requirements for W-2 Employment Positions and Job Access Loans

1. The individual is a custodial parent who has attained the age of 18.

2. The individual is a U.S. citizen or qualifying alien who is: (a) lawfully admitted to the United States for permanent residence; (b) granted asylum; (c) a refugee; (d) paroled into the U.S. for a period of at least one year; (e) in the U.S. but whose deportation is being withheld; (f) granted conditional entry; (g) an Amerasian immigrant as defined in section 584 of the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1988; (h) a Cuban and Haitian entrant as defined in section 501(e) of the Refugee Education Assistance Act of 1980; (i) a battered immigrant or an immigrant whose child or children have been battered, who is no longer residing with the batterer; (j) certified as a victim of trafficking; (k) an American Indian born in Canada who is at least 50% American Indian by blood; (l) an American Indian born outside of the United States who is a member of a federally-recognized Indian tribe; (m) lawfully residing in the United States and is either an armed forces veteran who received an honorable discharge, on active duty, or the spouse of a veteran or an individual on active duty; or (n) lawfully residing in the United States and authorized to work by the immigration and naturalization service.

3. The individual has residence in Wisconsin.

4. Every parent in the individual's W-2 group fully cooperates in good faith with efforts to establish paternity of the dependent child and obtain support payments or any other payments or property to which that parent and the dependent child may have rights, unless it is determined that the parent has good cause for not cooperating. An individual in the W-2 group who fails three times

to cooperate may not be eligible until all members of the W-2 group cooperate or for a period of six months, whichever is later.

Good cause for not cooperating includes the following: (a) cooperation is reasonably anticipated to result in physical or emotional harm to the child for whom support is being sought, or to the parent with whom the child is living; (b) cooperating with the child support agency would make it more difficult to escape domestic abuse or unfairly penalize the individual victimized or at risk of being victimized of domestic abuse; (c) the child for whom support is sought was conceived as a result of incest or sexual assault; (d) a petition for the adoption of the child has been filed with the court, and proceeding to establish paternity or secure support would be detrimental to the child; or (e) the parent is being assisted by a public or private social services agency in deciding whether or not to terminate parental rights and the discussions have not lasted for more than three months.

5. The individual furnishes the W-2 agency with any relevant information that the agency determines is necessary, within seven working days after receiving a request for the information. The agency may extend the seven-day requirement if the agency determines that compliance within seven days would be unduly burdensome for an individual. W-2 agencies must keep all information regarding victims of domestic abuse strictly confidential, except to the extent needed to administer W-2.

6. The individual has made a good faith effort, as determined by the W-2 agency on a case-by-case basis, to obtain employment and has not refused a bona fide job offer within the 180 days immediately preceding the application.

7. The individual is not receiving federal or state supplemental security income payments. If the individual is a dependent child, the custodial parent of the individual may not be receiving an SSI caretaker supplement payment on behalf of the individual. Under administrative rule, the individual also may not be receiving federal social security disability insurance payments.

8. On the last day of the month, the individual is not participating in a strike.

9. The individual applies for or provides a social security number for all W-2 group members.

10. The individual reports any change in circumstances that may affect his or her eligibility to the W-2 agency within 10 days after the change. A temporary absence of a child must be reported within five working days.

11. If the individual has applied for W-2 within the 180 days immediately preceding the current application, the individual has cooperated with the efforts of a W-2 agency to assist the individual in obtaining employment.

12. No other individual in the W-2 group is a participant in a W-2 employment position. This provision does not apply to an individual applying for a job access loan.

13. The individual is not a fugitive felon, or violating a condition of probation, extended supervision, or parole imposed under federal or state law.

14. The individual assigns to the state any right of the individual or of any dependent child of

the individual to support or maintenance from any other person that accrues during the time that any W-2 benefit is paid to the individual. No amount of support that begins to accrue after the individual ceases to receive benefits under W-2 may be assigned to the state. Under Wisconsin law, all support assigned to the state that does not have to be provided to the federal government as the federal share of assigned support is passed through to the family. Beginning October 1, 2010, the amount passed through to the family (the state's share) is 75% of the support amount.

15. The individual states in writing whether the individual has been convicted in any state or federal court of a felony relating to possession, use, or distribution of a controlled substance.

16. The individual cooperates in providing information needed to verify enrollment or good cause for the Learnfare program.

17. The individual cooperates in the requirement to search for unsubsidized employment throughout his or her participation in a W-2 employment position.

18. The individual cooperates in applying for other public assistance programs or resources that the financial and employment planner in the W-2 agency believes may be available to the individual.

19. The individual cooperates with providing eligibility information for other members of the W-2 group.

20. The individual cooperates with providing information for quality assurance reviews.

## APPENDIX B

### General Provisions Regarding the Use of Federal Funding under the Temporary Assistance for Needy Families Program and the Child Care Development Block Grant

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#### TANF Funding

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Wisconsin's annual TANF block grant allocation from the federal government is currently \$318.2 million. Under federal law, a tribal organization in a state may elect to operate a separate tribal public assistance program. For a tribe that submits an acceptable plan, the federal government will provide funding to the tribe and reduce the state's TANF block grant by an equivalent amount. After accounting for the nine separate tribal programs (Bad River, Forest County Potawatomi, Red Cliff, Mole Lake Sokaogon, Lac du Flambeau, Stockbridge-Munsee Mohican, Oneida, Menominee, and Lac Courte Oreilles), Wisconsin's annual TANF grant is \$313.9 million in 2016-17.

Congress reauthorized the TANF block grant at the same funding level through September 30, 2010, by including the reauthorization provision in the federal Deficit Reduction Act of 2005. Since that time, the TANF program has been incrementally extended through April 28, 2017, by the federal Claims Resolution Act of 2010, the Middle Class Tax Relief and Job Creation Act of 2012, the Consolidated Appropriations Act of 2014, and a series of continuing resolutions.

In addition, state funding is provided for the W-2 program under maintenance-of-effort requirements. The MOE requirements are discussed in the following section.

#### General Requirements

There are three ways in which a state may use

TANF funds. First, a state may transfer up to 30% of the TANF block grant to the programs funded by the federal child care block grant and the social services block grant. Current federal regulations limit the amount that can be transferred to the SSBG to 10% of TANF funds.

Second, a state may expend TANF funds for any use that was allowable under the previous AFDC, JOBS, emergency assistance, and child care programs.

Third, a state may expend TANF funds in any manner that is reasonably calculated to accomplish one of the purposes of the TANF program. There are four purposes specified in federal law. These are: (a) to provide assistance to "needy families" so children may be cared for in their homes or in the homes of relatives; (b) to end the dependence of "needy parents" on government by promoting job preparation, work, and marriage; (c) to prevent and reduce the incidence of out-of-wedlock pregnancies; and (d) to encourage the formation and maintenance of two-parent families.

Programs that meet the first or second purposes of TANF must serve "needy" families or parents. Generally, "needy" means having income and assets at or below the income or asset levels set by the state in the TANF plan submitted to the federal government. Therefore, the state may establish the level at which a family or parent is considered needy. However, the state must be able to justify that the income limit chosen is a low-income standard.

In Wisconsin, the income limits range from

115% of the federal poverty level for W-2 employment positions and up to a maximum of 300% of the federal poverty level for domestic violence services by local domestic violence service providers to assist victims of domestic violence.

Programs that meet the third and fourth purposes of the TANF program can serve both needy and non-needy families. Expenditures for non-needy families under the third and fourth purposes of TANF can only be funded with TANF and not MOE, due to the definition of eligible families for MOE funds discussed later in this appendix.

### **Expenditures Classified as Assistance**

The federal regulations make a distinction between an expenditure that provides "assistance" and one that does not. Expenditures that are classified as "assistance" include cash, payments, vouchers, and other forms of benefits designed to meet a family's ongoing basic needs such as food, clothing, shelter, utilities, household goods, personal care items, and general incidental expenses. These benefits also include supportive services such as child care and transportation for families that are not employed.

Expenditures that are not considered "assistance" include: (a) nonrecurring short-term benefits that are designed to deal with a specific crisis situation or episode of need, are not intended to meet recurrent or ongoing needs, and will not extend beyond four months; (b) work subsidies; (c) supportive services such as child care and transportation for families that are employed; (d) refundable earned income tax credits; (e) contributions to and distributions from individual development accounts; (f) services such as counseling, case management, peer support, child care information and referral, transitional services, job retention, job advancement, and other employment-related activities that do not provide basic income support; and (g) certain transportation

benefits related to the job access and reverse commute program.

If the expenditure is for "assistance," then several requirements will apply as discussed below:

*Child Living with Relative.* States may only provide TANF assistance to pregnant women and men or women who have dependent minor children living in the home. States may define families to include noncustodial parents, who may then engage in work activities, counseling, educational activities, parenting classes, or money management classes.

*Paternity Establishment and Assignment of Child Support.* Federal law requires families receiving TANF assistance to cooperate in establishing paternity for each minor child. If the individual fails to cooperate with establishing paternity and enforcing a support order with respect to a minor child, the state is required to reduce the amount of assistance provided to the family by 25%. The state may also deny the family any assistance. In addition, any right a family member may have to support from any other person must be assigned to the state. These requirements do not apply if the family has good cause to not cooperate or meets another exception defined by the state.

*Time Limit.* An individual may receive TANF assistance for a maximum of 60 months. States have the option to extend assistance paid for by federal TANF funds beyond the five-year limit for up to 20% of the average monthly number of families receiving assistance during the fiscal year or the immediately preceding fiscal year. States can extend assistance on the basis of: (a) hardship as defined by the state; or (b) the fact that the family includes someone who has been battered or subject to extreme cruelty.

If the federal government determines that a state has not complied with the time limit, there

will be a 5% grant reduction. The TANF regulations indicate that this penalty may be avoided only if: (a) the failure is due to extensions in cases of domestic abuse; (b) the state had reasonable cause due to natural disasters, incorrect federal guidance, or isolated problems of minimal impact; or (c) the state achieves compliance under a corrective compliance plan.

*Work Participation Requirements.* Federal law requires that a work-eligible individual engage in work once the state determines the individual is ready, or after 24 months of receiving TANF assistance, whichever is earlier. A work-eligible individual is defined as an adult (or minor child head-of-household) who receives assistance under TANF or a separate state program or a non-recipient parent living with a child who receives such assistance unless the parent is: (a) a minor parent and not the head-of-household; (b) a non-citizen who is ineligible to receive assistance due to his or her immigration status; or (c) on a case-by-case basis, an SSI recipient. A work-eligible individual does not include a parent providing care for a disabled family member, an individual receiving MOE-funded assistance under an approved tribal TANF program, or, on a case-by-case basis, an SSDI recipient.

For purposes of this provision, the types of required work activities are defined by the state. If a parent or caretaker has received assistance for two months, they must participate in community service employment unless the recipient is participating in work requirements or the state has exempted the recipient from work requirements.

In addition, the state must meet certain minimum work participation rates or incur financial penalties. For purposes of the work participation targets, federal law defines the types of activities that may be counted. The state's work participation rates had been reduced based on caseload reductions that have occurred since 1995. Under the federal Deficit Reduction Act of 2005, begin-

ning in FFY 2007, the state's work participation rates may be reduced based on caseload reductions that have occurred since 2005. However, states may not count caseload reductions that have occurred due to changes in federal requirements or state eligibility requirements. Finally, states are also allowed to receive caseload reduction credit for excess MOE spending (the excess MOE caseload credit is calculated by dividing total annual excess MOE spending on assistance by the average monthly expenditures for assistance per case for the fiscal year).

In an information memorandum dated July 12, 2012, the federal Administration for Children and Families, within the federal Department of Health and Human Services (DHHS), indicated that states may apply for a waiver of the work participation requirements to encourage states to consider new, more effective ways to meet the goals of the TANF program. The information memorandum indicated that the waiver application should include approaches to increase employment outcomes. Subsequent communication from the DHHS Secretary indicated that a waiver would only be considered if the application contained a plan to move at least 20% more people from welfare to work than the current work participation rates would require. Wisconsin did not apply for a waiver.

Failure to comply with the minimum participation requirements may result in a penalty which reduces the TANF grant by 5% to 21%, depending on how many years the state fails to meet the requirements and the degree of non-compliance. Federal law states that grant reductions will be based on the degree of noncompliance and penalties may be reduced if non-compliance was due to a high rate of unemployment or extraordinary circumstances, such as a natural disaster or regional recession.

Before any penalties are imposed, a state has the opportunity to claim reasonable cause to forgive the penalty. Further, a state may avoid the

**Table 15: Work Participation Rates**

FFY	All Families				Two-Parent Families			
	Target	Federal Credit**	Adjusted Target	Actual	Target	Federal Credit**	Adjusted Target	Actual
1998	30%	-42%	0%	64%	75%	-73%	2%	39%
1999	35	-70	0	80	90	-70	20	56
2000	40	-50	0	73	90	-50	40	35
2001	45	-56	0	75	90	-56	34	39
2002	50	-54	0	69	90	-54	36	39
2003	50	-52	0	67	90	-69	21	40
2004	50	-50	0	61	90	-69	21	33
2005	50	-49	1	44	90	-69	21	26
2006	50	-53	0	36	90	-78	12	17
2007*	50	-19	31	37	90	-100	0	21
2008*	50	-54	0	37	90	-100	0	32
2009*	50	-24	26	40	90	-68	22	33
2010*	50	-24	26	43	90	-73	17	31
2011*	50	-50	0	38	90	-90	0	22
2012*	50	0	50	32	90	0	90	17
2013*	50	0	50	34	90	0	90	26
2014*	50	0	50	36	90	0	90	32
2015*	50	0	50	38	90	0	90	39

\*Use 2005 as base comparative year, rather than 1995.

\*\*Beginning in 2007, the credit includes the sum of the caseload reduction credit and the excess MOE adjustment.

penalty by achieving compliance under a corrective compliance plan approved by DHHS.

In addition to penalties for failing to comply with the minimum participation requirements, failure to establish or comply with work participation verification procedures, established under the federal Deficit Reduction Act (DRA) of 2005, could result in a grant reduction of 1% to 5%. Failure to maintain adequate internal controls to ensure a consistent measurement of work participation could also result in a grant reduction of 1% to 5%, depending on the number of years in violation of this requirement.

Finally, recipients who refuse to work must be penalized unless they have good cause as defined by the state. The family's grant award must be reduced at least by the pro-rata share of the award for the time the family refused to comply with work requirements. If a state does not impose penalties on families, the TANF grant can

be reduced by 1% to 5%.

Table 15 shows the following information for all families and two-parent families by federal fiscal year: the original federal work participation requirement; the credit Wisconsin received for reduced caseloads; the adjusted target; and the actual work participation rate. The percentage credits for work participation rates in Table 14 from FFY 1998 through FFY 2006 are based on caseload reductions that occurred since 1995. Beginning with FFY 2007, the credits are based on caseload reductions that occurred since 2005.

As shown in Table 15, Wisconsin previously received substantial reductions to WPR targets from decreases in caseloads. Before FFY 2007, caseload reduction credits were based on caseload statistics from 1995. Wisconsin, like most states, saw substantial decreases in caseloads following the initial welfare reforms associated with W-2 and TANF. As a result,

Wisconsin could reliably earn credit adjustments due to the much lower caseloads under the W-2 program. Beginning with FFY 2007, the DRA changed federal law such that credit adjustments would be based on 2005 caseloads and would include families in separate state programs funded with TANF MOE. As a result, earning credit adjustments became more difficult.

DCF indicates that the causes of failing to meet WPR targets include the following. First, the recession in 2008 and subsequent recovery period made it more difficult for W-2 agencies to locate work experience sites to meet the demand from increased caseloads. Second, DCF indicates the change in contract structure and local administration from counties to regional service agencies with payment based-upon capitation and performance directly resulted in a temporary increase in caseloads. According to DCF, the change in service delivery resulted in increased caseloads by improving the efficiency and reach of the W-2 program.

Third, Wisconsin has not received case reduction credits since 2012, due to the changes introduced by the DRA and the increases in caseloads during the recession and recovery period. MOE expenditures, though comparable to previous years, have not been large enough to compensate for the increase in caseloads in the federal WPR case reduction credit formula.

Fourth, TANF regulations do not count unsubsidized employment as a participating activity unless the family receives a cash benefit, whereas W-2 does not provide cash benefits to such participants. As a result, participants who have successfully transitioned to work under W-2 are not counted into the WPR. Finally, W-2 provides cash assistance to participants with barriers to employment (such as transitional jobs for those caring for a disabled family member), whereas other states provide benefits to such persons through separately funded state programs (thereby avoiding TANF WPR regulations).

Since the activities assigned to such participants only qualify towards the WPR for a limited period of time, large numbers of participants are counted as not being assigned any countable work activities.

The federal Department of Health and Human Services (DHHS) notified DCF via letter dated May 28, 2015, that Wisconsin had failed to meet the work participation targets for FFY 2012 and therefore was subject to a potential fine of \$11.8 million (5% of adjusted TANF block grant). Via letter dated July 24, 2015, DCF agreed to enter into a corrective compliance plan in order to avoid the penalty and to come into compliance by the end of FFY 2016. DCF requested to be released from additional penalties for FFY 2014 and 2015 due to the lateness of the notification from DHHS, thereby impeding the state's ability to enact a timely corrective compliance plan.

DHHS notified DCF via letters dated January 11, 2016, and July 26, 2016, that Wisconsin had failed to meet the work participation requirements for FFY 2013 and FFY 2014 and therefore is subject to potential penalties of \$15.1 million and \$19.8 million, respectively. DCF indicates that it intends to appeal these penalties. DCF will be subject to increasingly larger penalties each year the state fails to meet federal WPR targets.

Changes under the corrective compliance plan include the following. First, pursuant to changes made under 2015 Act 55, DCF has strengthened program policies for sanctioning non-complying participants with reduced benefits and case closures for refusing to participate in assigned work activities. This removes non-complying individuals from the WPR calculation. Second, DCF has issued best practice administrative guidelines to W-2 agencies to better assign and document a sufficient number of countable work activities. Third, DCF added additional incentive payments for W-2 agencies (which are compensated on an outcome basis as opposed to

a cost basis). DCF has changed incentive payments under the W-2 contracts to better reward those agencies that meet the federal work participation requirements. Finally, DCF will revise TANF data reporting so that all parents receiving social security disability income are properly excluded from WPR calculations. This would improve the state's WPR since such persons are not assigned countable work activities.

Despite these changes, DCF indicates that Wisconsin likely did not meet the WPR requirements for FFY 2016. DCF will continue to monitor work participation and implement changes within W-2 to improve performance.

*Minor Parents.* Assistance may be provided to unmarried minor parents only if the minor parent has a high school diploma or participates in educational activities toward attaining a high school diploma or its equivalent. In addition, no assistance may be provided to unmarried minor parents who are not living in an adult-supervised living arrangement.

*Data Reporting.* States are required to report detailed information regarding individuals and families receiving TANF assistance. This information includes demographic information and detail on the type, amount, and length of assistance received.

*Fraud Cases.* States are required to deny assistance for a period of ten years to individuals convicted in federal or state court of having made a fraudulent statement or representation with respect to the individual's place of residence in order to receive TANF assistance, Medicaid, or food stamps simultaneously in two or more states.

*Fugitive Felons and Drug Felons.* States are required to deny assistance to fugitive felons and persons violating a condition of parole under state or federal law. In addition, individuals con-

victed of a felony involving possession, use, or distribution of a controlled substance after August, 1996, are barred from receiving assistance from TANF or food stamps. However, the family of the drug felon can receive a reduced amount from these grants. States may opt out of the drug felon prohibition or limit the prohibition to a certain time period.

*Accessing Benefits.* The federal Middle Class Tax Relief and Job Creation Act of 2012 requires states to establish policies that prevent TANF recipients from accessing benefits at automated teller machines located in liquor stores, casinos, or adult entertainment establishments.

### **Expenditures Classified as "Non-Assistance"**

If the expenditure can be classified as "non-assistance," the following TANF requirements do not need to apply: presence of a child living with a relative; assignment of child support and cooperation with paternity establishment; time limit on assistance; work requirements and sanctions; requirements on minor parents; data reporting requirements; and exclusions for fraud cases, fugitive felons, and drug felons. Financial eligibility levels for non-assistance can be higher or lower than for cash assistance. The different requirements for "assistance" versus "non-assistance" are shown in Table 16.

### **Other Restrictions**

Whether for "assistance" or "non-assistance," federal law contains other restrictions regarding the use of TANF funds.

*Medical Services.* Federal law prohibits TANF funds from being used for medical services, except pre-pregnancy family planning services. States may use TANF funds for non-medical substance abuse treatment services, including room and board costs at residential treatment programs.

**Table 16: Overview of TANF Provisions Under Different Funding Configurations**

Provision	Federally Funded TANF "Assistance" Programs & "Assistance" Programs Funded with Commingled TANF and MOE Funds	Federally Funded TANF "Non-Assistance" Programs & "Non-Assistance" Programs Funded with Commingled TANF and MOE Funds	TANF Programs Funded with Segregated State MOE Funds	Separate State MOE Programs
State required to set income standards	If TANF only, income standard only required for 1 <sup>st</sup> and 2 <sup>nd</sup> purposes of TANF. If comingled, income standard required for all TANF purposes.	If TANF only, income standard only required for 1 <sup>st</sup> and 2 <sup>nd</sup> purposes of TANF. If comingled, income standard required for all TANF purposes.	Yes	Yes
Allowable expenditures	(1) Expenditures meeting the TANF purposes; or (2) expenditures authorized under old AFDC, JOBS, emergency assistance, and child care programs	(1) Expenditures meeting the TANF purposes; or (2) expenditures authorized under old AFDC, JOBS, emergency assistance, and child care programs	Must be for purposes of TANF and for cash assistance, child care, certain education, administrative costs or other activities related to TANF purposes	Same as prior column
Child living with relative requirement	Yes	No	Yes	Yes
Child support assignment and paternity cooperation requirements	Yes	No	Yes	No
Time limit on assistance	Yes	No	No	No
Work requirements	Yes	No	Yes	Yes, if MOE is for "assistance"
Work sanctions	Yes	No	Yes	No
Minor parent requirements	Yes	No	No	No
Data reporting requirements	Yes	No	Yes	Yes, if states want caseload reduction credit
Fraud case exclusion	Yes	No	No	No
Fugitive felons exclusion	Yes	No	No	No
Drug felons reduced benefits	Yes	No	Yes	No
Medical services	Only pre-pregnancy family planning	Only pre-pregnancy family planning	No specific restriction	No specific restriction
Non-displacement	Yes	Yes	No	No
15% administrative cap	Yes	Yes	Yes	Yes

*Legal Immigrants.* Federal law contains certain restrictions on using federal TANF funds to provide assistance to families that include a qualified legal immigrant, depending upon the individual's immigration status and when the person entered the United States.

States have the option to provide TANF assistance to all qualified legal immigrants who entered the U.S. prior to August 22, 1996. Qualified legal immigrants are defined as lawful permanent residents, refugees, asylees, those granted parole for more than one year, those whose deportation has been withheld, those considered conditional entrants before 1980, Cuban and Haitian entrants, and certain victims of domestic violence.

Qualified legal immigrants who enter the U.S. after August 22, 1996, are not eligible for assistance funded with federal TANF dollars until five years after the date they enter. After this time, the state has the option to provide assistance to these families.

However, the following qualified aliens are exempt from this five-year ban: refugees, asylees, immigrants who have been granted withholding of deportation, Amerasian immigrants, Cuban-Haitian refugees, veterans, active duty military personnel, and spouses and dependents of veterans or active duty military personnel.

Immigrants who are not qualified generally include unauthorized immigrants, immigrants who are categorized as persons residing under the color of law (PRUCOL aliens), students, tourists, and asylum applicants. These nonqualified immigrants are ineligible for TANF funded assistance.

*Non-Displacement.* TANF funds may not be used to fill a job vacancy when another individual has been laid off from the same or any substantially equivalent job. In addition, an employer cannot terminate a regular employee in order to fill the vacancy with a TANF-funded position.

*Administration.* Administrative costs may not exceed 15% of all TANF expenditures. Expenditures of federal funds for information technology and computerization needed for tracking or monitoring activities are not subject to the 15% limit.

*Penalties.* Federal law includes several penalties that may be imposed against the state for failing to meet various requirements of the TANF program. Penalties are generally taken as a percentage of the state's TANF block grant. If the TANF block grant is reduced, the state must expend its own funds in the following fiscal year to replace the reduction in the grant. If the state fails to expend its own funds, an additional 2% of the block grant plus the amount the state has failed to expend of its own funds may be reduced from the state's block grant. The total reduction in the state's grant may not exceed 25%. If the reduction exceeds 25%, the federal government will continue to apply a penalty in subsequent years until the full amount of the penalty is taken.

States can avoid some penalties by demonstrating reasonable cause or by obtaining approval of a corrective compliance plan which identifies time periods and milestones to correct the problem. Reasonable cause can only be due to natural disasters, incorrect federal guidance, or isolated problems of minimal impact. If a state fails to meet the provisions of its corrective compliance plan but made significant progress or could not correct the problem because of a natural disaster or recession, the federal government may impose a lower penalty.

### **Child-Only Cases**

In some cases, only the child receives assistance. In Wisconsin, this is the case for the kinship care program and the SSI caretaker supplement. Under the federal Deficit Reduction Act of 2005, a non-recipient parent living with a child receiving assistance is a work-eligible individual subject to work participation requirements, unless the parent is: (a) a minor parent who is not a

head-of-household; (b) an alien who is ineligible to receive assistance due to his or her immigration status; or (c) an SSI or SSDI recipient, on a case-by-case basis. Formerly, work participation requirements did not apply to child-only cases because the parent did not receive assistance.

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### **Maintenance-of-Effort (MOE) Requirements**

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Under federal law, a state must spend an amount of state dollars equal to 75% of historic state expenditures if the state meets federal mandatory work requirements, or 80% if the state does not meet these requirements. Historic state expenditures generally means federal fiscal year 1994 expenditures for the former AFDC and JOBS programs, AFDC-emergency assistance, AFDC-related child care, and at-risk child care. In addition, the MOE requirement may be reduced by the percentage reduction in the state's TANF block grant attributable to tribal programs.

After adjusting for tribal TANF, the state's basic annual MOE requirement is \$178.4 million based on 80% of historic state expenditures. The major provisions regarding expenditures of state dollars that could count toward the MOE requirement are described in the following sections.

Unless expenditures are for non-assistance pro-family activities, in order to count toward the maintenance-of-effort requirement, expenditures must be made for "eligible families." Eligible families must meet the income and resource requirements for needy families under the TANF program. In addition, an eligible family must have a minor child living with a parent or include a pregnant individual.

Expenditures for eligible families that may count toward the MOE include: (a) cash assistance; (b) child care assistance; (c) educational activities to increase self-sufficiency, job training, and work; (d) any other use of funds that

would accomplish the purposes of the TANF program, described in the previous section (including nonmedical treatment services for alcohol and drug abuse, some medical treatment services, and pro-family activities that do not constitute assistance); and (e) up to 15% can be used for administrative costs. MOE funds can be used for activities that are classified as "assistance" as well as "non-assistance." Expenditures for educational activities may not include public education expenditures, unless the expenditure is for services to a member of an eligible family to increase self-sufficiency, job training, and work and is not generally available to persons who are not members of eligible families. Expenditures for child care can include state funds to meet the requirements of the matching fund for the child care development block grant.

Expenditures in state- or local-funded programs can count towards the MOE requirement only if: (a) the expenditures exceed the amount expended for the same program in FFY 1995; or (b) the expenditures would have been previously authorized and allowable under the former AFDC, JOBS, or emergency assistance programs. State funds used to meet the healthy marriage promotion and responsible fatherhood grant match requirement may also count to meet the MOE requirement provided the expenditure also meets all the other MOE requirements.

Unlike TANF expenditures, MOE funds can be used for services to all lawfully present immigrants, medical services, and persons who have reached the time limit for assistance.

Expenditures for eligible families that count toward MOE may not include expenditures of any federal dollars, state expenditures under the Medicaid program, any state funds used to match federal funds or spent as a condition of receiving federal funds, expenditures that a state made in a prior fiscal year, expenditures used to match federal welfare-to-work funds, and expenditures made to replace reductions resulting from penal-

ties. However, matching expenditures for the healthy marriage promotion and responsible fatherhood grant may be counted as MOE.

Under federal law, the state's basic TANF grant will be reduced by the amount, if any, by which qualified state expenditures in the previous year are less than the MOE requirement.

States may spend their MOE funds in three different funding configurations: commingled with TANF funds; segregated from TANF funds but spent on services that are funded with TANF funds; and through a separate state program. Depending on how the funds are spent, varying federal requirements will apply. These requirements are summarized in Table 16.

*(a) Commingled with TANF.* State MOE funds may be commingled with TANF revenues. These funds are subject to federal funding restrictions, TANF requirements, and MOE limitations. If the expenditure qualifies as "assistance," all of the "assistance" requirements apply.

*(b) Segregated from Federal Funds but Spent in TANF.* If a state chooses to segregate its MOE expenditures from federal funds but spend them on services that are also funded with TANF funds, many of the TANF requirements will apply, including the work participation requirements, child support assignment, and reporting. However, time limits and some federal requirements do not apply such as restrictions for minor parents.

*(c) Separate State Programs.* A state can choose to use a separate state program operated outside of the TANF program. These expenditures are very flexible and are not subject to the general TANF requirements such as work sanctions, time limits, and child support assignment, even if the expenditures would be normally classified as "assistance." However, they must be consistent with the goals of the TANF statute and other MOE requirements. They are also subject

to the 15% administrative cap for MOE and case-record reporting requirements.

DCF reported MOE in the amount of \$267.8 million to the federal government for FFY 2015, which was mostly comprised of the following sources: W-2 benefits, educational support services to needy students, low income energy assistance program, kinship care, local W-2 agencies spending, and the SSI caretaker supplement.

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## Contingency Fund

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The federal Personal Responsibility and Work Opportunity Reconciliation Act of 1996 changed public assistance from an entitlement to a capped block grant. A contingency fund was also established to provide additional matching grants to states during times of economic downturns if certain conditions are met.

### Eligibility

In order to receive a payment of contingency funds, a state must: (a) be a needy state; and (b) submit a request for contingency funds during an eligible month.

A state is defined as needy in two ways. First, a state is needy if the average rate of total unemployment for the most recent three-month period equals or exceeds 6.5% and this average rate equals or exceeds 110% of the average rate for either of the corresponding three-month periods in the two preceding calendar years. Second, a state is needy if the Secretary of the federal Department of Agriculture has determined that the average number of individuals participating in the FoodShare program has grown at least 10% in the most recent three-month period over the corresponding three-month period in 1994 or 1995 (whichever year had the lower caseload).

If a state is determined needy for a given

month, the state is then eligible to receive a provisional payment of contingency funds for two consecutive months.

### **Payments to States**

Payments from the contingency fund are made to states determined to be needy in the order in which the requests for payments are made. The total number of payments made cannot exceed the amount appropriated for this purpose.

The maximum amount of payments in a year is 20% of the state's TANF block grant. A state can only receive a portion of this 20% that corresponds to the number of eligible months for which the state has requested contingency funds. For example, if a state has requested contingency funds for three months of the fiscal year, the maximum the state could receive in contingency funds is 25% (three months is 25% of a year) of the 20% of the state's TANF block grant (or 5% of the TANF block grant).

States must spend contingency funds in the fiscal year in which they are awarded. None of the funds may be transferred to any other block grant. The restrictions and prohibitions regarding TANF funds also apply to contingency funds.

The appropriation for the TANF contingency fund was eliminated under the federal Claims Resettlement Act of 2010. As a result, the state did not apply for TANF contingency funds in FFY 2010. However, the Protect Our Kids Act of 2012, the Consolidated and Further Continuing Appropriations Act of 2015, the Consolidated Appropriations Act of 2016, and a series of continuing resolutions retained the appropriation and continued to provide funding for the contingency fund. Therefore, the state applied for contingency funds, and was determined to be a needy state, in FFY 2009, and FFY 2011 through FFY 2015. The state received \$62.9 million in contingency funds in FFY 2009, \$15.7 million in FFY 2011, \$27.7 million in FFY 2012, \$26.4 million in FFY

2013, \$30 million in FFY 2014, \$35.0 million in FFY 2015, and \$30.8 million in FFY 2016. Whether TANF contingency funds will continue to be available depends on TANF reauthorization language or language contained in any other continuing resolutions.

### **Maintenance-of-Effort and Match Requirements**

In order to receive contingency funds, a state must spend an amount of state dollars equal to 100% of historic state expenditures. Adjusted for tribal allocations, 100% of historic state expenditures (MOE for TANF contingency funds) totals \$223 million for Wisconsin. In addition, a state must provide matching funds at the state's federal medical assistance percentage applicable for the fiscal year in which funds are awarded.

States must complete an annual reconciliation to determine how much, if any, of the contingency funds received in a fiscal year may be retained based on maintenance-of-effort and matching funds expended. If, based on the annual reconciliation, it is determined that the state failed to meet the maintenance-of-effort and/or matching requirements, then the state must pay back all, or a portion, of the contingency funds. These funds must be paid back within one year after it is determined that the state is no longer a needy state. The one-year period begins after the state fails to meet the definition of "needy" for three consecutive months.

If a state fails to pay back the contingency funds, the state's TANF block grant for the next fiscal year is reduced by the amount of contingency funds that was required to be paid back.

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### **Federal Child Care Program and Funding**

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The Child Care Development Fund (CCDF) is

a federal funding source for child care subsidies and quality improvement. The term "CCDF" does not actually appear in the federal statutes, but rather is derived from regulatory nomenclature to refer to two different funding sources: the Child Care and Development Block Grant (CCDBG) Act and the Social Security Act.

CCDF provides a combination of discretionary and entitlement funds for child care services for low-income families and to improve the quality and supply of child care for all families. States receiving CCDF funding must: (a) support child care workforce training and professional development; (b) develop and use early learning and developmental guidelines; (c) develop or enhance a tiered quality rating system for child care providers and services; and (d) improve the supply and quality of child care programs and services for infants and toddlers.

States must submit three-year plans to DHHS, in conformance with federal requirements, outlining how child care programs will be administered. The plan must establish that the state has conducted a cost estimate or statistically valid and reliable survey of the market rates for child care. States are also required to submit disaggregated data on children and families receiving subsidized child care to DHHS every quarter and aggregate data annually. States must also report error rates and improper payments.

The Child Care and Development Block Grant Act of 2014 reauthorized the program through federal fiscal year 2020. Pursuant to the Act, states are authorized to request the Secretary of DHHS for relief from any provision of federal law (including a regulation, policy, or procedure) affecting the delivery of child care services with federal funds that conflicts with any CCDBG requirement.

## **Financing**

States receive CCDBG discretionary funds

based on each state's share of children under age five, the state's share of children receiving free or reduced-price lunches, and state per capita income. There is no state matching requirement for discretionary funds. Discretionary funds must be obligated in the year received or in the following year. Unused funds are reallocated.

Entitlement funds under the Social Security Act are allocated to states in two components. First, each state receives a fixed amount based on funding received under the three child care programs previously authorized under AFDC. These funds are often referred to as "mandatory" funds. States are not required to match mandatory entitlements, which remain available until expended.

Second, after the mandatory entitlements are allocated, any remaining entitlement funds are distributed under the Social Security Act according to each state's share of children under age 13. States must meet maintenance-of-effort and matching requirements for these funds. Specifically, states must spend all of their "mandatory" entitlement funds plus state funds equal to 100% of the amount spent in FFY 94 or FFY 95, whichever is higher, under the AFDC-related child care programs. In addition, states must provide matching funds at the medicaid matching rate (approximately 58% in Wisconsin). Matching funds must be spent within the year received or obligated in the year received and spent within the next fiscal year.

Wisconsin's CCDF funding for FFY 2016 totaled \$95.2 million, which is made up of the following allocations: (a) \$41.6 million in discretionary funds; (b) \$24.5 million in mandatory entitlement funds; and (c) \$29.1 million in matching entitlement funds (including re-allotted FFY 2015 federal matching funds). Tribes in Wisconsin received \$1.8 million for FFY 2016.

## **Eligibility**

Under the federal CCDF program, states are

allowed to provide services to children in families with income equal to or less than 85% of the state median income for a family of the same size. Family assets may not exceed \$1 million.

According to the U.S. Census Bureau American Community Survey, the estimated median income for a Wisconsin family of four in 2015 is \$88,133 (85% of which is equal to \$74,913). As noted, Wisconsin limits initial eligibility for the W-2 child care program to families with income of no more than 185% of the federal poverty level (\$44,955 for a family of four in 2016), who remain eligible until income exceeds 200% of poverty (\$48,600 for a family of four in 2016).

The children must be less than 13 years old and living with parents who are working or enrolled in school or training, or be in the need of protective services. Federal regulations also allow, at the state's option, children over the age of 12 and under 19 to be eligible if the child is physically or mentally incapable of caring for himself or herself.

The Child Care and Development Block Grant Act of 2014 established a 12-month eligibility redetermination period for CCDF families regardless of temporary changes in participation in work, training, or education activities and changes in income (so long as income does not exceed the federal threshold amount of 85% of state median income). Thus, the eligibility requirements under the CCDF program are generally considered to be met for a period of 12 months. States have the option to terminate assistance prior to eligibility redetermination if a parent loses employment, but must continue assistance for at least three months to allow for job search.

Furthermore, the CCDBG Act of 2014 requires states to implement a graduated phase out of assistance for participating families whose income has increased above the state eligibility limit at re-determination but not by enough to

exceed the federal eligibility threshold. DCF indicates that Wisconsin meets the phase-out requirement by using an financial eligibility exit threshold of 200% compared to an initial threshold of 185%.

Federal CCDBG funds do not guarantee child care to an eligible family. However, single parents with children under the age of six who cannot find child care may not be penalized for failure to engage in work activities.

### **Use of Funds**

There are a number of federal provisions related to the states' use of CCDBG funds. These requirements include:

a. Federal law requires states to use at least 70% of their total entitlement funds for child care services for families that are trying to become independent of TANF through work activities and families at risk of becoming dependent on TANF. States must ensure that a substantial portion of remaining funds is used to provide assistance to other low-income working families.

b. CCDBG funds may be used for child care services provided on a sliding fee scale. Federal regulations specify that fees be based on family size and income. States are also allowed to waive child care fees for families with incomes at or below the poverty level. Payment rates must ensure equal access for eligible children as compared to services provided to children whose parents are not eligible for child care subsidies.

c. CCDBG funds may be used to establish or support a system of local or regional child care resource and referral organizations.

d. States are required to spend the following percentages of their child care allotments (discretionary and entitlements) to improve the quality of child care: (1) no less than 7% in FFY 2016 and 2017; (2) no less than 8% in FFY 2018 and

2019; and (3) no less than 9% in each fiscal year after FFY 2019. In addition, by FFY 2017 at least 3% of such funds must be spent to improve the quality of care for infants and toddlers each year.

e. Child care providers must meet all state and local registration, licensing, and regulatory requirements in order to receive federal funds. States are also required to have licensing requirements in effect. States must establish minimum health and safety standards covering prevention and control of infectious diseases (including immunization), building and physical premises safety, and health and safety training.

f. Parents must be given an option to enroll their children with a provider under contract with the state or be given a certificate or voucher to receive services from an eligible provider of the parent's choice. Eligible providers may also include individuals age 18 and older who provide child care for their grandchildren, great grandchildren, nieces or nephews, or siblings if the provider lives in a separate residence.

g. There are specific federal requirements in regard to sectarian providers of child care ser-

vices. Funds received through direct grants or contracts with a government agency may not be used for any sectarian purpose or activity, including religious worship, and instruction. However, a sectarian provider that receives a child care certificate or voucher from a parent is not so restricted.

h. No more than 5% of a state's federal child care allotment may be used for administrative costs.

i. States must conduct background checks covering the previous ten years of child care providers and their employees who receive support via CCDBG-funded programs. Child care providers which receive funding from CCDBG programs may not employ any individual who: (1) refuses to consent to a criminal background check, (2) knowingly makes a materially false statement in connection with such a background check, (3) is registered or is required to be registered on a state sex offender registry or the National Sex Offender Registry, or (4) has been convicted of one or more specified felonies, such as child abuse, kidnapping, and drug-related offenses.