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Economic Support Programs

Child Care and Wisconsin Works (W-2)

Economic Support Programs
(Child Care and Wisconsin Works (W-2))

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Introduction

The federal temporary assistance for needy families (TANF) program, codified under Title IV, Part A of the Social Security Act, funds public assistance benefits and services with federal block grants to states. The federal statutes provide states flexibility to develop, operate, and implement their own public assistance programs, supported entirely or partially with federal TANF funds. As a condition of receiving the TANF Block Grant, each state must submit a plan describing how the state will conduct its statewide TANF program in conformance with federal law and policy. States must continue to budget state funds for their economic support programs to satisfy federal maintenance of effort requirements.

Until 1997, public assistance for families with children in need had been provided under the aid to families with dependent children (AFDC) program, which was created as part of the federal Social Security Act in 1935. However, with the enactment of the Personal Responsibility and Work Opportunity Reconciliation Act (P.L. 104-193), the AFDC program was replaced with the TANF program. The TANF program eliminated the federal entitlement to public assistance that was previously provided under the AFDC program.

Wisconsin implemented several welfare reform initiatives beginning in 1987, leading to the replacement of the AFDC program in Wisconsin. The new program, Wisconsin Works (W-2), began statewide on September 1, 1997. 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 of federal law, regulations, and guidance provided by the federal Department of Health and Human Services, Administration for Children and Families (ACF), Chapter 49 of the state's statutes, related DCF rules and guidance, and the state's ACF-approved TANF plan. DCF contracts with W-2 agencies to provide many TANF-supported services, and makes some cash benefit payments to W-2 enrollees and providers directly.

This paper provides information on economic support programs funded with the TANF Block Grant, including W-2 employment services, child care subsidies, and other related programs. Table 1 summarizes TANF-related revenue and expenditures for economic support programs in the 2021-23 biennium. Appendix A provides a detailed description of nonfinancial eligibility requirements for W-2 employment positions and job access loans. Appendices B and C describe the restrictions that apply to the use of federal TANF and child care funds, including the types of state expenditures that may be counted toward federal maintenance of effort requirements.

Overview of Public Assistance Revenue and Expenditures

The primary source of funding for economic support programs in Wisconsin, including W-2 and child care programs, is the federal TANF Block Grant. These programs are also supported by the federal child care development fund (CCDF), state general purpose revenue (GPR), segregated funding from the utility public benefits fund, and several sources of program revenues.

Table 1: 2021-23 TANF-Related Revenues and Expenditures

	2021-22		2022-23	
	Budgeted	Actual	Budgeted	Estimate
Carryover from Previous Year	$294,209,000	$360,174,400	$222,619,100	$442,906,400
Revenue				
GPR Appropriations -- Base Funding	$160,381,400	$160,848,400	$160,381,400	$160,381,400
FED -- TANF Block Grant	307,336,800	312,846,000	311,009,600	312,846,000
FED -- CCDF	156,719,100	158,281,000	163,919,100	153,636,700
FED -- CCDF & TANF Recoveries	4,287,600	2,240,500	4,287,600	4,287,600
PR -- Child Support Collections	2,749,000	2,070,100	2,749,000	2,749,000
PR -- Child Care Fees	1,500,000	1,661,300	1,500,000	1,500,000
PR -- Social Services Block Grant -- DHS	100,000	100,000	100,000	100,000
PR -- Public Assistance Recoveries	160,600	38,800	160,600	160,600
SEG --Public Benefits Fund	9,139,700	9,139,700	9,139,700	9,139,700
Total Revenues	$642,374,200	$647,225,800	$653,247,000	$644,801,000
Expenditures				
Child Care				
Direct Child Care Services	$376,700,400	$281,913,200	$383,900,400	$302,703,700
Quality Care for Quality Kids	16,683,700	16,032,600	16,683,700	16,683,700
State Administration and Licensing	42,117,800	36,802,200	41,803,100	41,803,100
Employment Programs				
W-2 Benefits	$37,000,000	$27,034,100	$34,000,000	$34,000,000
W-2 Worker Supplement	2,700,000	437,500	2,700,000	2,700,000
W-2 Service Contracts	54,009,700	44,983,800	57,071,200	57,071,200
Transitional/Transform Milwaukee Jobs	9,500,000	5,987,200	9,500,000	9,500,000
Children First	1,140,000	425,300	1,140,000	882,200
Child Welfare Programs				
Kinship Care Benefits & Assessments	$28,727,100	$24,656,900	$31,441,800	$31,441,800
Child Welfare Safety Services	10,314,300	8,819,200	10,314,300	10,314,300
Child Welfare Prevention Services	6,789,600	6,789,600	6,789,600	6,789,600
Child Abuse Prevention Grant	500,000	469,500	500,000	500,000
Substance Abuse Prevention Grant	500,000	0	500,000	500,000
Housing Programs				
Emergency Assistance	$6,000,000	$1,694,100	$6,000,000	$6,000,000
Homeless Grants	500,000	500,000	500,000	757,800
Case Management. Services for Homeless Individuals	500,000	0	500,000	0
Grant Programs				
GED Test Assistance	$241,300	$229,300	$241,300	$241,300
Legal Services	500,000	500,000	500,000	500,000
Adult Literacy	118,100	118,100	118,100	118,100
Boys & Girls Clubs of America	2,807,000	2,713,800	2,807,000	2,807,000
Wisconsin Community Services	400,000	371,200	400,000	400,000
Fostering Futures	560,300	437,500	560,300	560,300
Families and Schools Together	250,000	199,500	250,000	250,000
Offender Reentry	250,000	229,200	250,000	250,000
Jobs for America's Graduates	500,000	378,300	500,000	500,000
Administrative Support				
Public Assistance and TANF Admin.	$17,231,100	$15,272,900	$17,482,300	$17,482,300
Local Fraud Prevention	605,500	430,600	605,500	605,500
Funding Transfers to Other Agencies				
DHS -- SSI Caretaker Supplement	$18,564,700	$18,564,700	$18,145,000	$18,145,000
DHS -- Social Services Block Grant	14,653,500	14,653,500	14,653,500	14,653,500
DOR -- Earned Income Tax Credit	63,600,000	53,850,000	66,600,000	66,600,000
Total Expenditures	$713,964,100	$564,493,800	$726,457,100	$644,760,400
Year-End Closing Balance	$222,619,100	$442,906,400	$149,409,000	$442,947,000

State funding budgeted for the W-2 program enables the state to meet federal maintenance of effort requirements.

Unlike some federal grants that must be expended within specified timeframes, any federal TANF funds that are unspent at the end of each fiscal year carry over into the next fiscal year and remain available until they are fully expended.

Under s. 49.175 of the statutes, DCF is directed to allocate specified amounts in each state fiscal year for a wide range of economic support and public assistance programs from the TANF Block Grant and other sources. These funding allocations are typically revised as part of each biennial budget act. DCF may request the Joint Committee on Finance to reallocate funding between these programs under a 14-day passive review process.

Table 1 shows revenues and expenditures for economic support programs for the 2021-23 biennium. The first two columns in the table show the amounts budgeted, and actual expenditures, respectively, in 2021-22, while the second two columns show 2022-23 budgeted allocations and the Department's expenditure estimates for each allocation, as of October 1, 2022.

As shown in Table 1, the total amount of funding available to support these public assistance programs in 2021-22 was $1,007.4 million, which included $360.2 million carried over from the 2020-21 fiscal year. In 2022-23, it is estimated that the total funding available for these programs will be $1,087.7 million, including $442.9 million in funds carried over from 2021-22.

Wisconsin Works (W-2)

W-2 is a work-based program that provides training and support services to assist low-income parents to obtain permanent and stable employment. W-2 also provides employment support services and 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, an individual must meet nonfinancial and financial eligibility requirements. Most of those requirements are set by statute, although 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" (which is defined as the individual, his or her spouse or nonmarital co-parent, 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 the parent has good cause for not cooperating, as determined by the Department.

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, although this provision does not apply to an individual applying for a job access loan.

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

9. The individual and all adult members in the W-2 work group comply with substance abuse screening, testing, and treatment requirements.

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.

Financial Eligibility Requirements. An individual must also 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 if the home is valued at no more than 200% of the statewide median value for homes, excluding the value of agricultural land owned by the W-2 group. By rule, a hardship exemption may apply to exclude the home's value under certain circumstances, such as if the home is subject to pending litigation or if the W-2 group includes an incapacitated adult.

• *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), an amount equal to $26,484 for a family of three in 2022. The following sources of income are included in calculating gross income:

1. All earned and unearned income of the individual, except: (a) benefits received for participation in a W-2 employment position, caring for newborn 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) certain types of loans, in-kind income, and vendor payments; (e) income earned by a dependent child; (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 co-parent 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 must be disregarded by federal or state law for purposes of determining eligibility for means-tested programs are not be counted as income. These sources include supplemental nutrition assistance program (SNAP) benefits, Indian tribal settlements, low-income energy assistance, and benefits provided under the women, infants, and children (WIC) supplemental food 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 maximum limits 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 eligibility reviews. 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 days or more. Except for follow-up case management services, a W-2 group must be prospectively ineligible for two consecutive months before the case closes.

Work Requirements and Time Limits

Work Requirements. Federal law requires state TANF programs to achieve the following two minimum work participation rate targets: (a) that 50% of all families receiving TANF assistance participate in work activities; and (b) that 90% of two-parent families receiving TANF assistance participate in work activities.

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. For example, if the first parent participates in 40 hours of W-2 activities, the second parent would be assigned to at least 15 hours of work activities.

In order to meet federal requirements, state law requires participants in each of the W-2 employment positions to meet the work requirements summarized in Table 2.

Lifetime Limit. Under federal law, an adult in a W-2 group may receive TANF assistance for up to 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 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 for up to six months if the W-2 agency, subject to

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	Education. and Training
Trial Employment Match	At least minimum wage	N.A.	Included in work hours.
Community Service Job	$653	40	10
Transitional Placement	608	40	12
Technical College Program - CSJ	653	25	15
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		

*The 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

DCF review, determines that the individual is experiencing hardship or that the person's family includes someone who has been battered or subjected to extreme cruelty. A W-2 agency may grant two extensions to an individual.

By rule, an individual experiences hardship if he or she: (a) is unable to work due to a personal disability or incapacitation; (b) needs to remain at home to care for an incapacitated member of the W-2 group; (c) has significant limitations to employment, such as a learning disability or severe family problems which prevent employment; (d) has made all appropriate efforts to obtain employment but local labor market conditions preclude a reasonable job opportunity; or (e) is unable to work due to current participation in a substance abuse treatment program certified by the Department of Health Services (DHS) to provide treatment for substance abuse or psychosocial rehabilitation services as approved by DCF.

W-2 Placements

Participants in W-2 are assigned by the local W-2 agency to either unsubsidized employment or one of three types of subsidized employment: (1) trial employment match program (TEMP) jobs; (2) community service jobs (CSJs); and (3) transitional placements. W-2 grants may be provided to custodial parents of newborn infants and to at-risk pregnant women. DCF pays a monthly grant amount to W-2 participants placed in subsidized employment positions and to participants who receive a caretaker of a newborn infant grant or an at-risk pregnancy grant.

Assessment. By rule, local W-2 agencies must schedule and hold a personal interview with the applicant no later than five working days after receiving a signed application. The applicant then has 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, the first priority is to provide applicants placement in unsubsidized employment and case management services, followed in order by TEMP jobs, community service jobs, and transitional placements.

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 fund the cost of eligible educational services.

Unpaid Placements. All participants in W-2 employment positions, and those who receive case management services are required to search for unsubsidized employment throughout their participation. They may also be required to engage in training activities. The agency is required to assist a participant search for unsubsidized employment.

• *Case Management Services.* W-2 agencies are authorized to provide case management services to an applicant in lieu of placing the applicant in an employment position 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 may include: (a) employment skills training; (b) job retention services; (c) English as a second language classes; (d) a course of study meeting the standards for granting a declaration of equivalency of high school graduation; or (e) other remedial education courses.

Certain case management services are also available for individuals who have reached the time limit on their participation in W-2, including connection with services in the community, help matching to unsubsidized employment, and reassessment of whether an extension of participation is warranted.

• *Worker Supplement.* Participants who obtain unsubsidized employment and meet minimum work participation requirements are eligible to receive a monthly $50 supplemental payment in addition to case management follow-up services. The worker supplement is available to participants that leave a community service job, transitional placement, or a TEMP job.

The worker supplement serves as an additional incentive for eligible families to retain unsubsidized employment and participate in services that may improve employment. Further, the worker supplement allows W-2 participants who transition into the workforce to be included into calculations for federal work participation requirements.

Although funded from the TANF Block Grant, the worker supplement is funded separately from the W-2 program. As such, the receipt of the worker supplement does not count towards a participant's 48-month time limit for W-2 employment positions under state law, or the 60-month time limit under federal law for the receipt of TANF assistance.

• *Noncustodial Parents Subject to a Child Support Order.* A noncustodial parent who is subject to a child support order is eligible for certain services if he or she meets the W-2 eligibility criteria and 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 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 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.

• *Pregnant Women.* A pregnant woman who is not considered "at-risk" 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 available to custodial parents of infants.

• *Minor Custodial Parents.* An individual must be at least 18 years old to participate in a subsidized employment position. However, custodial parents under the age of 18 are eligible to meet with a financial and employment planner, regardless of their or their parents' income or assets. The planner may provide the minor 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.

Paid Placements and Employment Positions. A person's W-2 monthly benefit amount depends on the type of placement and the number of hours he or she worked during the month. There is no adjustment for family-size. The cash benefits for each type of employment position are summarized in Table 2.

No W-2 employment position or Transform Milwaukee or transitional job (described later in this section) 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.

• *Trial Employment Match Program.* As part of a TEMP job, W-2 agencies pay a wage subsidy to an employer if that employer hires a participant and agrees to make good faith efforts to retain the participant as a permanent, unsubsidized employee after the wage subsidy was terminated. 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.

A TEMP employer must pay a participating employee for the hours worked at either the wage paid to the employer’s entry level employees who perform similar duties or at minimum hourly wage (currently $7.25 per hour), whichever is higher. W-2 agencies negotiate the wage subsidy with the employer, which may not exceed the minimum wage for each hour that the participant actually works, up to a maximum of 40 hours per week. If the subsidy is less than minimum wage, the employer must supplement the wages in excess of the negotiated wage subsidy.

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. Hours spent participating in educational and training activities are included in determining the number of hours worked for TEMP jobs.

A TEMP job can last for a maximum of six months, with an opportunity for a three-month extension. An individual can participate in more than one TEMP job, but generally cannot exceed a total of 24 months of participation in all TEMP job placements, which need not be consecutive.

TEMP placements are available for all custodial and non-custodial parents statewide.

• *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. The grant amount for community service jobs is $653 per month.

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.

W-2 agencies are required to permit 18- and 19-year olds 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 are 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 cannot exceed 40 hours per week. Activities must be specifically designed to assist participants with overcoming their employment limitations within a reasonable time period.

An individual may participate in a community service job for up to six months, with an opportunity for a three-month extension under circumstances approved by DCF. After each six-month period, 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 provided 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. The monthly grant amount for transitional placements is $608.

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.

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 permitted for community service jobs.

In addition, the agency may require participation 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. The cash benefit in transitional placements and community service jobs is the same for the technical college program.

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 education 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.

• *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.

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

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.

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

Child Support. As previously indicated, 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 state law, the state must first pay the federal government its share of the assigned child support collected (25%) and pass the remaining 75% to the W-2 participant.

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

Other W-2 Benefits and Services

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.

A person who applies for a job access loan to repair or purchase a vehicle must possess a current and valid driver’s license and provide proof of motor vehicle liability insurance. Further, a person who is on probation, parole, or extended supervision is not eligible to receive a job access loan to purchase a vehicle unless that person provides proof that the responsible parole or probation officer or extended supervision agent has granted permission to purchase a vehicle.

Generally, individuals who are younger 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.

Job access loans are funded from the TANF Block Grant and revenue from loan repayments. 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 does not count against the 48-month time limit for a W-2 participant in an unpaid, case management only placement if: (a) the participant is employed for at least one hour per month; (b) the participant is 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 through a group transportation or transportation capacity building project, such as a TANF-funded expanded bus route.

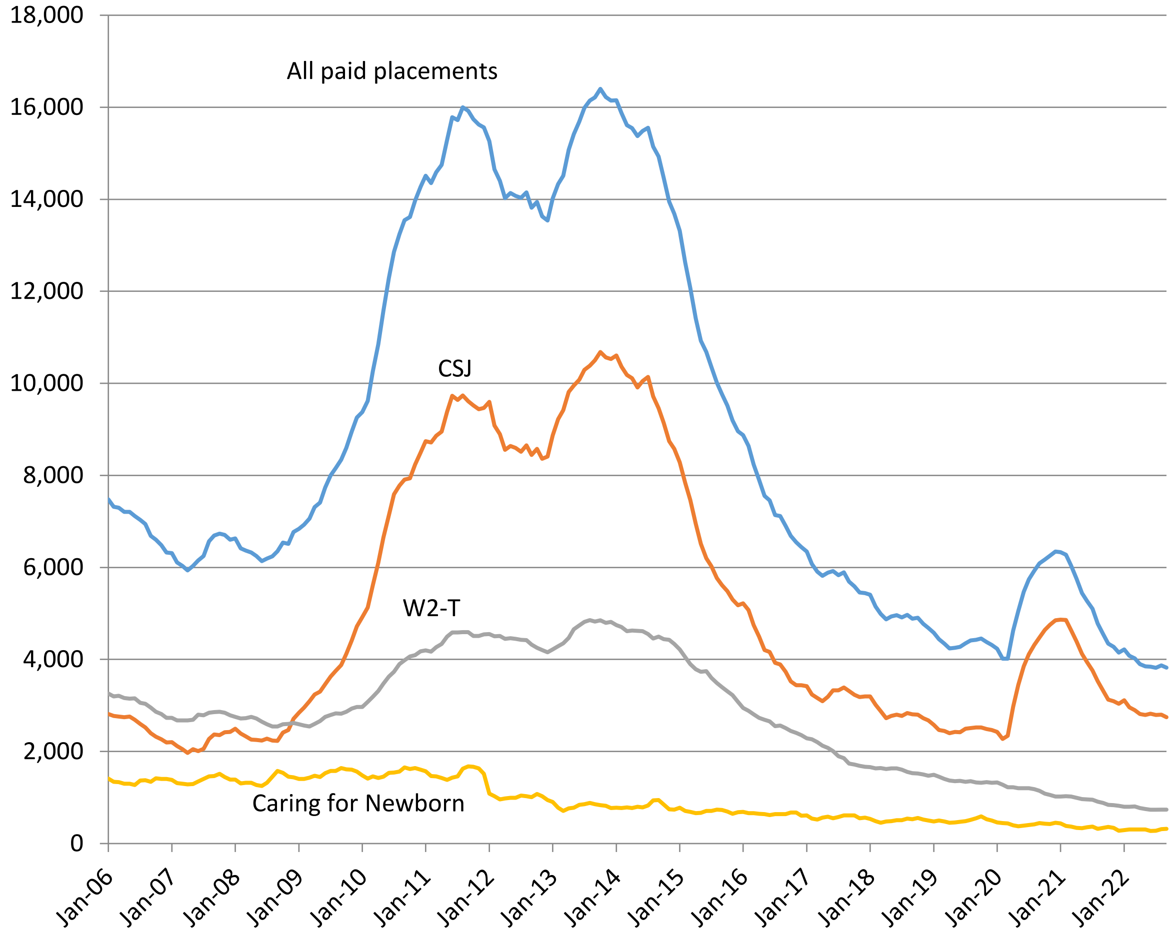
Learnfare. Dependent children age six through 17 in a W-2 group that includes a participant in a TEMP placement, community service job, or transitional placement must be enrolled in, and attend school unless otherwise exempt. Each child must be enrolled in school, or must have been enrolled in the immediately preceding semester. A child fails the attendance requirement if he or she is absent from school without an acceptable excuse for part or all of five or more days during the current or previous semester (that is, habitually truant). These attendance requirements are commonly referred to as "Learnfare."

In addition, certain persons must participate in case management services, including minor parents, habitual truants (students who are 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 and attendance during a case review. If the children and parent do not provide all information necessary for the W-2 agency to verify enrollment and attendance, 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. By rule, 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.

Figure 1: Total W-2 Paid Placements January, 2006, through September, 2022



W-2 Caseload Information

Figure 1 shows the total number of paid placements, by placement type, for the period from January, 2006, through September, 2022. The figure shows that participation in total paid placements increased significantly after 2008-2009 recession, but decreased substantially after 2014. In 2020, CSJ placements increased in response to the COVID-19 pandemic but decreased throughout 2021 and 2022 as the economy recovered.

Figure 2 shows the total monthly W-2 benefit payments (bar chart on the left axis) and the average cost per W-2 cash benefit case (line plot on the right axis) for this same period, which show a similar trend. The figures show a strong relationship between the number of W-2 employment positions and W-2 benefit costs, particularly with CSJ placements. Other factors that may have contributed to the trends are a renewed emphasis on work requirements by W-2 agencies and sanctions for nonparticipation in work activities.

Figure 2: Total W-2 Benefits and Cost per Case (January, 2006, through September, 2022)

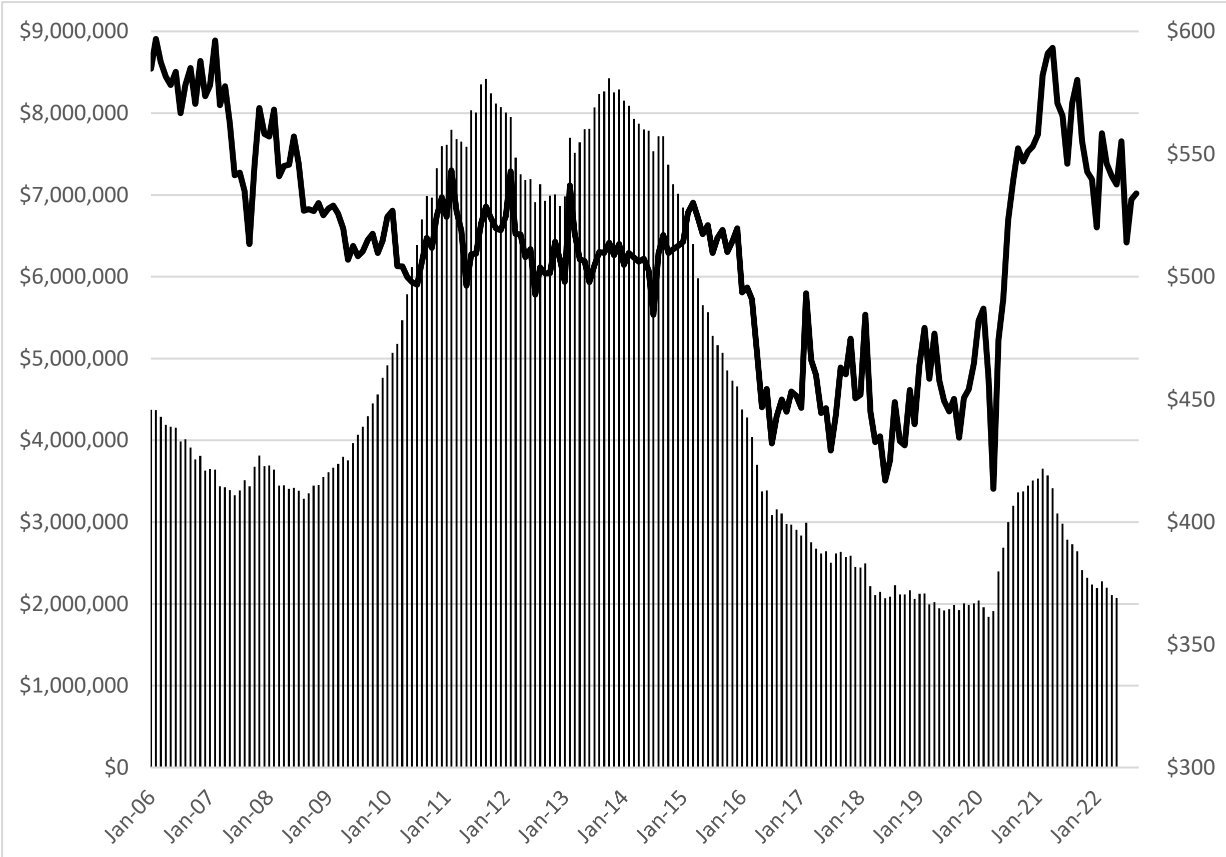


Table 3 shows the number of W-2 participants as of September, 2022, including both subsidized employment and case management cases, by age of the W-2 participant. W-2 participants must be 18 years of age or older. Approximately half of participants were younger than 30 years old.

Table 4 shows the number of children in W-2 groups as of September, 2022. Most work groups had either one (43%) or two children (29%). As shown in Table 4, 57 groups had no children (at-risk pregnancy grants or case services).

Table 3: W-2 Participants by Age Including Subsidized Employment and Case Management Cases (September, 2022)

Age of Participant	Number of W-2 Participants
Under 20	270
20-24	1,034
25-29	1,590
30-39	2,062
40 and over	817
Total Participants	5,773

Table 4: Number of Children in W-2 Assistance Groups (September, 2022)

Number of Children	Number of Assistance Groups
0*	57
1	2,484
2	1,653
3	913
4 or more	666
Total Groups	5,773
Average Number of Children	2.0

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

Table 5: **Interaction between W-2 and Other Programs; September, 2022**

Program Interaction	Number of Cases	Percentage of Cases
Child Care, FoodShare, Medical Assistance, and W-2	1,962	34.0%
Child Care, FoodShare, and W-2	7	0.1
Child Care, Medical Assistance, and W-2	103	1.8
Child Care and W-2	1	<0.1
FoodShare, Medical Assistance, and W-2	3,436	59.5
FoodShare and W-2	27	0.5
Medical Assistance and W-2	216	3.7
W2 Only	21	0.4
Total	5,773	100.0%

Attachment 1 shows the paid placements for each county in the state for September, 2022. Attachment 1 does not include stipends or non-paying case manage services. Milwaukee County accounted for 66% of the paid placement caseload.

Table 5 provides information on the interaction between W-2 and other public benefit programs. It shows the total number of cases (generally, households) where participants were receiving W-2 cash assistance or case management services for the month of September, 2022. It compares the total W-2 caseload with the number of W-2 cases that also received benefits under the medical assistance, FoodShare, or Wisconsin Shares programs. In that month, approximately 99% of W-2 cases had one or more members enrolled in medical assistance. W-2 participants automatically meet the financial eligibility requirements for the FoodShare program. The percentage of W-2 cases that were also receiving FoodShare benefits was 94%. The percentage of W-2 cases who were eligible for child care subsidies was 36%.

W-2 Administration

The W-2 program may be administered locally by governmental and private agencies that enter into contracts with DCF. As previously indicated, DCF pays cash W-2 benefits to participants directly, and may impose enrollment limits on any geographic area at any time during the contract period.

To date, DCF has entered into seven sets of contracts with W-2 agencies. 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, 2024. DCF exercised its option to renew the contract through 2024. DCF indicates that it is preparing to accept requests for proposals for the eighth set of W-2 contracts.

Contracting Process

DCF awards contracts to agencies to provide W-2 services in 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 DCF uses to award contracts must include cost and prior experience criteria. Agencies that do not meet the performance standards under the preceding contract may 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. The Secretary of DOA may 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 established 10 geographical service areas -- four areas in Milwaukee County and six in the rest of the state. Because these geographic areas differed from the previous regions, no W-2 agency earned the right under the previous W-2 contracts to first selection in their respective geographic areas. Attachment 2 shows the contracted agencies and regions, as of December 31, 2022.

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 includes up to 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.

Each agency contract also must contain provisions requiring the W-2 agency to perform several activities, including: (a) employing at least one financial and employment planner to work with participants; (b) employing staff to meet the needs of participants who are refugees and have cultural or linguistic barriers; and (c) ensuring 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.

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 person 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.

W-2 contracts also require the use of child support liaisons to provide screening and placement of participants with child support orders.

Audits of W-2 Agencies. Each W-2 agency may be audited 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. W-2 agencies 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.

Payments under the 2013-2016 W-2 Agency Contracts (with 2021-23 Extension)

Beginning in 2013, DCF provided three types of payments to W-2 agencies (a) monthly capitated payments (a set dollar amount per case); (b) performance outcome payments agencies earn for achieving certain case outcomes; and (c) and incentive payments W-2 agencies earn by achieving specified benchmarks.

For the 2022 contract, the monthly capitated payment component was replaced by a cost-based component, under which DCF pays each W-2 agency 70% of the agency's total maximum budget, based on actual allowable costs the W-2 agency incurs. For this purpose, allowable costs include W-2 eligibility and administration, W-2 job readiness services, and W-2 education navigator services. W-2 agencies were also reimbursed for allowable costs for TEMP wage subsidies and stipends, emergency assistance payments, drug testing, and refugee cash assistance and other refugee services.

The remaining 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.

In 2022, performance payments were provided based on the following measures: (a) job attainment; (b) job attainment by long-term participants; (c) employment placement with high wages ($16.40 per hour in Milwaukee and either $16.70 or $16.85 per hour in the rest of the state); (d) three-month job retention; and (e) and six-month job retention;.

W-2 agencies also receive incentive payments for achieving certain benchmarks. In 2022, these incentives include: (a) payments for achieving the 40% all-families work participation rate each month (as discussed in more detail in Appendix B); and (b) payments for participant educational attainment and completing certain vocational training; (c) a one-time payment for achieving 75% customer satisfaction; and (d) payments for referring noncustodial parents to employment programs, job skills/trainings, or technical college programs.

Attachment 3 displays the total maximum allocation for performance outcome payments, cost reimbursement, and incentive payments in calendar year 2022 for each W-2 agency. The total payments W-2 agencies receive from cost-based reimbursements, performance outcome payments, and incentive payments, may not exceed the total contract amount.

DCF and W-2 agencies may annually modify performance-based payments and targets, delete or add performance outcomes, and make other budget adjustments if DCF and the agencies mutually agree to renegotiate the contract. This process begins in August of each contract year.

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

Sanctions

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 on a recipient who refuses to participate in an employment position, does not cooperate with child support requirements, commits an intentional program violation, or fails a drug test.

"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) unavailability 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.

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 component, 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 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. Examples of the type of information the state verifies include social security numbers and SSI payments from the U.S. Social Security Administration, state wage and unemployment insurance information collected by the Department of Workforce Development, unearned income from the Internal Revenue Service (IRS), and immigration status from the United States Citizenship and Immigration Services.

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 extends to any parent, nonmarital co-parent, or stepparent for the period during which those persons were in the W-2 group while the group received 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 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 allowance 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.

No local fraud incentive payments were made in 2022.

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 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. 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.

Other Work Experience Programs

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 to participate in the program by a court.

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.

Program participants are considered employees 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 up to $800 per year for each participant. Allocations are calculated based on the number of "slots" needed for anticipated participants compared to the overall funding available for the program. In 2021, 379 participants were enrolled in Children First.

Additional program costs are paid by the agency, county, or tribal governing body. 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.

Transform Milwaukee and Transitional Jobs

The Transform Milwaukee program offers subsidized work to low-income individuals in the City of Milwaukee for up to 1,040 hours (six months, full-time) and provides employers with a wage subsidy to offset their hiring costs. The program also offers training to provide job skills to individuals that match employers' needs. In contrast with Wisconsin Works, childless individuals may qualify for the Transform Milwaukee program, and the income eligibility limit is higher (150% of the FPL, compared to 115% of the FPL under Wisconsin Works).

Subsequent to the enactment of the Transform Milwaukee program, 2013 Act 113 authorized DCF to establish a similar program, the Transitional Jobs program, in areas outside Milwaukee, to the extent funding is available. DCF must give priority to areas with relatively high rates of unemployment and childhood poverty and other areas with special needs that DCF prioritizes. The same eligibility and program requirements apply to both programs.

In 2021-22 and 2022-23, $9,500,000 was budgeted to support the Transform Milwaukee and Transitional Jobs programs. There were 645 participants in Transitional Jobs in FFY 2022 and 472 participants in September, 2022. There were 980 participants in Transform Milwaukee jobs in FFY 2022 and 602 in September, 2022.

Under both programs, 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.

Goals. The main goals of the Transform Milwaukee and Transitional Jobs programs are to: (a) assist parents to gain stable, unsubsidized employment; (b) increase child support payments through stable, unsubsidized employment; (c) support reunification plans with children by enhancing parental capabilities and long-term child safety through stable unsubsidized employment; and (d) help foster youth live independently through stable, unsubsidized employment. The programs assist participants facing disadvantages and barriers to employment, such as youth lacking formal education or work experience.

Eligibility. Transform Milwaukee has two target populations: the general public and the former out-of-home care population. DCF partners with United Migrant Opportunity Services (UMOS) to serve the general population and with the Milwaukee Area Workforce Development Board to serve the out-of-home care population.

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; (f) not be participating in a W-2 employment position; and (g) satisfy drug abuse screening, testing, and treatment requirements.

Furthermore, pursuant to the Transform Milwaukee policy manual, members of the general public that meet the eligibility requirements listed above must either be a young childless adult between 18 to 25 years of age, or a parent with a child support order, a reunification plan, or an ex-offender. However, these additional requirements do not apply to individuals between 18 to 25 years of age who were in out-of-home care at or after age 16. Pursuant to DCF policy guidance, out-of-home care is defined to include placements under the Children's Code (Chapter 48) and the Juvenile Justice Code (Chapter 938).

Administration. Four entities have contracted to administer the program locally in seven geographic regions: (a) Community Action, Inc. in the Urban Southwest Region (Rock and Walworth counties); (b) UMOS, Inc. in the Northeast Region (Langlade and Menominee counties), the Southeast Region (Racine County), the Urban Bay Region (Brown, Marinette, Oconto, Outagamie, and Winnebago); and the Urban South Region (Kenosha); (c) the Northwest Wisconsin Concentrated Employment Program, Inc. in the Northwest Region (Ashland, Bayfield, Burnett, Price, Rusk, Sawyer, and Taylor, and Washburn counties), and the Central Region (Jackson County); and (d) Workforce Resource, Inc. in the Rural Midwest Region (Barron, Dunn, Chippewa, Pierce, Polk, and St. Croix). Generally, these local agencies accept applications from participants and match them with employers.

The program proceeds in four phases. First, the contracting agencies review applications to determine if an applicant meets the program eligibility requirements. Agencies must inform and provide basic information about other programs, including FoodShare, Wisconsin Shares child care subsidies, and Wisconsin Works.

Second, eligible participants enter the orientation phase, whereby agencies assess participants and create an employability plan based on the participant's goals and abilities. Orientation activities prepare individuals for employment in a subsidized job, including trainings on resume writing, workplace expectations, and job readiness skills. Participants may qualify for stipends for participating in orientation activities, not to exceed the minimum wage for each hour of participation for up to 40 hours per week. Orientation hours do not count towards the maximum of 1,040 hours worked in a subsidized job.

Third, participants are placed in subsidized employment at a host worksite to earn pay and acquire skills, references, and experience needed to obtain unsubsidized employment. Agencies negotiate agreements with employers to provide a wage subsidy of no more than the state or federal minimum wage ($7.25 per hour) and may also agree to reimburse payroll taxes and insurance attributable to employment of a participant. Employers must pay at least the minimum wage to participants. Participants are required to work at least 20 hours a week, and may work for more than 40 hours a week, but such hours are not subsidized. Participants may work for an overall maximum of 1,040 hours in a subsidized job. Agencies assist participants to successfully complete the period of subsidized employment. If the subsidized job is not a successful match, the agency reassesses the participants and attempts to make another match, including any additional orientation activities that would prepare the participant for a new worksite. The participant is not be eligible for additional stipends for orientation activities, however.

Fourth, in the post-subsidized employment phase, agencies provide up to 60 days of job search assistance and retention services to assist individuals to find and secure unsubsidized employment.

Work Experience Drug Testing and Treatment

The 1996 federal welfare reform act permits states to require drug tests for public assistance recipients and to provide substance abuse treatment as a job readiness activity. The act also generally bars states from providing TANF assistance to an individual 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 - Drug Felons. 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 Program Drug Testing. 2015 Act 55 included a provision that added substance abuse screening, testing, and treatment as a eligibility requirements 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; and (c) Children First.

DCF is budgeted $250,000 GPR in 2021-22 and 2022-23 to fund drug screening, testing, and treatment costs. DCF is required to pay 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 be screened for the abuse of a controlled substance by answering a questionnaire or through another method required by administrative rule. 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 Transform Milwaukee, Children First, and noncustodial parent placements. Effective January 1, 2018, the scoring threshold for the 10 question questionnaire was lowered from three "yes" responses to a single "yes" response.

If the test is negative for the use of a controlled substance, the applicant remains eligible to participate in the work programs. If the applicant refuses to submit to a test, the applicant is not 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 must submit to random testing for the use of a controlled substance, and the test results must 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 can restart treatment once and remain eligible, so long as all subsequent test results are negative or positive with a valid prescription. An additional failed test results in the participant becoming ineligible for 12 months.

Table 6 shows the results of drug screening, testing, and treatment through September, 2022.

Table 6: Drug Screening, Testing, and Treatment for DCF Work Experience Programs through September, 2022

	Applicants/ Participants	Screened	Referred to Testing	Refused Testing	Referred for Treatment	Refused Treatment	Completed
Transform Milwaukee (since 11/9/15)	3,791	3,791	20	5	98	92	1
Transitional Jobs (since 7/1/16)	1,362	1,361	104	7	48	46	0
W-2 Noncustodial Parent Placements (since 3/1/16)	95	86	13	0	2	0	0
Children First (since 3/7/16)	5,973	5,802	112	6	6	0	2
Total	11,221	11,040	249	18	154	138	3

W-2 Custodial Parent Drug Testing. Pursuant to 2017 Act 59, the drug abuse screening, testing, and treatment requirements also apply to TEMP jobs, community service jobs, and transitional jobs placements. Such requirements apply to all adult members of an applicant's W-2 group whose income or assets are included in determining the individual's eligibility for W-2 employment position. As a result, an individual is not eligible for a W-2 employment position unless that individual and all adult group members satisfy the screening, testing, and treatment eligibility requirements.

However, the screening and testing eligibility requirements do not apply if an individual is: (a) a custodial parent of a child younger than eight weeks old; (b) a woman who is in a pregnancy that is medically verified and that is shown by medical documentation to be at risk; (c) a participant in a W-2 employment position who moves to unsubsidized employment and receives case management services; or (d) a dependent child.

Unlike the requirements for work experience programs, if an applicant for a W-2 employment position, or any of the applicant's group members fails to satisfy the screening, testing, or treatment eligibility requirements, the applicant remains partially eligible for monthly grants under a community service job or transitional placement. The applicant remains partially eligible for twelve months or, if earlier, the date on which the applicant becomes eligible for full participation in a W-2 employment position (such as by complying with controlled substance screening, testing, and treatment eligibility requirements). DCF is required to pay the monthly grant to a protective payee. The protective payee must hold the money and use it exclusively for the benefit of the applicant's dependent children. DCF reduces the amount to reflect that the monthly grant is to be used exclusively for the dependent children.

As of January, 2023, DCF had not yet implemented the W-2 custodial parent drug screening, testing, and treatment eligibility requirements due to the modifications in information technology infrastructure and administrative rulemaking that would be required. DCF indicates that the administrative scope statement is currently being drafted and reviewed for promulgation of an administrative rule implementing the requirement in 2023.

Child Care

Wisconsin's child care subsidy program, known as "Wisconsin Shares," provides child care assistance for low-income families to enable them to work or prepare for employment through W-2, the FoodShare employment and training (FSET) program, or through a combination of work and education or training programs. 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.

Administration

Local Administration. For 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, the 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.

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 12 months.

In calendar year 2023, $12.0 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, $1.2 million for certification activities, and $0.5 million for fraud detection and prevention activities.

Milwaukee Administration. 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 (MilES) unit in the Department of Health Services (DHS) or to establish its own child care provider services unit.

DCF contracted with MilES to determine and redetermine 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 2021-21, MECA expended $8.6 million for the administration of Wisconsin Shares in Milwaukee County. Of this amount, $6.3 million was expended for administration and certification activities and $2.3 million was expended for eligibility determinations.

For 2022-23, MECA is budgeted $8.4 million for the administration of Wisconsin Shares in Milwaukee County ($6.3 million for administration and certification activities and $1.2 million for eligibility determinations).

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 for the parent 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 Criteria. Initial eligibility for the child care subsidy program is limited to families with gross income of no more than 185% of the FPL ($42,606 for a family of three in 2022). This is roughly 49% of the state median income. Pursuant to 2017 Act 59, the copayments of participating families whose incomes increase above the 200% FPL threshold increase by $1.00 for every $3.00 by which the family's gross income exceeds 200% of the FPL. These families retain eligibility until either the copayment reduces the subsidy to $0 or their income increases to the exit threshold of 85% of state median income. Once a case has been closed for more than a calendar month, the family must reapply using the 185% FPL standard.

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 child care 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 FPL.

Asset Tests. 2017 Wisconsin Act 59 established a $25,000 liquid asset limit parents must meet to be eligible for Wisconsin Shares. Certain individuals are exempt from the requirement, including foster parents, subsidized guardians, interim caretakers, and kinship care relatives. The asset test is required at the initial eligibility determination and at each eligibility renewal. Assets include an individual's cash and financial resources that can be quickly converted to cash without incurring penalties, such as checking and savings accounts.

Eligibility staff implement this provision by asking applicants to declare whether or not they have liquid assets that exceed $25,000. If the applicant indicates that he or she does not have liquid assets that exceed $25,000, no further verification is required.

In addition, the applicant may not own vehicles that have a combined equity value of more than $20,000, other than vehicles used for business purposes.

The statutes also specify limits on applicants' home ownership. A family may own one home that is used as the family's primary residence, unless the home is valued at more than 200% of the statewide median value for homes (excluding the value of agricultural land owned by the family). As of January 1, 2023, DCF had not yet implemented this provision. DCF indicates that upgrades to its Cares Worker Web information technology system will be needed to implement it.

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. Immunize all participating children in the same manner required by state law for public schools, except that immunization may be waived for reasons of health or religion.

4. 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 they care for within six weeks of exceeding the 40% threshold.

Termination of Eligibility. Due to changes in federal law with the enactment of the Child Care and Development Block Grant (CCDBG) Act of 2014 (P.L. 113-186), once a family is determined to be eligible for child care subsidies, the family remains eligible for subsidies for at least 12 months, regardless of whether the family no longer meets the state's maximum standard, as long as the family's income does not exceed 85% of the state median income (SMI) for a family of similar size. In FFY 2023, it is estimated that 85% of the SMI for a Wisconsin family of three is $73,467, based on the SMI standard used for the federal low income home energy assistance program.

States may terminate child care subsidies prior to the annual eligibility redetermination if a parent loses employment, but must continue subsidies for at least three months to enable the parent to search for a job. In conformance with federal law, Wisconsin law provides for a minimum period of eligibility equal to the lesser of three months after the permanent termination of an authorized activity, such as employment, or until DCF, a local agency, or a county department conducts the individual's annual eligibility review. Further, a "temporary break" from an authorized activity is itself considered an authorized activity for purposes of Wisconsin Shares eligibility. A temporary break defined as a time-limited absence from an authorized activity due to: (a) illness; (b) leave to care for an individual's family member; (c) a student or holiday break; (d) an interruption in work for a seasonal worker who is not working between regular industry working seasons; or (e) any other cessation of an authorized work activity as long as the individual continues to be employed or enrolled in the authorized activity and the absence does not exceed three months.

In authorizing hours of child care in such situations, DCF must take into consideration the child's learning and development and promote the continuity of care. DCF is not required to limit authorization of hours to the participating parent's scheduled educational or work activities or to the amount of hours spent in those activities. For example, DCF could continue to authorize the same number of hours of child care after a termination of employment. Likewise, any reduction in the use of authorized child care hours due to a temporary break do not result in a reduction of authorized hours due to underutilization.

Children do not lose eligibility for "aging out" of Wisconsin Shares by reaching the age of 13 (or 19 if disabled) until the participating parent's eligibility is redetermined at the end of the twelve-month period.

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, which is described later, 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 7 shows the licensed and certified child care capacity in Wisconsin as of December 31, 2021. 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.

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

Table 7: Licensed and Certified Child Care Capacity as of December 31, 2021

	No. of Providers	Daytime Capacity	Night Capacity	Est. Enrolled Children
Licensed Group	2,204	142,850	7,628	200,136
Licensed Family	1,523	12,102	2,190	19,008
Licensed Day Camp	105	9,503	N/A	12,639
Certified Family	495	*	*	2,970
Total	4,327			234,753

*Capacity of certified family providers is up to six children at any one time. Due to part-time care, slots are often used by more than one child.

categories: Level I (regular) family child care and Level II (provisional) family child care. In order to receive the 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.

License Exempt Programs. Public and private schools are exempt from licensure by DCF. Public school child care programs, which are established and supervised by school boards, are required to meet the DCF licensure standards, but are not required to be licensed by DCF. Public schools may receive payments under Wisconsin Shares without certification. Private school programs must be certified by DCF in order to receive payments under the Wisconsin Shares child care subsidy program.

Federal law requires DCF to monitor license-exempt programs that receive CCDF funding for compliance with a subset of licensing rules, including annual onsite inspections for compliance with health and safety standards. If a public school child care program receives Wisconsin Shares subsidies, DCF is authorized to visit and inspect the facilities and records of public school programs and to prosecute licensing violations.

Child Care Subsidy Payments

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 (the copay), which depends on the size of the family, income, and other factors. Wisconsin Shares pays the remaining amount (the subsidy) to the child care provider. Participating child care providers may charge more than the maximum reimbursement, but families are liable for all amounts exceeding the subsidy by choosing such providers.

Authorization. DCF authorizes payment for child care based on an assessment of the number of child care hours the parents need 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 or part-time care. Additional time may also be authorized, although 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.

As part of the approval process for the FFY 2022-24 Child Care and Development Fund (CCDF) plan, ACF informed the state that Wisconsin Shares is required by federal law to implement new policies which utilize part-time and full-time rate authorizations, rather than hourly authorizations. DHHS indicated that subsidy payments must generally reflect accepted payment practices of child care providers who serve children who do not receive CCDF subsidies, which includes payments on the basis of a full-time or part-time reservation of child care. For example, for a participant needing 1.5 hours of care per weekday, a reservation of a part-time slot of 20 hours per week would be necessary (because private providers would not typically allow a customer to only purchase 1.5 hours of care each day).

DCF estimates that a new system which authorizes care on the basis of part-time (less than 21 hours per week) and full-time (21 or more hours per week) would cost an additional $74.5 million per year, compared to the current program.

Payment and the Electronic Benefit Transfer (EBT) System. The EBT system is intended to make the payment process consistent with the practices commonly used in the market for unsubsidized child care. Instead of paying for care after it is provided, DCF prospectively calculates the subsidy amount based on the projected hours of child care needed by the parent. The subsidy is 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 are free to transfer funds at any time from the EBT account via telephone, website, or an EBT "swipe" card. The charged amounts are immediately and electronically transferred into the child care provider's bank account.

Parents are responsible for managing the subsidy they receive and are 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.

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 4 shows the maximum rates that took effect on January 1, 2021, and remained in effect as of December 31, 2022. As shown in Attachment 4, 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 and Level II certified providers cannot exceed 90% 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 90% of the licensed family hourly rate.

Higher rates than the established maximum rates are allowed on a case-by-case basis for children with special needs. Lower rates are provided for part-time child care (20 hours or less). Payment rates may also be adjusted for individual child care providers based on the provider's YoungStar rating, which is discussed later in this paper. Further, a child care administrative agency may establish its own rates for child care provided for less than a two-week period, sporadically, or for care of an ill child through negotiations with the child care provider.

Maximum Rate Setting History. 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 75th 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 75th 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, rather than 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 and tribal rates to within 25% of the 75th 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 75th percentile based on the 2012 market survey.

In October, 2018, DCF increased rates for children under the age of three by 5% statewide and increased all maximum rates for infants to a minimum of $5 per hour. Further, effective January 1, 2019, additional TANF funding was provided under 2017 Wisconsin Act 236 for the purpose of increasing the child care payment rates for child care services. DCF was required to expend $7,250,000 in fiscal year 2018-19, which DCF distributed as a uniform 5% increase for child care rates in every county.

As part of the approval process for the FFY 2019-21 Child Care and Development Fund (CCDF) plan, ACF placed all states with payment rates below the 25th percentile on a corrective action plan for failure to comply with the equal access provisions of federal law. ACF indicated that payments rates under Wisconsin Shares were inadequate to provide child care services comparable to those provided families that do not use the subsidy program. Further, DHHS indicated that the 25th percentile is not viewed as a benchmark or long-term solution to gauge equal access, and thus will not be sufficient for compliance in future CCDF plans.

In response to ACF, 2019 Act 9 provided additional TANF funding of $11,630,800 FED in 2019-20 and $11,920,900 FED in 2020-21 in order to increase rates to the 35th percentile of the 2017 market rate survey. DCF used the funding to increase rates beginning in October, 2019. Furthermore, provisions of 2021 Act 58, increased funding for direct child care subsidies by an additional $11,000,000 FED in 2021-22 and by $18,200,000 FED in 2022-23. DCF set the maximum reimbursement rates equal to the 80th percentile of the market rate in January, 2022, in all counties for all age groups and provider types.

Market Survey. DCF's 2022 market rate survey is available on its website. Based on the survey results, DCF estimates that the overall maximum reimbursement rates in 2022 are in the 74th percentile of the market price for child care slots available in the state. This means that the 2022 maximum reimbursement rates, before adjusting downward for copays, were sufficiently high enough to pay for the entire cost of 74% of the child care slots available in the statewide survey.

As part of the survey, DCF also conducted an analysis of the annual cost of providing child care in order to successfully operate a high-quality child care program, a portion of which is shown in Table 8. As shown in Table 8, based on survey data and certain publically available data, DCF determined the annual cost of providing child care

Table 8: Estimated Annual Child Care Provider Cost per Child by Age, Urbanization, and YoungStar Rating

	Percent of Population in Urban Area			
	0-25%	25-50%	50-75%	75-100%
Age		2-Star		
0 to 2 years	$23,112	$23,972	$23,399	$24,403
2 to 3 years	16,240	16,815	16,432	17,103
3 to 4 years	11,996	12,395	12,129	12,594
4 to 5 years	9,966	10,281	10,071	10,438
School age (5+)	8,482	8,735	8,566	8,861
		5-star		
0 to 2 years	$37,769	$39,418	$38,318	$40,242
2 to 3 years	27,266	28,432	27,655	29,016
3 to 4 years	20,778	21,647	21,068	22,082
4 to 5 years	17,676	18,402	17,918	18,766
School age (5+)	14,866	15,454	15,062	15,748

Source: DCF 2022 Market Rate Survey Report

for children less than two years old was $23,112 for a 2-star rated program and $37,769 for a 5-star program. For comparison, DCF determined that the annual cost for a school age child was $8,482 for a 2-star program and $14,866 for a 5-star rated program.

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.

DCF may adjust the copayment amounts 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.

DCF adjusts copayments each year after updated federal poverty level data is published (typically in February or March). 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 5 shows the copayment schedule which became effective February 1, 2022. The copayment schedule sets an hourly copayment determined by a family's income and the number of children in care. The total copayment assessed for each child will not exceed 152 hours per month per child, even if a child attends multiple providers.

For example, a family of four having gross income of 95% of the federal poverty level with one child authorized for child care of 80 hours a month and another child authorized for care of 170 hours a month would have a total copayment of $113.68 per month (hourly copay of 49 cents per hour multiplied by 232 hours, since the child's hours are capped at 152).

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. In determining a family's subsidy amount, DCF subtracts a portion of the family's copayment from each child’s subsidy based on the percentage of total subsidized hours that each child has at each child care provider (up to a maximum of 152 hours).

Families are responsible for paying the copayment directly to the provider and any amounts owed which exceed the amount of the subsidy.

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

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.

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 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.

Indirect Child Care Services

Child Care Quality and Availability. Federal law requires states to use a 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 $16.0 million was expended from the TANF budget in 2021-22 and $16.7 million is budgeted in 2022-23 for programs to improve child care quality and availability. These programs are shown in Table 9, and discussed in more detail below.

Technical Assistance. In 2021-22, DCF expended $1.1 million to provide technical assistance to child care providers. In 2022-23, $693,000 is budgeted for this purpose. Funding is provided for: (a) the Registry (a system that documents verified formal and informal education of

Table 9: Quality Care for Quality Kids (QCQK) Funding and Federal Reporting

	QCQK TANF Allocations		Federal CCDF Quality Reporting	
	2021-22 Actual	2022-23 Budgeted	2021-22 Actual	2022-23 Budgeted
TEACH/REWARD *	$4,084,200	$3,975,000	$0	$0
YoungStar	7,049,200	7,240,000	7,049,200	7,240,000
Resource and Referral	1,393,600	1,378,600	1,393,600	1,378,600
Pre-Licensing Training	336,900	415,000	336,900	415,000
Technical Assistance	1,130,700	693,000	1,130,600	693,000
Pyramid Model	1,003,200	535,000	1,003,200	535,000
53206 MATC	82,600	84,000	82,600	84,000
53206 TEACH	350,000	350,000	350,000	350,000
53206 Env Kits/Evaluation	32,900	60,000	32,900	60,000
Other Quality Activities	578,000	1,951,100	578,000	1,951,100
YoungStar Bonuses (Non-Infant/Toddler) *	0	0	2,536,500	0
Child Care Licensing*	0	0	12,174,000	13,027,600
Total	$16,041,300	$16,681,700	$26,667,500	$25,734,300

* TEACH contracts and YoungStar bonuses for toddlers and infants are reported for federal CCDF purposes as infant/toddler expenses rather than quality initiatives. By contrast, under state TANF allocations TEACH/REWARD contracts are quality initiatives, YoungStar bonus payments are direct child care subsidies, and child care licensing is administration.

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" (a multi-level system of supports to enhance social and emotional competence among infants, toddlers and young children), 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 contracts with 10 locally based child care resource and referral agencies to provide the following services: (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 $1.4 million in 2021-22 and are budgeted at $1.4 million in 2022-23.

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.

In 2021-22, the TEACH program had 682 active scholarship participants and the REWARD program had 1,566 active participants.

TEACH and REWARD program expenditures totaled $4.0 million in 2021-22. In 2022-23, $4.0 million is budgeted for these programs. Additional amounts are budgeted for each program as part of the 53206 Early Childhood Initiative, described below.

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 was previously administered by the Department of Public Instruction's reference and loan library, but oversight moved to DCF as of 2019-20. Such expenditures are now reflected as child care administration. As a result, there are no child care quality expenditures for the child care information center in Table 9.

Model Early Learning Standards. Research indicates that preschool children are three times more likely to be removed from programs than children in kindergarten through grade 12 combined. The pyramid model is a framework of evidence-based interventions for child care providers, parents and professionals to support optimal early childhood development and to prevent challenging behaviors by infants, toddlers, and preschoolers. Key components of the pyramid model include positive teacher-student relationships, partnerships between teachers and families, structured classroom environments, explicit instruction in social and emotional skills, and individualized supports for children demonstrating more challenging behaviors.

DCF spent $1,130,700 in 2021-22, and $535,000 is budgeted in 2022-23, to support statewide training and implementation of the pyramid model. The Wisconsin pyramid model training is part of the YoungStar quality rating and improvement evaluation criteria, described below.

53206 Early Childhood Initiative. The 53206 early childhood initiative supports access to high-quality child care for families that reside in a geographic area with high-poverty levels, as identified by DCF, in the City of Milwaukee by providing grants to participating child care providers. Grantees must contribute matching funds equal to 25 percent of the amount awarded. Matching contributions may be in the form of money or in-kind goods and services.

Grants can be used for start-up costs, quality improvement activities, and ongoing operational costs. The program provided $465,500 in 2021-22, and $494,000 is budgeted in 2022-23, to support awards through the TEACH program, the REWARD program, and Milwaukee Area Technical College (MATC) grants. In 2021-22, DCF provided $82,600 for MATC grants, $350,000 for TEACH scholarships, and $32,900 for environment training kits and evaluation.

Other Expenditures. Additional funding includes $336,900 in 2021-22 and $415,000 in 2022-23 for pre-licensing and start-up consulting and training contracts. DCF indicates that underspending allowed for various other small quality initiative contracts totaling up to $600,000 in 2021-22 and may allow up to $2.0 million in 2022-23.

Other funding that may count in part toward the federal requirements for spending on child care quality improvements includes: (a) $12.2 million in 2021-22 expended, and $13.0 million budgeted in 2022-23, for child care licensing administration; and (b) $9.5 million of the amount expended in 2021-22 and $7.2 million budgeted in 2022-23 of the amounts 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, rather than the quality care for quality kids TANF allocation.

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 to improve child care quality in Wisconsin.

Administration. The YoungStar program is administered locally in 10 offices in six regions. As of December 31, 2022, SFTA administers the program. However, DCF indicates that Shine Early Learning will administer the program after a transition period ending in Spring, 2023. YoungStar expenditures totaled $7.5 million in 2021-22. In 2022-23, $8.0 million is budgeted for the program, to support: (a) quality assurance monitoring ($0.5 million); (b) training and technical assistance ($5.2 million); (c) local administration and start-up grants ($0.3 million); (d) rating services ($1.2 million); and (f) other costs, such as information technology and state staff ($0.8 million). YoungStar ratings of child care providers are shown in Table 10.

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, need not participate in YoungStar to receive payments under the Wisconsin Shares program.

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.

As of September 30, 2022, 54% of all providers opted for a technical rating, 26% were automatically rated without accreditation, 13% were automatically rated with accreditation, and 7% underwent a formal ratings process.

Technical Consultation and Rating. SFTA 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 usually meet with the provider on-site to develop a quality improvement plan. Over the course of 20 weeks, the provider and consultant will monitor progress the provider has made 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 on documentation supplied by the provider. If a provider chooses to be rated before technical consultation, a consultant

Table 10: YoungStar Participation as of September 30, 2022

Wisconsin Shares Children Authorized by YoungStar Rating

One Star*	Two Star	Three Star	Four Star	Five Star	Total
0	12,115	11,999	2,070	5,667	30,546
(0%)	(39.7%)	(39.3%)	(6.8%)	(18.6%)	(100%)

YoungStar Ratings of Child Care Provider by Regulated Type

	One Star*	Two Star	Three Star	F our Star	Five Star	Total
Licensed Group	2	651	644	112	440	1,849
Licensed Camp	1	55	6	6	2	70
Licensed Family	4	576	399	71	55	1,105
Certified Family	1	298	55	6	2	362
Public School	0	106	49	3	4	162
Total	8	1,686	1,153	198	503	3,548
	(0.2%)	(47.5%)	(32.5%)	(5.6%)	(14.2%)	(100.0%)

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

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 three stars based upon onsite visits. Second, providers may opt for more intensive formal on-site observation and evaluation in order to receive three, four, or five stars.

YoungStar uses a simplified block rating system, rather than a point system, to review providers for required practices at each star level. A two-star rating requires a program to comply with basic licensing regulations. To be rated as three-, four-, or five-stars, a provider must meet additional required items plus additional high quality practices. Additional information regarding the ratings system is available on DCF's website.

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 that DCF has recognized as having equivalent standards as YoungStar.

Tiered Reimbursement. Prior to January, 2022, child care providers received an adjustment to their reimbursement under Wisconsin Shares based on the number of stars they earned. The rate adjustment applied after the parent copayment.

State law sets the tiered reimbursement amounts 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 15% from the base reimbursement rate; and (e) five-star providers receive an increase of up to 30% from the base reimbursement rate. Using its authority, DCF set the YoungStar adjustment for two-star programs at -1%.

Table 11 shows the tiered reimbursements under YoungStar in calendar year 2021. As shown in the table, YoungStar adjustment resulted in a net increase in child care subsidy payments of approximately \$16.9 million. Together with Wisconsin Shares issuance, payments for direct subsidies to providers totaled \$281.2 million, an amount that does not include contracts with counties for child care.

Table 11: YoungStar Tiered Reimbursement for 2021

	Authorized Hours	Wisconsin Shares Issuance	YoungStar Adjustment
1 Star	0	$232,147	$0
2 Star	19,374,985	71,796,363	3,910
3 Star	25,810,823	99,269,312	2,611
4 Star	4,155,809	17,818,848	2,331,962
5 Star	12,854,717	53,625,612	14,520,911
Not Rated	2,751,759	21,553,375	39,273
Total	64,948,093	$264,295,657	$16,898,667

YoungStar bonus tiered reimbursements ended as of January 1, 2022, and were effectively subsumed within the Child Care Counts payment programs, which provide monthly payments to child care providers to support the costs of maintaining high quality programs. All child care providers that applied for Child Care Counts received payments that were at least equal to their YoungStar bonuses in late 2021.

Child Care Counts and COVID Payment Programs. At the height of the 2020 COVID-19 pandemic, approximately 40% of child care providers temporarily closed due to health orders or the inability to operate. The Child Care Counts program was initially launched in the spring of 2020 with supplemental federal funding provided by federal Acts of Congress in response to the COVID-19 pandemic. Additional programs were implemented as new federal funds were made available.

The original Child Care Counts payment program provided a one-time payment. These funds supported Wisconsin's early care and education community, including: (a) grants to providers serving families of essential workers; (b) hazard pay to child care employees; and (c) grants to reopen child care programs that temporarily closed during the COVID-19 pandemic. The program provided payments to 2,712 child care providers from May 18, 2020, through July 10, 2020. Overall, $36.9 million was provided for essential workers, $9.7 million was provided for incentive pay, and $4.2 million was provided for reopening providers.

In fall, 2020, the supplementary payments program provided almost $30.0 million in funding for 2,682 applicants from September 9, 2020, through September 18, 2020. Applicants could apply for two different payments. The first payment, Program A, supported the costs of maintaining or enhancing compliance status, YoungStar rating, and increasing health and safety practices. Maximum payment amounts were determined using a base amount ($770 for family providers and $1,100 for group care) plus an amount per child based on age. Payments could not exceed $20,000. The second payment, Program B, supported recruitment and staff retention and was determined by a base amount ($400 for family providers and $660 for group care) plus $600 for each full-time staff member and $350 for each part-time staff member.

A similar, second round of supplemental payments provided roughly $50.0 million to child care providers from October 26, 2020, through November 6, 2020.

The spring, 2021, Child Care Counts Response and Relief payment program provided $60 million to more than 3,000 providers to offset the continued impact of the pandemic on costs associated with providing early care and education. The program accepted applicants from April 19, 2021, through April 30, 2021. Similar to the supplemental program, payments were for both the costs of maintaining high quality programs and for recruitment and staff retention. Maximum payment amounts were determined using a base amount ($2,000 for family providers and $4,100 for group care), plus an amount per child based on age. Payments could not exceed $40,000. The second payment supported recruitment and staff retention and was determined by a base amount ($800 for family providers and $2,300 for group care) plus $1,250 for each full-time staff member and $750 for each part-time staff member. The program also used $2.5 million of previous underspending in the Child Care Counts program to provide an additional one-time payment of $1,100 for licensed group providers and public school programs and $807 for licensed and certified family providers.

A second round of Response and Relief program accepted applications from June 1, 2021, through June 11, 2021, providing funding totaling $48.5 million.

The Child Care Counts stabilization payments program provides monthly payments to child care providers to support the costs of maintaining high quality care and to support workforce recruitment and retention. The payment period runs in two nine-month blocks from August, 2022, through April, 2023, followed by subsequent nine-month

Table 12: Child Care Subsidies -- Average Monthly Payments and Participation

Fiscal Year	Average Monthly Subsidies	Percent Change	Average Number of Children	Percent Change	Average Number of Families	Percent Change	Average Subsidy	Percent Change
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
2016-17	20,824,775	4.2	42,065	-6.8	24,638	-6.9	845	11.9
2017-18	21,342,649	2.5	37,364	-11.2	21,580	-12.4	989	17.0
2018-19	23,033,255	7.9	36,286	-2.9	20,720	-4.0	1,112	12.4
2019-20	26,193,973	13.7	36,582	0.8	20,985	1.3	1,248	12.3
2020-21	24,131,016	-7.9	30,205	-17.4	17,055	-18.7	1,415	13.4
2021-22	22,515,133	-6.7	30,441	0.8	17,350	1.7	1,298	-8.3

** Does not include amounts paid by parents nor expenditures for local administration or child care contracts for migrants and job centers.

payment program from May, 2023, through January, 2024. Payments for provider costs are determined based on a per child amount by age (for example each full-time infant would increase the payment by $175) plus an additional amount for each child who: (a) receives Wisconsin Shares; (b) attends during non-standard hours; or (c) participates in a birth-to-3 child care pilot program. Payments for staff recruitment and retention are determined based on an amount per staff ($150 for each full-time and $75 per part-time worker) plus a quality incentive amount for YoungStar participating providers (for example, $350 per full-time worker for 5-Star providers).

Appendix C provides additional information on funding the state received under the CCDF and supplemental appropriations, as well as information on the funding for child care counts programs approved by the Joint Committee on Finance. Additional information regarding the Child Care Counts program is provided on DCF's website.

Child Care Participation

Child care subsidies increased from $127.2 million in 1998-99 to $348.8 million in 2008-09 and decreased to $235.4 million in 2013-14. Since then, expenditures gradually increased, totaling $314.3 million in 2019-20, until declining abruptly during the COVID-19 pandemic. These figures do not include expenditures for local administration, on-site child care, and migrant child care. For comparison, the direct child care subsidies expenditures listed in Table 1 include these expenditures.

Table 12 shows the level of growth in the subsidy program by comparing data for 1998-99 through 2021-22. As reflected in Table 12, until 2008-09, 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 2014-15 after the maximum reimbursement rates were increased in October, 2013, and November, 2014.

Table 12 also shows that the average number of participating children and families grew every year until 2009-10, and declined every year until 2019-20. As discussed above, rate increases and changes in the reimbursement for certified providers approved under Act 9 may account for the increase in families and children using the program. However, caseloads declined sharply during the COVID-19 public health emergency and have not yet recovered to their pre-pandemic levels.

Child Welfare Programs

States may use TANF funding to provide assistance that addresses a child's needs during a period of temporary absence from the home or for a child welfare program that furthers the goals of TANF, such as providing assistance to needy families so that children can be cared for in their own homes. Additional information regarding these programs may be found in the Legislative Fiscal Bureau's informational paper entitled "Child Welfare Services in Wisconsin."

Kinship Care

TANF funds are budgeted to support monthly payments to certain qualifying individuals who care for relative children. In 2023, a qualifying caregiver receives $300 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." The monthly payment amounts for kinship care and long-term kinship care are the same.

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, which is based on the level of care each child needs. As a part of this initiative, DCF has increased efforts to license kinship care relatives as foster parents, which enables the state to claim federal funds for foster care maintenance payments under Title IV-E of the Social Security Act. 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.

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.

Other Children Welfare Grants and Services

Child Welfare Safety Services. Safety services are available to families in Milwaukee County, 42 other counties, and one tribe where abuse or neglect issues have been identified, but the child protective services agency has determined that the child can remain at home safely. 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. In 2022-23, $10.3 million is budgeted for these services.

Child Welfare Prevention Services. In 2022-23, DCF is budgeted $6.8 million to fund statewide child abuse prevention services. Of this amount, $6.2 million annually funds the Family Foundations Statewide Home Visiting program. In Milwaukee, DCF provides $0.6 million for the La Causa Nursery and Parental Respite Center through the Brighter Future initiative, which generally focuses on adolescent pregnancy prevention.

Child Abuse Prevention Grants. In 2022-23, DCF is budgeted $500,000 annually to award grants to counties, nonprofit organizations, and tribes to fund child-abuse and neglect prevention services. DCF is required to award the grants for programs that encourage innovative practices aimed at reducing the contact that families may have with the child welfare system and preventing the removal of children from their homes. Grant applicants must provide matching funds toward proposed projects and services equal to 9.89 percent of the grant amount. In 2021-22, DCF issued grants totaling $469,500.

Substance Abuse Prevention Grants. In 2022-23 DCF is budgeted $500,000 for DCF to administer as grants to provide evidence-based programs and practices for substance abuse prevention to at-risk youth and their families under the Brighter Futures initiative. The Brighter Futures initiative is a statewide program administered by DCF to prevent and reduce youth violence and other delinquent behavior, youth alcohol and other drug use and abuse, child abuse and neglect, and non-marital pregnancy. The target population is youth between the ages of 12 and 21, in or at risk of entering the child welfare system.

DCF may award grants statewide to programs operated by counties and tribes. In Milwaukee County, DCF may award grants to applying public agencies and nonprofit corporations. DCF may not award a grant in a county where an evidence-based substance abuse prevention program provided services in the preceding fiscal year, unless those services were previously funded by a Brighter Futures grant.

Housing Programs

Emergency Assistance

The emergency assistance program provides assistance to needy families 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.

Table 13 provides information on program costs, by type of emergency, for 2021. Compared to previous years, there was a substantial reduction in caseload and assistance payments. DCF indicates that the availability of COVID-relief programs

Table 13: Statewide Emergency Assistance by Type (2021)

	Recipients	Amount
Energy Crisis	42	$19,001
Fire	5	3,118
Flood	1	516
Homelessness	718	381,567
Homelessness, Fire	6	2,853
Homelessness, Natural Disaster	1	516
Impending Homelessness	1,551	830,418
Impending Homelessness, Energy Crisis	7	4,133
Impending Homelessness, Fire	2	1,286
Impending Homelessness, Homelessness	2	1,176
Impending Homelessness, Natural Disaster	2	1,032
Total	2,337	$1,245,616

reduced applications for emergency assistance, including an eviction moratorium in place until August, 2021, In addition, according to W-2 agency feedback, applicant feedback is that the emergency assistance benefit amount is not worth the workload of the application process.

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) all family members must be U.S. citizens or qualifying aliens; (e) the child 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 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 night-time 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.

In order to be eligible for emergency assistance, a family must have: (a) gross income at or below 115% of the federal poverty level ($26,484 for a family of three in 2022); 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 a family receives for emergencies other than an energy crisis is calculated as the lower of the following two amounts: (a) the maximum payment amount per group member multiplied by the number of members in the group; or (b) the total financial need.

For these cases, the maximum payment amount per group member is as follows: (1) $258 per group member when the group is two members; (2) $172 per group member when the group is three members; (3) $129 per group member when the group is four or five members; and (4) $110 per group member when the group is six or more members.

The 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.

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 the W-2 agency: (a) does not act on the application promptly; (b) partially or wholly denies the application; (c) modifies or cancels the award; or (d) awards an amount that is insufficient. The individual may request that DCF review the W-2 agency's decision within 14 days of the decision.

Case Management Services for Homeless Families

2017 Act 59 created a program to provide intensive case management services to homeless families. The act provided $500,000 annually for the Department of Administration to distribute ten grants of up to $50,000 each, to shelter facilities that provide intensive case management services, including financial management services, employment-related services, school continuation, and services to enroll unemployed or underemployed parents in W-2 or the FoodShare employment and training programs.

Under 2019 Act 9 and 2021 Act 58, an additional $500,000 was budgeted annually in the Joint Committee on Finance program supplements appropriation to fund these case management services. However, as of December 31, 2022, none of the additional funding budgeted for the program had been released by the Committee.

Grant Programs

Table 1 lists several grant programs that provide services to families with low income and limited resources. The table identifies the amounts budgeted for these programs in each year of the 2021-23 biennium, and actual expenditures in 2021-22. In 2022-23, a total of $5.6 million is budgeted for these programs, each of which is described below.

Boys and Girls Clubs. These grants support programs that improve social, academic, and employment skills for youth under the Be Great: Graduate program. The program helps teens who are at risk of dropping out of school to develop the academic, behavioral, and social skills they need to be successful. In 2021-22 and 2022-23, $2,807,000 is budgeted for the program. The Boys and Girls Club is required to match the state grant amounts.

Wisconsin Community Services. This funding supports training for workshop facilitators to provide services for TANF-eligible individuals in the City of Milwaukee. In 2021-22 and 2022-23, $400,000 is budgeted for the program.

Fostering Futures - Connections Count. The Fostering Futures - Connections Count pilot program assists low-income families with young children under the age of five by connecting them to formal and informal support programs and services. The program operates in Milwaukee and Manitowoc counties, and is budgeted $560,300 in 2021-22 and 2022-23

Adult Literacy Grants and High School Equivalency and General Education Development (GED) Test Assistance. In 2021-22 and 2022-23, $118,000 is budgeted to support GED test preparation for TANF-eligible individuals. The program supports literacy training to TANF-eligible adults with low literacy or limited English proficiency skills. Grant recipients coordinate with W-2 agencies.

Legal Services for Low-Income Families. DCF is budgeted $500,000 in 2021-22 and 2022-23 to support the Wisconsin Trust Account Foundation (WisTAF), a nonprofit organization established by the Wisconsin Supreme Court. The grants may not be used for litigation against the state and may only be used to support specific civil legal services (related to domestic abuse, sexual abuse, or restraining orders for certain at-risk elderly and disabled individuals) for otherwise TANF-eligible individuals with incomes of less than 200% of the federal poverty level.

Families and Schools Together (FAST). In 2021-22 and 2022-23, $250,000 is budgeted annually to support the FAST program in five Milwaukee elementary schools, which are selected by DCF in collaboration with Milwaukee public schools. FAST is a prevention/early intervention program that connects schools, families and communities. FAST provides two separate programs for elementary school-aged children (Kids FAST) and for children under the age of three (FAST for Infants & Toddlers). In both programs, parents participate in monthly group meetings over a period of eight weeks to enhance family functioning, strengthen infant or scholastic development, and prevent substance abuse and delinquency. Upon completion of a FAST program, parents are transitioned into FAST Works, a parent-led sustainability program that assists and encourages family members to maintain connections with each other over the next several years.

Offender Reentry Demonstration Project. The statutes authorize DCF to allocate $250,000 in 2021-22 and 2022-23 to support an offender reentry demonstration program through the 2021-23 biennium to aid the successful community transition out of incarceration by noncustodial fathers in the City of Milwaukee. (Notwithstanding this statutory allocation, no funding was budgeted for the program in 2022-23.) DCF is required to conduct an evaluation of the demonstration project by June 30, 2023.

Jobs for America's Graduates (JAG). In 2021-22 and 2022-23, DCF is budgeted $500,000 for grants to JAG to support programs that improve social, academic, and employment skills of TANF-eligible youth. JAG is a state-based national nonprofit organization that assists youth in reaching economic and academic success. Services involve classroom instruction, adult mentoring, leadership development, guidance and counseling, job and postsecondary education placement services, links to community services, and 12-month follow-up services.

Expenditures for Other Programs

Supplemental Security Income Caretaker Supplement Payments. The supplemental security income (SSI) program provides cash benefits to individuals and couples with low income and limited resources 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 individuals and families with one child receive a supplement of $250 per month, while eligible individuals and families with more than one child receive a supplement of $250 per month for the first child and $150 per month for each additional child. TANF funding transferred from DCF to DHS supports SSI caretaker supplement payments. For additional information on this program, see Legislative Fiscal Bureau's informational paper entitled, "Supplemental Security Income." In 2021-22 and 2022-23, $18, 664,700 in TANF funds is budget for the program, which supplements GPR funding budgeted in DHS for program benefits ($3,116,900 annually).

Earned Income Tax Credit (EITC). Federal TANF regulations allow states to use TANF funds to support the refundable portion of state earned income tax credits. In total, the EITC cost $77.5 million in 2021-22. Of this amount, TANF funded $53.9 million. The remaining portion of the credit was paid by GPR. In 2022-23, $66,600,000 in TANF funds is budgeted to support this tax credit. For additional information on this program, see Legislative Fiscal Bureau's informational paper entitled, "Earned Income Tax Credit."

Community Aids and Children and Family Aids. Under federal law, states may transfer up to 10% of their TANF Block Grant funds to carry out programs under the federal Social Services Block Grant (SSBG). Wisconsin's transfers have varied between 4.25% and 10% of the state's TANF Block Grant. These TANF funds are distributed to counties through the community aids and children and family aids programs. In both 2021-22 and 2022-23, $14,653,400 (4.7% of the state's TANF Block Grant) was budgeted to fund community aids and children and family aids. In For additional information, see Legislative Fiscal Bureau's informational paper entitled, "Community Aids and Children and Family Aids."

ATTACHMENT 1

W-2 Paid Placements by County (September, 2022)

County	Full CSJ	Prorated CSJ	W2T	Caring for a Newborn	At Risk Pregnancy	TEMP	TEMP Non-Custodial Parent	Case Management Follow-up Plus	Total
Adams	2	0	0	2	0	0	0	2	4
Ashland	2	0	1	1	0	0	0	3	4
Barron	3	1	4	1	0	0	0	3	9
Bayfield	2	0	0	0	0	0	0	0	2
Brown	76	2	8	23	0	0	0	15	109
Buffalo	1	0	1	0	0	0	0	0	2
Burnett	3	0	3	0	0	0	0	1	6
Calumet	2	0	5	1	0	0	0	1	8
Chippewa	7	2	9	0	0	0	0	4	18
Clark	2	0	0	0	0	0	0	0	2
Columbia	3	0	1	2	0	0	0	2	6
Crawford	1	0	1	0	0	0	0	2	2
Dane	76	2	20	20	3	0	0	28	121
Dodge	11	0	1	0	0	0	0	3	12
Door	2	0	1	1	0	0	0	1	4
Douglas	11	3	12	0	0	0	0	6	26
Dunn	7	1	7	3	0	0	0	3	18
Eau Claire	27	5	17	1	0	0	0	11	50
Florence	0	0	0	0	1	0	0	0	1
Fond du Lac	16	0	9	4	0	0	0	3	29
Forest	0	0	1	0	0	0	0	0	1
Grant	8	0	6	0	0	0	0	5	14
Green	3	0	1	1	0	0	0	1	5
Green Lake	1	0	3	0	0	0	0	2	4
Iowa	3	0	0	0	0	0	0	2	3
Iron	1	0	1	0	0	0	0	1	2
Jackson	1	0	0	0	0	0	0	0	1
Jefferson	12	0	3	0	0	0	0	0	15
Juneau	3	0	1	0	0	0	0	2	4
Kenosha	72	0	17	7	0	0	0	47	96
Kewaunee	3	0	3	0	0	0	0	0	6
La Crosse	12	0	6	4	0	0	0	3	22
Lafayette	2	0	0	0	0	0	0	1	2
Langlade	1	0	1	0	0	0	0	0	2
Lincoln	1	0	1	1	0	0	0	0	3
Manitowoc	16	1	3	3	0	0	0	1	23
Marathon	12	1	6	3	0	0	0	11	22
Marinette	7	0	1	0	0	0	0	4	8
Marquette	1	0	0	0	0	0	0	0	1
Menominee	0	0	0	0	0	0	0	0	0

ATTACHMENT 1 (continued)

W-2 Paid Placements by County (September, 2022)

County	Full CSJ	Prorated CSJ	W2T	Caring for a Newborn	At Risk Pregnancy	TEMP	TEMP Non-Custodial Parent	Case Management Follow-up Plus	Total
Milwaukee	1,850	36	438	192	6	1	0	414	2,522
Monroe	0	2	2	0	0	0	0	2	4
Oconto	4	0	2	0	0	0	0	2	6
Oneida	3	0	3	0	0	0	0	2	6
Outagamie	28	1	10	5	1	0	0	21	45
Ozaukee	7	0	0	0	0	0	0	1	7
Pepin	1	0	0	0	0	0	0	0	1
Pierce	5	2	2	1	0	0	0	1	10
Polk	5	1	6	0	1	0	0	1	13
Portage	7	0	2	2	0	0	0	2	11
Price County	0	0	1	0	0	0	0	0	1
Racine	106	1	16	15	0	0	0	72	138
Richland	4	0	1	0	0	0	0	4	5
Rock	25	1	30	12	0	0	0	23	68
Rusk	2	0	3	0	0	0	0	0	5
Sauk	1	1	0	0	0	0	0	0	2
Sawyer	3	0	1	0	0	0	0	0	4
Shawano	3	0	4	3	0	0	0	3	10
Sheboygan	17	0	11	1	0	0	0	8	29
St. Croix	8	0	3	0	0	0	0	1	11
Taylor	2	0	0	0	0	0	0	0	2
Trempealeau	3	1	1	0	0	0	0	2	5
Vernon	1	0	1	0	0	0	0	0	2
Vilas	0	0	2	0	0	0	0	0	2
Walworth	23	0	3	2	0	0	0	10	28
Washburn	1	0	0	0	0	0	0	1	1
Washington	8	0	1	2	0	0	0	4	11
Waukesha	79	3	13	4	1	0	0	19	100
Waupaca	2	0	6	0	0	0	0	3	8
Waushara	2	1	3	0	0	0	0	1	6
Winnebago	56	1	14	5	1	0	0	25	77
Wood	7	0	7	1	0	0	0	6	15
Total	2,676	69	740	323	14	1	0	796	3,822

ATTACHMENT 2

2022 W-2 Agency Contract Regions

Agency	Region	County or Counties
America Works of Wisconsin, Inc.	East Central Milwaukee	Milwaukee
Equus (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, and 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

ATTACHMENT 3

2022 W-2 Agency Contract Amounts

Agency	Forward Service Corporation	Ross Innovative Employment Solutions	America Works of Wisconsin, Inc.	UMOS, Inc.	Maximus Human Services, Inc.	Equus Workforce Services	Workforce Resource, Inc.	Workforce Connections, Inc.	Total
Performance Outcome Payments	$3,714,720	$2,729,520	$2,530,080	$1,540,560	$1,622,880	$1,708,200	$811,800	$342,240	$15,000,000
<u>Incentive Payments</u>									
Work Participation	248,000	183,000	168,000	102,000	108,000	114,000	54,000	23,000	$1,000,000
Education and Vocational Training	432,000	320,000	294,000	180,000	190,000	200,000	94,000	40,000	1,750,000
Customer Satisfaction	99,200	73,200	67,200	40,800	43,200	45,600	21,600	9,200	400,000
Child Support Liaison	62,000	46,000	42,000	25,500	27,000	28,500	13,500	5,500	250,000
<u>Cost Reimbursement</u>									
RCA and RMA Administration*	uncapped	uncapped	uncapped	uncapped	uncapped	uncapped	uncapped	uncapped	uncapped
Emergency Assistance Payments	uncapped	uncapped	uncapped	uncapped	uncapped	uncapped	uncapped	uncapped	uncapped
Contracted Child Care	510,170	343,000	371,310	436,793	330,700	0	0	0	1,991,973
W-2 Eligibility and Administration	2,599,584	1,927,644	1,763,976	1,075,332	1,133,136	1,194,540	566,460	239,328	10,500,000
W-2 Job Readiness Services	6,040,696	4,457,836	4,090,944	2,484,108	2,618,984	2,747,260	1,311,740	548,432	24,300,000
W-2 Education Navigator	480,000	80,000	240,000	80,000	160,000	240,000	80,000	40,000	1,400,000
W-2 Education Navigator - Youth	607,526	191,882	575,645	191,882	383,764	575,645	191,882	95,941	2,814,167
TEMP Subsidy	25,000	40,000	25,000	25,000	25,000	40,000	10,000	10,000	200,000
Noncustodial Parent Drug Testing	700	500	500	500	500	500	200	200	3,600
Job Access Loan Target	157,500	70,500	55,000	20,500	61,000	119,500	11,500	4,500	500,000
Wilson-Fish Refugee Coordination	69,592	0	0	55,629	55,629	0	0	0	180,850
Total Contract Amount	**$15,046,688**	**$10,463,082**	**$10,223,655**	**$6,258,604**	**$6,759,793**	**$7,013,745**	**$3,166,682**	**$1,358,341**	**$60,290,590**

* Refugee cash assistance is paid directly by the W-2 agency and reimbursed by DCF. W-2 agencies also accept applications for and determine eligibility for refugee medical assistance. However, the Department of Health Services administers refugee medical assistance benefits and claims, and thus W-2 agencies are not responsible for reporting expenditures for such claims.

ATTACHMENT 4

Maximum Child Care Reimbursement Rates, Effective January 1, 2022

	Licensed Group								Licensed Family								Regularly Certified				Provisionally Certified			
	Less than 2		2 and 3		4 and 5		6+		Less than 2		2 and 3		4 and 5		6+		< 2	2 & 3	4 & 5	6+	< 2	2 & 3	4 & 5	6+
	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly
Counties																								
Adams	$6.00	$913.11	$5.86	$891.81	$5.72	$870.50	$5.72	$870.50	$6.00	$913.11	$5.86	$891.81	$5.72	$870.50	$5.72	$870.50	$5.40	$5.27	$5.15	$5.15	$5.40	$5.27	$5.15	$5.15
Ashland	5.29	805.06	4.89	744.19	4.49	683.31	4.31	655.92	5.29	805.06	4.29	652.88	4.00	608.74	4.00	608.74	4.76	3.86	3.60	3.60	4.76	3.86	3.60	3.60
Barron	5.43	826.37	4.86	739.62	4.71	716.79	4.71	716.79	5.29	805.06	4.71	716.79	4.57	695.49	4.57	695.49	4.76	4.24	4.11	4.11	4.76	4.24	4.11	4.11
Bayfield	5.86	891.81	5.43	826.37	5.00	760.93	5.00	760.93	5.29	805.06	4.43	674.18	4.29	652.88	4.29	652.88	4.76	3.99	3.86	3.86	4.76	3.99	3.86	3.86
Brown	8.20	1,247.92	6.86	1,043.99	6.14	934.42	6.14	934.42	5.29	805.06	5.14	782.23	4.86	739.62	4.57	695.49	4.76	4.63	4.37	4.11	4.76	4.63	4.37	4.11
Buffalo	5.86	891.81	5.43	826.37	5.00	760.93	5.00	760.93	5.29	805.06	4.57	695.49	3.71	564.61	3.71	564.61	4.76	4.11	3.34	3.34	4.76	4.11	3.34	3.34
Burnett	5.86	891.81	5.43	826.37	5.00	760.93	5.00	760.93	5.29	805.06	4.00	608.74	3.71	564.61	3.71	564.61	4.76	3.60	3.34	3.34	4.76	3.60	3.34	3.34
Calumet	6.57	999.86	6.14	934.42	6.00	913.11	5.89	896.37	6.14	934.42	5.29	805.06	5.29	805.06	5.14	782.23	5.53	4.76	4.76	4.63	5.53	4.76	4.76	4.63
Chippewa	7.14	1,086.60	6.83	1,039.42	6.69	1,018.12	5.80	882.67	5.29	805.06	4.43	674.18	4.29	652.88	4.29	652.88	4.76	3.99	3.86	3.86	4.76	3.99	3.86	3.86
Clark	5.29	805.06	4.80	730.49	4.57	695.49	3.94	599.61	5.29	805.06	4.29	652.88	4.00	608.74	3.86	587.44	4.76	3.86	3.60	3.47	4.76	3.86	3.60	3.47
Columbia	7.57	1,152.04	6.57	999.86	5.71	868.98	5.00	760.93	5.29	805.06	4.86	739.62	4.71	716.79	4.71	716.79	4.76	4.37	4.24	4.24	4.76	4.37	4.24	4.24
Crawford	7.34	1,117.04	6.80	1,034.86	5.89	896.37	5.00	760.93	5.71	868.98	5.14	782.23	4.57	695.49	4.57	695.49	5.14	4.63	4.11	4.11	5.14	4.63	4.11	4.11
Dane	11.37	1,730.34	9.71	1,477.72	8.54	1,299.66	7.89	1,200.74	8.57	1304.23	8.00	1217.48	7.57	1152.04	7.14	1086.60	7.71	7.20	6.81	6.43	7.71	7.20	6.81	6.43
Dodge	6.80	1,034.86	6.14	934.42	5.86	891.81	5.86	891.81	6.00	913.11	5.86	891.81	5.71	868.98	5.71	868.98	5.40	5.27	5.14	5.14	5.40	5.27	5.14	5.14
Door	6.86	1,043.99	6.71	1,021.16	6.14	934.42	6.14	934.42	6.29	957.24	4.43	674.18	4.29	652.88	4.29	652.88	5.66	3.99	3.86	3.86	5.66	3.99	3.86	3.86
Douglas	5.86	891.81	5.43	826.37	5.29	805.06	5.29	805.06	5.71	868.98	5.29	805.06	5.14	782.23	5.14	782.23	5.14	4.76	4.63	4.63	5.14	4.76	4.63	4.63
Dunn	6.86	1,043.99	6.46	983.12	6.17	938.98	5.14	782.23	5.43	826.37	4.71	716.79	4.57	695.49	4.57	695.49	4.89	4.24	4.11	4.11	4.89	4.24	4.11	4.11
Eau Claire	7.00	1,065.30	6.83	1,039.42	6.00	913.11	5.54	843.11	5.29	805.06	4.86	739.62	4.57	695.49	4.57	695.49	4.76	4.37	4.11	4.11	4.76	4.37	4.11	4.11
Florence	5.86	891.81	5.43	826.37	5.14	782.23	5.00	760.93	5.29	805.06	5.00	760.93	4.29	652.88	4.29	652.88	4.76	4.50	3.86	3.86	4.76	4.50	3.86	3.86
Fond du Lac	7.00	1,065.30	5.94	903.98	5.14	782.23	4.86	739.62	5.29	805.06	4.71	716.79	4.57	695.49	4.57	695.49	4.76	4.24	4.11	4.11	4.76	4.24	4.11	4.11
Forest	5.86	891.81	5.43	826.37	5.14	782.23	5.00	760.93	5.29	805.06	4.57	695.49	4.29	652.88	4.29	652.88	4.76	4.11	3.86	3.86	4.76	4.11	3.86	3.86
Grant	5.86	891.81	5.57	847.67	5.43	826.37	5.00	760.93	5.29	805.06	4.71	716.79	4.57	695.49	4.40	669.62	4.76	4.24	4.11	3.96	4.76	4.24	4.11	3.96
Green	5.86	891.81	5.57	847.67	5.34	812.67	4.74	721.36	5.29	805.06	5.14	782.23	5.14	782.23	4.57	695.49	4.76	4.63	4.63	4.11	4.76	4.63	4.63	4.11
Green Lake	6.06	922.24	5.57	847.67	5.29	805.06	4.80	730.49	5.43	826.37	4.71	716.79	4.57	695.49	3.71	564.61	4.89	4.24	4.11	3.34	4.89	4.24	4.11	3.34
Iowa	5.57	847.67	5.14	782.23	5.00	760.93	5.00	760.93	5.43	826.37	5.00	760.93	4.86	739.62	4.86	739.62	4.89	4.50	4.37	4.37	4.89	4.50	4.37	4.37
Iron	5.86	891.81	5.43	826.37	5.00	760.93	5.00	760.93	5.29	805.06	4.71	716.79	4.29	652.88	4.29	652.88	4.76	4.24	3.86	3.86	4.76	4.24	3.86	3.86
Jackson	6.00	913.11	5.86	891.81	5.00	760.93	4.86	739.62	5.86	891.81	5.71	868.98	5.00	760.93	4.71	716.79	5.27	5.14	4.50	4.24	5.27	5.14	4.50	4.24
Jefferson	6.74	1,025.73	6.20	943.55	5.34	812.67	4.57	695.49	5.86	891.81	4.86	739.62	4.57	695.49	4.31	655.92	5.27	4.37	4.11	3.88	5.27	4.37	4.11	3.88
Juneau	6.86	1,043.99	6.71	1,021.16	6.43	978.55	6.43	978.55	5.29	805.06	3.86	587.44	3.57	543.30	3.57	543.30	4.76	3.47	3.21	3.21	4.76	3.47	3.21	3.21
Kenosha	7.66	1,165.74	7.03	1,069.86	6.37	969.42	5.71	868.98	6.00	913.11	5.71	868.98	5.14	782.23	5.00	760.93	5.40	5.14	4.63	4.50	5.40	5.14	4.63	4.50
Kewaunee	6.00	913.11	5.57	847.67	5.00	760.93	5.00	760.93	5.29	805.06	4.71	716.79	4.29	652.88	4.29	652.88	4.76	4.24	3.86	3.86	4.76	4.24	3.86	3.86
La Crosse	6.49	987.68	5.89	896.37	5.71	868.98	5.57	847.67	5.29	805.06	4.71	716.79	4.57	695.49	4.43	674.18	4.76	4.24	4.11	3.99	4.76	4.24	4.11	3.99
Lafayette	5.86	891.81	5.43	826.37	5.00	760.93	5.00	760.93	5.29	805.06	4.00	608.74	3.71	564.61	3.71	564.61	4.76	3.60	3.34	3.34	4.76	3.60	3.34	3.34
Langlade	5.91	899.41	4.71	716.79	4.69	713.75	4.60	700.05	5.29	805.06	4.57	695.49	4.29	652.88	4.29	652.88	4.76	4.11	3.86	3.86	4.76	4.11	3.86	3.86
Lincoln	5.71	868.98	5.31	808.10	4.91	747.23	4.91	747.23	5.29	805.06	4.43	674.18	4.29	652.88	4.29	652.88	4.76	3.99	3.86	3.86	4.76	3.99	3.86	3.86
Manitowoc	6.00	913.11	5.86	891.81	5.71	868.98	5.57	847.67	5.29	805.06	4.43	674.18	4.29	652.88	4.14	630.05	4.76	3.99	3.86	3.73	4.76	3.99	3.86	3.73
Marathon	7.71	1,173.35	6.49	987.68	6.11	929.85	5.54	843.11	5.29	805.06	5.00	760.93	4.86	739.62	4.57	695.49	4.76	4.50	4.37	4.11	4.76	4.50	4.37	4.11
Marinette	5.43	826.37	4.86	739.62	4.43	674.18	4.29	652.88	5.29	805.06	4.71	716.79	4.29	652.88	4.14	630.05	4.76	4.24	3.86	3.73	4.76	4.24	3.86	3.73
Marquette	5.86	891.81	5.43	826.37	5.00	760.93	5.00	760.93	5.29	805.06	4.57	695.49	4.43	674.18	4.29	652.88	4.76	4.11	3.99	3.86	4.76	4.11	3.99	3.86
Menominee	5.43	826.37	4.57	695.49	4.43	674.18	4.43	674.18	5.29	805.06	4.43	674.18	4.29	652.88	4.29	652.88	4.76	3.99	3.86	3.86	4.76	3.99	3.86	3.86

ATTACHMENT 4 (continued)

Maximum Child Care Reimbursement Rates, Effective January 1, 2022

	Licensed Group								Licensed Family								Regularly Certified				Provisionally Certified			
	Less than 2		2 and 3		4 and 5		6+		Less than 2		2 and 3		4 and 5		6+		< 2	2 & 3	4 & 5	6+	< 2	2 & 3	4 & 5	6+
	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Monthly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly	Hourly
Counties (continued)																								
Milwaukee	9.80	1,491.41	8.57	1,304.23	7.86	1196.17	7.00	1065.30	7.86	1,196.17	7.14	1,086.60	6.83	1,039.42	6.29	957.24	7.07	6.43	6.15	5.66	7.07	6.43	6.15	5.66
Monroe	6.00	913.11	5.71	868.98	5.43	826.37	5.43	826.37	5.29	805.06	4.00	608.74	3.86	587.44	3.86	587.44	4.76	3.60	3.47	3.47	4.76	3.60	3.47	3.47
Oconto	5.57	847.67	4.66	709.18	4.43	674.18	4.37	665.05	5.29	805.06	4.51	686.36	4.40	669.62	4.29	652.88	4.76	4.06	3.96	3.86	4.76	4.06	3.96	3.86
Oneida	5.86	891.81	5.71	868.98	5.57	847.67	4.86	739.62	5.29	805.06	5.00	760.93	4.57	695.49	4.57	695.49	4.76	4.50	4.11	4.11	4.76	4.50	4.11	4.11
Outagamie	7.34	1,117.04	6.94	1,056.16	6.49	987.68	6.43	978.55	6.14	934.42	5.29	805.06	5.29	805.06	5.14	782.23	5.53	4.76	4.76	4.63	5.53	4.76	4.76	4.63
Ozaukee	10.00	1,521.85	9.29	1,413.80	7.71	1173.35	6.43	978.55	5.29	805.06	5.14	782.23	5.00	760.93	4.89	744.19	4.76	4.63	4.50	4.40	4.76	4.63	4.50	4.40
Pepin	5.86	891.81	5.43	826.37	5.00	760.93	5.00	760.93	5.29	805.06	4.86	739.62	4.57	695.49	4.57	695.49	4.76	4.37	4.11	4.11	4.76	4.37	4.11	4.11
Pierce	6.57	999.86	6.29	957.24	5.71	868.98	5.71	868.98	5.29	805.06	5.00	760.93	4.71	716.79	4.57	695.49	4.76	4.50	4.24	4.11	4.76	4.50	4.24	4.11
Polk	5.43	826.37	5.29	805.06	5.14	782.23	5.00	760.93	5.29	805.06	4.29	652.88	4.14	630.05	4.14	630.05	4.76	3.86	3.73	3.73	4.76	3.86	3.73	3.73
Portage	6.43	978.55	6.17	938.98	5.80	882.67	5.29	805.06	5.29	805.06	5.14	782.23	5.00	760.93	5.00	760.93	4.76	4.63	4.50	4.50	4.76	4.63	4.50	4.50
Price	5.43	826.37	4.43	674.18	4.29	652.88	3.71	564.61	5.29	805.06	3.57	543.30	3.43	522.00	3.43	522.00	4.76	3.21	3.09	3.09	4.76	3.21	3.09	3.09
Racine	8.91	1,355.97	7.89	1,200.74	6.57	999.86	5.29	805.06	5.86	891.81	5.57	847.67	5.14	782.23	5.14	782.23	5.27	5.01	4.63	4.63	5.27	5.01	4.63	4.63
Richland	5.86	891.81	5.43	826.37	5.00	760.93	5.00	760.93	5.29	805.06	4.57	695.49	4.43	674.18	4.31	655.92	4.76	4.11	3.99	3.88	4.76	4.11	3.99	3.88
Rock	7.20	1,095.73	6.36	967.90	5.57	847.67	5.57	847.67	5.71	868.98	5.29	805.06	5.14	782.23	5.14	782.23	5.14	4.76	4.63	4.63	5.14	4.76	4.63	4.63
Rusk	5.86	891.81	5.43	826.37	5.00	760.93	5.00	760.93	5.29	805.06	4.57	695.49	4.43	674.18	4.29	652.88	4.76	4.11	3.99	3.86	4.76	4.11	3.99	3.86
Sauk	7.00	1,065.30	6.29	957.24	6.00	913.11	5.29	805.06	5.43	826.37	5.29	805.06	5.14	782.23	5.00	760.93	4.89	4.76	4.63	4.50	4.89	4.76	4.63	4.50
Sawyer	5.43	826.37	4.57	695.49	4.43	674.18	4.43	674.18	5.29	805.06	4.43	674.18	4.29	652.88	4.29	652.88	4.76	3.99	3.86	3.86	4.76	3.99	3.86	3.86
Shawano	5.43	826.37	5.14	782.23	4.57	695.49	4.57	695.49	5.29	805.06	5.00	760.93	4.29	652.88	4.29	652.88	4.76	4.50	3.86	3.86	4.76	4.50	3.86	3.86
Sheboygan	8.86	1,348.36	6.57	999.86	6.43	978.55	6.43	978.55	8.71	1,325.53	6.43	978.55	6.29	957.24	6.29	957.24	7.84	5.79	5.66	5.66	7.84	5.79	5.66	5.66
St Croix	7.57	1,152.04	6.57	999.86	6.43	978.55	5.46	830.93	5.29	805.06	4.86	739.62	4.71	716.79	4.57	695.49	4.76	4.37	4.24	4.11	4.76	4.37	4.24	4.11
Taylor	5.86	891.81	5.71	868.98	5.57	847.67	4.71	716.79	5.29	805.06	4.71	716.79	4.57	695.49	4.57	695.49	4.76	4.24	4.11	4.11	4.76	4.24	4.11	4.11
Trempealeau	6.00	913.11	5.43	826.37	5.03	765.49	5.03	765.49	5.29	805.06	4.14	630.05	4.00	608.74	4.00	608.74	4.76	3.73	3.60	3.60	4.76	3.73	3.60	3.60
Vernon	8.09	1,231.18	7.77	1,182.48	6.23	948.11	6.23	948.11	5.29	805.06	4.43	674.18	4.29	652.88	4.29	652.88	4.76	3.99	3.86	3.86	4.76	3.99	3.86	3.86
Vilas	6.86	1,043.99	5.86	891.81	5.14	782.23	5.14	782.23	5.29	805.06	4.43	674.18	4.29	652.88	4.29	652.88	4.76	3.99	3.86	3.86	4.76	3.99	3.86	3.86
Walworth	8.49	1,292.05	6.54	995.29	5.29	805.06	5.29	805.06	5.71	868.98	5.14	782.23	5.00	760.93	5.00	760.93	5.14	4.63	4.50	4.50	5.14	4.63	4.50	4.50
Washburn	5.43	826.37	4.71	716.79	4.40	669.62	4.29	652.88	5.29	805.06	4.43	674.18	4.29	652.88	4.29	652.88	4.76	3.99	3.86	3.86	4.76	3.99	3.86	3.86
Washington	8.29	1,261.61	7.14	1,086.60	6.14	934.42	5.71	868.98	6.29	957.24	6.14	934.42	5.71	868.98	5.71	868.98	5.66	5.53	5.14	5.14	5.66	5.53	5.14	5.14
Waukesha	9.54	1,451.84	8.57	1,304.23	7.37	1121.60	7.00	1065.30	7.14	1,086.60	7.00	1065.30	6.43	978.55	6.43	978.55	6.43	6.30	5.79	5.79	6.43	6.30	5.79	5.79
Waupaca	5.71	868.98	4.86	739.62	4.43	674.18	4.29	652.88	5.29	805.06	4.14	630.05	4.14	630.05	3.57	543.30	4.76	3.73	3.73	3.21	4.76	3.73	3.73	3.21
Waushara	5.43	826.37	5.06	770.06	4.91	747.23	4.91	747.23	5.29	805.06	4.29	652.88	4.20	639.18	3.94	599.61	4.76	3.86	3.78	3.55	4.76	3.86	3.78	3.55
Winnebago	7.86	1,196.17	6.97	1,060.73	6.71	1021.16	5.86	891.81	6.00	913.11	5.43	826.37	5.14	782.23	5.06	770.06	5.40	4.89	4.63	4.55	5.40	4.89	4.63	4.55
Wood	7.00	1,065.30	5.86	891.81	5.71	868.98	5.71	868.98	5.29	805.06	5.00	760.93	4.71	716.79	4.71	716.79	4.76	4.50	4.24	4.24	4.76	4.50	4.24	4.24
Tribes																								
Bad River	5.29	805.06	4.89	744.19	4.49	683.31	4.31	655.92	5.29	805.06	4.29	652.88	4.00	608.74	4.00	608.74	4.76	3.86	3.60	3.60	4.76	3.86	3.60	3.60
Lac Courtes Oreilles	5.43	826.37	5.14	782.23	4.57	695.49	4.57	695.49	5.29	805.06	5.00	760.93	4.29	652.88	4.29	652.88	4.76	4.50	3.86	3.86	4.76	4.50	3.86	3.86
Lac du Flambeau	6.86	1,043.99	5.86	891.81	5.14	782.23	5.14	782.23	5.29	805.06	4.43	674.18	4.29	652.88	4.29	652.88	4.76	3.99	3.86	3.86	4.76	3.99	3.86	3.86
Menominee	5.43	826.37	4.57	695.49	4.43	674.18	4.43	674.18	5.29	805.06	4.43	674.18	4.29	652.88	4.29	652.88	4.76	3.99	3.86	3.86	4.76	3.99	3.86	3.86
Oneida Nation	8.20	1,247.92	6.86	1,043.99	6.14	934.42	6.14	934.42	5.29	805.06	5.14	782.23	4.86	739.62	4.57	695.49	4.76	4.63	4.37	4.11	4.76	4.63	4.37	4.11
Potawatomi	5.86	891.81	5.43	826.37	5.14	782.23	5.00	760.93	5.29	805.06	4.57	695.49	4.29	652.88	4.29	652.88	4.76	4.11	3.86	3.86	4.76	4.11	3.86	3.86
Red Cliff	5.86	891.81	5.43	826.37	5.00	760.93	5.00	760.93	5.29	805.06	4.43	674.18	4.29	652.88	4.29	652.88	4.76	3.99	3.86	3.86	4.76	3.99	3.86	3.86
Sokaogon	5.86	891.81	5.43	826.37	5.14	782.23	5.00	760.93	5.29	805.06	4.57	695.49	4.29	652.88	4.29	652.88	4.76	4.11	3.86	3.86	4.76	4.11	3.86	3.86
Stockbridge-Munsee	5.43	826.37	5.14	782.23	4.57	695.49	4.57	695.49	5.29	805.06	5.00	760.93	4.29	652.88	4.29	652.88	4.76	4.50	3.86	3.86	4.76	4.50	3.86	3.86

ATTACHMENT 5

Child Care Hourly Copayment Schedule
Effective February 1, 2022

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.)
To calculate the copayment amount for regular copay types, multiply the total family authorized hours (up to 152 per child) by the sum of the hourly copay amount.**

	Gross Monthly Income by Family Size									Number of Children with Authorizations				
FPL	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10+**	**1**	**2**	**3**	**4**	**5+**
65%	$992	$1,247	$1,503	$1,759	$2,014	$2,270	$2,526	$2,781	$3,037	$0.15	$0.15	$0.15	$0.15	$0.15
70%	1,068	1,343	1,619	1,894	2,169	2,445	2,720	2,995	3,271	0.20	0.19	0.18	0.18	0.18
75%	1,144	1,439	1,734	2,029	2,324	2,619	2,914	3,209	3,504	0.26	0.23	0.22	0.22	0.20
80%	1,221	1,535	1,850	2,165	2,479	2,794	3,109	3,423	3,738	0.39	0.29	0.26	0.25	0.24
85%	1,297	1,631	1,966	2,300	2,634	2,969	3,303	3,637	3,972	0.52	0.37	0.31	0.29	0.28
90%	1,373	1,727	2,081	2,435	2,789	3,143	3,497	3,851	4,205	0.67	0.45	0.37	0.32	0.30
95%	1,450	1,823	2,197	2,571	2,944	3,318	3,692	4,065	4,439	0.74	0.49	0.40	0.35	0.32
100%	1,526	1,919	2,313	2,706	3,099	3,493	3,886	4,279	4,673	0.84	0.53	0.43	0.38	0.35
105%	1,602	2,015	2,428	2,841	3,254	3,667	4,080	4,493	4,906	0.90	0.57	0.46	0.41	0.38
110%	1,678	2,111	2,544	2,976	3,409	3,842	4,274	4,707	5,140	0.96	0.61	0.49	0.43	0.40
115%	1,755	2,207	2,659	3,112	3,564	4,016	4,469	4,921	5,373	1.03	0.65	0.53	0.46	0.42
120%	1,831	2,303	2,775	3,247	3,719	4,191	4,663	5,135	5,607	1.10	0.69	0.56	0.49	0.45
125%	1,907	2,399	2,891	3,382	3,874	4,366	4,857	5,349	5,841	1.22	0.76	0.61	0.53	0.48
130%	1,984	2,495	3,006	3,518	4,029	4,540	5,052	5,563	6,074	1.39	0.85	0.67	0.58	0.53
135%	2,060	2,591	3,122	3,653	4,184	4,715	5,246	5,777	6,308	1.47	0.90	0.71	0.61	0.55
140%	2,136	2,687	3,238	3,788	4,339	4,890	5,440	5,991	6,542	1.52	0.93	0.73	0.63	0.57
145%	2,212	2,783	3,353	3,923	4,494	5,064	5,634	6,205	6,775	1.60	0.98	0.77	0.66	0.60
150%	2,289	2,879	3,469	4,059	4,649	5,239	5,829	6,419	7,009	1.65	1.00	0.79	0.69	0.63
155%	2,365	2,975	3,584	4,194	4,804	5,413	6,023	6,633	7,242	1.73	1.05	0.83	0.73	0.67
160%	2,441	3,071	3,700	4,329	4,959	5,588	6,217	6,847	7,476	1.79	1.09	0.87	0.76	0.70
165%	2,518	3,167	3,816	4,465	5,114	5,763	6,412	7,061	7,710	1.85	1.13	0.91	0.80	0.74
170%	2,594	3,263	3,931	4,600	5,269	5,937	6,606	7,275	7,943	1.90	1.19	0.96	0.84	0.77
175%	2,670	3,359	4,047	4,735	5,424	6,112	6,800	7,489	8,177	1.97	1.24	1.00	0.88	0.80
180%	2,747	3,455	4,163	4,871	5,579	6,287	6,995	7,703	8,411	2.06	1.30	1.05	0.91	0.82
185%	2,823	3,550	4,278	5,006	5,733	6,461	7,189	7,916	8,644	2.15	1.36	1.08	0.93	0.84
190%	2,899	3,646	4,394	5,141	5,888	6,636	7,383	8,130	8,878	2.24	1.42	1.12	0.96	0.86
195%	2,975	3,742	4,509	5,276	6,043	6,810	7,577	8,344	9,111	2.34	1.46	1.14	0.99	0.89
200%	3,052	3,838	4,625	5,412	6,198	6,985	7,772	8,558	9,346	2.34	1.46	1.14	0.99	0.89

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.

*If a family's monthly income exceeds 200% FPL, the copay is increased by $1 for every $3 that income exceeds 200% FPL.

**Copayment amounts owed are distributed amongst children in the family based upon each child's relative percentage of the family's hours (capped at 152 per child per month).

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.

21. The individual and all adult members in the W-2 work group comply with substance abuse screening, testing, and treatment requirements.

22. The total number of months in which the individual has actively participated does not exceed the 48-month state lifetime limit.

APPENDIX B

Temporary Assistance for Needy Families Block Grant

Wisconsin's annual TANF Block Grant allocation is $317.1 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, Lac Courte Oreilles, Lac du Flambeau, Menominee, Oneida, Red Cliff, Mole Lake Sokaogon, and Stockbridge-Munsee Mohican), Wisconsin's annual TANF grant is $312.8 million.

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 by a series of budget acts and continuing resolutions

The TANF Block Grant is not indexed for inflation. According to the Congressional Research Service, adjusted for inflation through September 2021, the TANF basic block grant was 40% below what its value was in September 1997.

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 federal 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 (FPL) for W-2 employment positions and up to a maximum of 300% of the FPL 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 expenditures that provides "assistance" and those that do 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 unemployed families.

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 apply, as described below.

Children Living with Relatives. 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 the 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, a social security disability insurance (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 (WPRs) 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 WPRs had been reduced based on caseload reductions that have occurred since 1995. Under the federal Deficit Reduction Act of 2005, beginning in FFY 2007, the state's WPRs 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 (ACF) 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 WPRs would require. Wisconsin did not apply for a waiver.

Failure to comply with the minimum participation requirements may result in a penalty that reduces the TANF grant by 5% to 21%, depending on how many years the state fails to meet the requirements and the degree of noncompliance. The grant reductions are based on the degree of noncompliance. The penalties may be reduced if noncompliance 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 penalty by achieving compliance under a corrective compliance plan approved by ACF.

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

Table 14: Work Participation Rates

FFY	All Families Target	All Families Federal Credit**	All Families Adjusted Target	All Families Actual	Two-Parent Families Target	Two-Parent Families Federal Credit**	Two-Parent Families Adjusted Target	Two-Parent Families 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	39	90	0	90	40
2016*	50	-7	43	42	90	-7	84	44
2017*	50	-24	26	37	90	-24	66	38
2018*	50	-34	16	44	90	-45	45	48
2019*	50	41	9	52	90	68	22	67
2020*	50	42	8	37	90	63	27	46
2021*	50	42	8	37	90	63	27	40

*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.

penalties on families, the TANF grant can be reduced by 1% to 5%.

Table 14 shows information on Wisconsin's WPRs for each FFY 1997-98 through 2020-21, including rates for: (a) all families and two-parent families; (b) the original federal work participation requirement; (c) the credit Wisconsin received for reduced caseloads; (d) the adjusted target; and (e) the actual work participation rate. The percentage credits for work participation rates in Table 14 from 1997-1998 through 2005-06 are based on caseload reductions that occurred since 1995. Beginning with 2006-07, the credits are based on caseload reductions that occurred since 2005.

As shown in Table 14, Wisconsin previously received substantial reductions to WPR targets due to decreases in caseloads. Before 2006-07, 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 2006-07, 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, it became more difficult for states to earn credit adjustments.

On May, 2015, DHHS notified DCF that Wisconsin had failed to meet the work participation targets for 2011-12 and therefore was subject to a potential fine of $11.8 million, an amount equal to 5% of the state's total adjusted TANF Block Grant for that year. In July, 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 2015-16.

Wisconsin's corrective compliance plan included several changes to the program. First, pursuant to provisions in 2015 Act 55, DCF strengthened program policies for sanctioning non-complying participants with reduced benefits and case closures for refusing to participate in assigned work activities. This change removed non-complying individuals from the WPR calculation. Second, DCF 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, rather than on a cost basis. DCF changed incentive payments under the W-2 contracts to better reward those agencies that meet the federal work participation requirements. Finally, DCF revised TANF data reporting so that all parents receiving federal SSDI benefits are properly excluded from WPR calculations. This last change was expected to improve the state's work participation rate, since these beneficiaries are not assigned countable work activities.

Prior to the end of the compliance plan period, DHHS notified DCF in January and July, 2016, that Wisconsin had failed to meet the work participation requirements for 2012-13 and 2013-14 and therefore would be subject to potential penalties of up to $15.1 million and $19.8 million, respectively.

Pursuant to 2017 Act 59, effective June 23, 2018, DCF implemented a $50 worker supplement, available for up to twelve months, for W-2 participants entering the unsubsidized workforce from the W-2 program. The worker supplement substantially improves performance on federal WPR targets by increasing the number of families participating in work activities that receive TANF assistance. Families moving from W-2 employment positions into unsubsidized work would otherwise not be counted for purposes of determining the WPR.

DHHS later notified DCF that Wisconsin had failed to meet the work participation requirements in FFYs 2014, 2015, and 2016 and therefore was subject to additional penalties. Later, DHHS notified DCF that the state failed to meet the two-parent WPR in FFY 2016-17. DCF again entered into a corrective compliance plan for FFYs 2014, 2015, and 2016.

Wisconsin exceeded the all families and two-parent families WPR requirements for FFY 2018, thereby satisfying the conditions of the corrective compliance plan in order to eliminate the penalties for FFYs 2014, 2015, and 2016. DCF indicates that due to penalty reductions, the remaining penalties for FFY 2012 and FFY 2013 totaled approximately $7.35 million. In November 2018, Wisconsin submitted two reasonable cause letters to DHHS to seek relief from the penalties. As of January 1, 2022, DHHS had not yet responded to the November letters.

As shown in Table 14, after the introduction of the worker supplement, Wisconsin has met the work participation targets for both single and two-parent families every year since FFY 2018.

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 that receive TANF assistance. This information includes demographic information and detail on the type, amount, and length of the assistance these families received.

Fraud Cases. States are required to deny assistance for a period of ten years to individuals convicted in federal or state court of making a fraudulent statement or representation with respect to the individual's place of residence in order to receive TANF assistance, Medicaid, or SNAP benefits 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 convicted of a felony involving possession, use, or distribution of a controlled substance after August, 1996, are barred from receiving assistance from TANF or SNAP benefits. 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 (P.L. 112-96) 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: (a) presence of a child living with a relative; (b) assignment of child support and cooperation with paternity establishment; (c) time limit on assistance; (d) work requirements and sanctions; (e) requirements on minor parents; (f) data reporting requirements; and (g) 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 differences in the requirements for "assistance" and "non-assistance" are highlighted in Table 15.

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.

Legal Immigrants. Federal law contains certain restrictions on using federal TANF funds to provide assistance to families that include a qualified legal immigrant, depending on 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 applied 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 that 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, ACF 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. Previously, work participation requirements did not apply to child-only cases because the parent did not receive assistance.

Maintenance of Effort (MOE) Requirements

Under federal law, a state must spend 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 FFY 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.

Table 15: 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 1st and 2nd purposes of TANF. If comingled, income standard required for all TANF purposes.	If TANF only, income standard only required for 1st and 2nd 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

After adjusting for tribal TANF, the state's basic annual MOE requirement is $178.1 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 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 non-medical 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 penalties. 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 $258.0 million to the federal government for FFY 2021, including 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.

Contingency Fund

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 2016. 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, $30.0 million in FFY 2014, $35.0 million in FFY 2015, and $30.8 million in FFY 2016. The state did not receive any contingency funding in FFY 2017 through FFY 2022.

Whether TANF contingency funds will continue to be available in future years 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 $222.6 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 MOE and matching funds expended. If, based on the annual reconciliation, it is determined that the state failed to meet the MOE 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.

TANF Participation

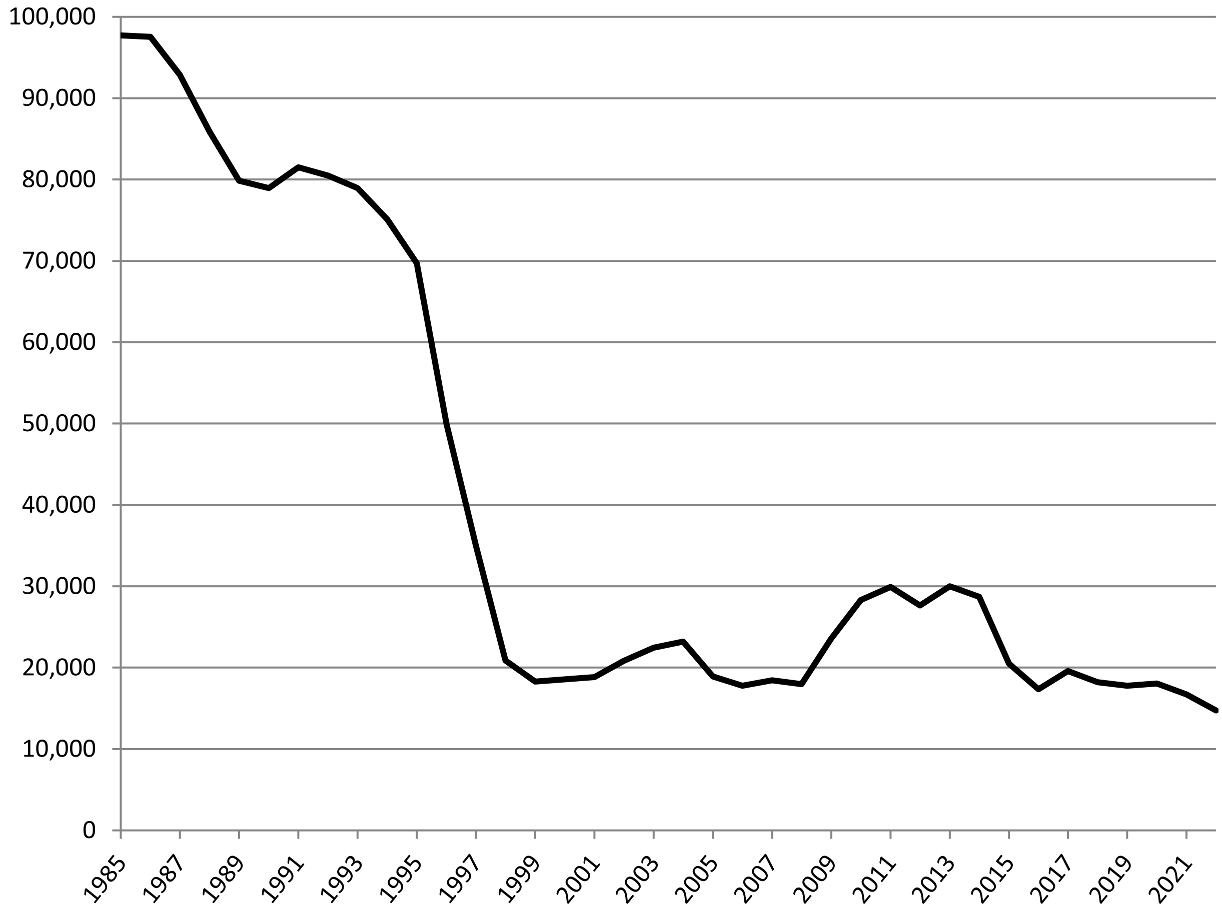
Figure 3 shows the change in the number of cases receiving cash benefits from the AFDC and TANF programs from 1985 to September, 2022. The last month of AFDC was August, 1997. In that month, there were 34,491 families receiving an AFDC benefit, including those cases in which the child receiving AFDC 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. During the month of September, 2022, DCF reported 3,832 cases receiving a W-2 cash benefit. Another 1,144 cases were receiving case management services only.

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.

Counties began transitioning cases from AFDC to kinship care on January 1, 1997. Beginning April 1, 1997, all new cases were assessed for

Figure 3: Wisconsin Cases with a Cash Benefit



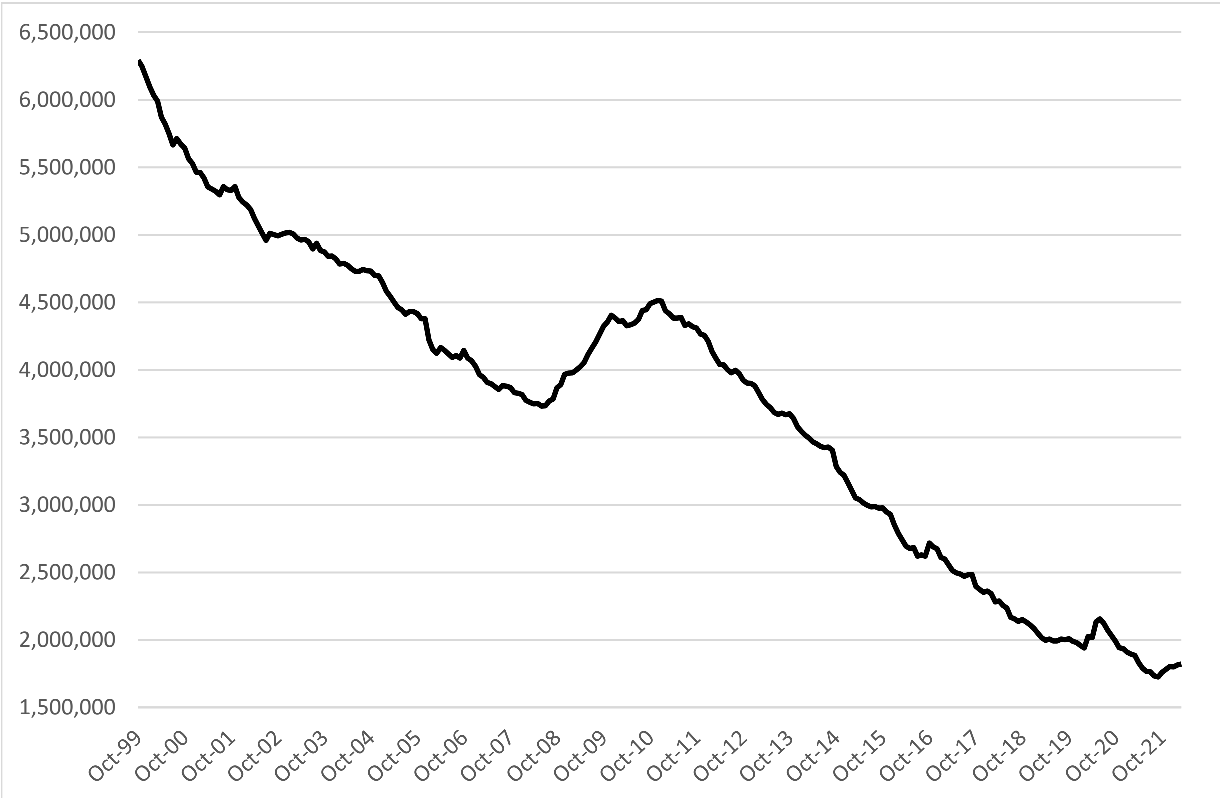
kinship care eligibility. It was estimated that there were 457 caretakers receiving kinship care payments in August, 1997. Counties were required to transfer all eligible cases to kinship care by December 31, 1997. The number of kinship care cases was at a high of 8,655 in September, 2009, and was at 6,320 in September, 2022 (and 521 for tribes). The kinship care caseload declined with the effort to have kinship care parents become licensed foster parents beginning during the 2009-11 biennium.

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 4,586 on behalf of 8,837 children in September, 2022.

Caseload Trend. Historically, Wisconsin's AFDC caseload peaked at over 100,300 in April, 1986. As shown in Figure 3, the caseload afterwards rapidly declined. 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, and continued to decline through the end of the decade.

After a period of stable caseloads, in 2008 the

Figure 4: Nationwide Number of TANF Recipients



caseloads grew to over 30,000 cases in 2013 in response to the recession and partly due to changes in W-2 administration at private agencies. However, the caseload growth was short lived, and reversed after the recession ended. As previously discussed, Wisconsin works cash benefits caseloads increased sharply in 2020 due to the economic disruption wrought by the COVID-19 pandemic. However, the effect to the overall caseload trend was mostly muted due to countervailing decreases in kinship care and caretaker supplement cases. Caseloads continued to decline after the initial onset of the pandemic.

Overall, since the peak Wisconsin caseload in April, 1986, the number of cases receiving cash benefits in Wisconsin has declined by 75.4% through March, 2022. Note that Figure 3 does not include worker supplements provided to participants after they leave the program into private employment.

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 4, nationwide 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. Caseloads temporarily spiked in the spring of 2020 in response to the COVID-19 pandemic, but stabilized lower throughout 2020, after the passage of several stimulus initiatives (such as the CARES Act of 2020).

Overall, ACF reports that from August, 1996, to March, 2022, caseloads declined in every state and territory, resulting in a drop in the total number of TANF recipients over that period of 85% nationwide.

As shown in Figure 4, TANF caseloads grew substantially during the onset of the COVID-19 pandemic. The average monthly number of TANF recipients nationwide for March, 2022, was 0.95 million families composed of 1.8 million individuals, which represented almost 0.7% of the population. Approximately 1.39 million of these recipients were children.

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 85% is likely somewhat overstated.

APPENDIX C

Federal Child Care Program and Funding

Child Care Development Fund (CCDF)

The CCDF provides a combination of federal 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.

The term "CCDF" does not actually appear in the federal statutes, but for historical reasons is derived from regulatory nomenclature to refer to two different funding sources provided to states for child care programs: the Child Care and Development Block Grant (CCDBG) Act and the Social Security Act. Prior to 1996, four separate federal programs, (including the CCDBG) provided low income families with child care. The 1996 federal welfare reform law, P.L. 104-193, reauthorized the CCDBG but repealed the three child care programs associated with AFDC. Instead, mandatory funding for states was provided under the Social Security Act. Federal law required that this mandatory funding had to be administered according to the laws and regulations under the CCDBG.

The purposes of CCDF are to: (a) allow each state maximum flexibility in developing child care programs and policies; (b) promote parental choice to empower working parents to make their own decisions regarding the child care services; (c) encourage states to provide consumer education information to help parents make informed choices about child care services and to promote involvement by parents and family members in the development of their children in child care settings; (d) assist states in delivering high-quality, coordinated early childhood care and education services to maximize parents' options and support parents trying to achieve independence from public assistance; (e) assist states in improving the overall quality of child care services and programs by implementing health, safety, licensing, training, and oversight standards; (f) improve child care and development of participating children; and (g) increase the number and percentage of low-income children in high-quality child care settings.

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 CCDBG Act of 2014 provided for several changes in federal policy. Pursuant to the Act, states may 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.

CCDF Funding

Wisconsin's CCDF funding for FFY 2021-22 totaled $146,150,663, which included the following allocations: (a) $84.6 million in discretionary funds; (b) $24.5 million in mandatory entitlement funds; and (c) $37.0 million in matching entitlement funds. Note that this amount differs from the amounts budgeted in Table 1, due to the difference in timing of the state and federal fiscal years and because of additional amounts awarded to states in prior years. Tribes in Wisconsin received $5.2 million for FFY 2022. Each of these components are described below.

Discretionary Funds. 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 will be reallocated.

Mandatory Funds. 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.

Matching Funds. After 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 1994 or FFY 1995, whichever is higher, under the AFDC-related child care programs.

In addition, states must provide matching funds at the Medicaid matching rate. Ordinarily, this rate is approximately 59% in Wisconsin. However, the CARES act temporarily increased the matching rate by 6.2% during the period of the COVID-19 public health emergency, beginning in the second quarter of the federal fiscal year.

Matching funds must be spent within the year received or obligated in the year received and spent within the next fiscal year. Wisconsin's required match in FFY 2021-22 was $16.5 million.

Eligibility

Under the federal CCDF program, states may 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.

The estimated median income for a Wisconsin family of four in FFY 2023 is $102,898 (85% of which is equal to $87,463). 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 ($51,338 for a family of four in 2022), who remain eligible until income exceeds 200% of poverty ($55,500 for a family of four in 2022).

The children must be younger 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 CCDBG 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. Wisconsin meets the phase-out requirement by using a financial eligibility exit threshold of 200% (compared to an initial threshold of 185%) which begins to reduce subsidies by increasing copays by $1 for each additional $3 earned by participants.

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.

Federal Requirements on Use of Funds

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.

Furthermore, there are a number of federal provisions related to the states' use of CCDBG funds. These requirements include the following.

Supporting Work Activities. 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.

Child Care Vouchers. 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.

Sliding Scale Fees. 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.

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

Child Care Quality Improvement. States are required to spend no less than 9% in each fiscal year of their child care allotments (discretionary and entitlements) to improve the quality of child care. In addition, at least 3% of such funds must be spent to improve the quality of care for infants and toddlers each year.

Licensing and Health and Safety Requirements. 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 building and physical premises safety and health and safety training. Further, states must establish health and safety requirements in ten specific topic areas, such as first-aid and prevention and control of infectious disease, and the prevention of sudden infant death syndrome. Child care providers which receive CCDF funding are required to receive both preservice and ongoing training on these topics.

Inspections. States must monitor license-exempt programs that receive CCDF funding for compliance with licensing rules, including health and safety standards. License-exempt child care providers must be inspected annually and licensed child care subsidy providers are subject to annual unannounced inspections.

Consumer and Provider Information. States must make provider information regarding monitoring and inspection reports (such as deaths, serious injuries, and substantiated child abuse) publically available electronically.

Sectarian Providers. Funds received via direct grants or government contracts may not be used for any sectarian purpose or activity, including religious worship, and instruction. However, this restriction does not apply to sectarian providers receiving a child care certificate or voucher from a parent.

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

Background Checks. The CCDBG Act requires states to conduct extensive criminal background checks every five years on all child care staff members having unsupervised access to children, including a search of state and national registries (including each state resided in within the last five years) in five specific areas: state criminal and sex offender registries, state child abuse and neglect registries, the National Crime Information Center, Federal Bureau of Investigation fingerprint checks, and the National Sex Offender Registry. The CCDBG Act specifies certain disqualifying crimes that make a staff member ineligible for child care employment. The CCDBG Act also requires states to protect the privacy of background check information and to provide an appeals process for child care providers, staff members, and adult residents.

COVID-19 Public Health Emergency

In response to the COVID-19 pandemic, DCF received substantial federal revenues under three acts of Congress. In total, DCF has committed more than $860 million in funding under the following programs.

First, the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act increased CCDBG funding for Wisconsin by $51.6 million through September 30, 2021, to prevent prepare for, and respond to the coronavirus (including for reimbursement of such costs and obligations made prior to the enactment of CARES).

After the submitting a plan for passive review on April 28, 2020, the Joint Committee on Finance approved DCF's plan for expenditure of the funds, under which DCF implemented three Child Care Counts grant programs: (a) grants to providers serving families of essential workers; (b) hazard pay to child care employees; and (c) grants to reopen child care programs that temporarily closed during the COVID-19 pandemic. A total of 2,712 child care providers received $50.8 million of CARES Act funding. The remaining funds were used for supporting information technology infrastructure and administration to disperse payments. Overall, $36.9 million was provided for essential workers, $9.7 million was provided for incentive pay, and $4.2 million was provided for reopening providers.

In addition to supplemental CCDF, CARES also provided the coronavirus relief fund (CRF) to provide assistance to state and local governments responding to the COVID-19 pandemic. DCF used $79.7 million of CRF monies to provide two rounds of supplementary Child Care Counts programs. The first program, supported with $46.5 million in CRF monies, supported the costs of child care providers maintaining or enhancing compliance status, YoungStar rating, and improving health and safety practices. The second program, supported with $33.2 million of CRF monies, supported the staff recruitment and retention efforts (such as incentive pay or signing bonuses).

Second, the Consolidated Appropriations Act of 2021 (CAA) provided additional supplemental CCDBG funding of $148.8 million in FFY 2020-21 to prevent, prepare for, and respond to the COVID-19 pandemic. On April 1, 2021, The Joint Committee on Finance approved DCF's passive review request under s. 16.54 of the statutes to expend $133.8 million of the funding to: (a) continue the Child Care Counts program ($106.0 million); (b) provide grants to child care providers to support the purchase of computers, tablets, hotspots, and internet service ($10.0 million); (c) provide grants to child care providers to support staff recruitment and retention efforts ($10.0 million); (d) create and expand shared services networks to reduce administrative costs of providers by pooling management of operations ($5.5 million); and (e) implement information technology system changes and hire limited-term employees needed to execute these programs ($2.3 million).

On September 10, 2021, the Committee approved DCF's request to use the remaining $15.0 million, along with anticipated underspending under the previous request of $8.2 million, to: (a) implement a private/public partnership program to offer funding for businesses that are struggling to recruit and retain staff to purchase child care slots ($10.0 million); (b) update entry-level workforce training and communications ($5.5 million); (c) various administrative costs ($2.2 million); and (d) to direct any underspending from either s. 16.54 request to the Child Care Counts program.

Third, the American Rescue Plan Act (ARPA) provided additional supplemental CCDBG, as well as funding for stabilization grants to child care providers. Wisconsin's share of this funding was $580.2 million, including $223.2 million for emergency CCDBG funds and $357.0 million for stabilization grants.

On November 2, 2021, the Committee approved DCF's request to expend the stabilization grant funding to continue the Child Care Counts program through 2022-2023. Roughly $357.0 million of that amount supported monthly grants in two programs, with 48% of the funding for per-child grants to child care providers for 18 months to cover operating expenses, costs of COVID-19 mitigation, materials for enhancing curriculum and social emotional development, tuition reimbursement, and mental health support for children and employees. More than half of the funding supports per-staff grants to providers for professional development opportunities and to cover employee wage and benefit increases. The remaining $5.3 million support administrative costs.

On February 9, 2022, the Committee approved a modified version of DCF's request to expend $194.0 million of the emergency grant funding to continue the Child Care Counts program through early 2024. This includes: (a) $112.4 million for Child Care Counts, including $3.5 million in grants to child care providers to update their facilities to accommodate children with disabilities; (b) $0.5 million for school-age mental health support; (c) $5.0 million for infant and early childhood mental health consultation; (d) $16.0 million a pilot child care program providing subsidies to children with disabilities in the state's Birth to 3 program; (e) $4.8 million for family resource centers; (f) $30.6 million for TEACH/REWARD; (g) $10.0 million to support employer provided childcare; (h) $8.4 million for shared services networks; (i) $0.9 million for employee assistance; (j) $2.9 million for administration; and (k) $2.5 million to provide assistance to unregulated providers to become licensed.