



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #213

### **Wisconsin Works Time Limit Changes (DCF -- Economic Support and Child Care)**

[LFB 2011-13 Budget Summary: Page 100, #4]

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#### **CURRENT LAW**

Public assistance for children in need had been provided under the aid to families with dependent children (AFDC) program beginning in 1935. However, in 1996, the federal government enacted the Personal Responsibility and Work Opportunity Reconciliation Act, which replaced the AFDC program with a block grant program called temporary assistance for needy families (TANF). Under the TANF program, public assistance benefits are funded with block grants to states, and states are required to contribute state funds under maintenance-of-effort provisions. Although the TANF program allows states to develop, operate, and implement their own public assistance programs, the federal legislation imposed work requirements and time limits on recipients of TANF benefits, and eliminated the federal entitlement to public assistance that was provided under the AFDC program. The federal time limit for receiving assistance is 60 months.

At the state level, the Department of Children and Families (DCF) administers Wisconsin Works (W-2), the state's TANF work program. Participants in W-2 are assigned by the local W-2 agency to either unsubsidized employment or one of three types of subsidized employment: (a) trial jobs; (b) community service jobs (CSJs); or (c) transitional placements. In order to be eligible for a W-2 employment position for any month, an individual must meet certain financial and nonfinancial eligibility requirements.

*Trial Jobs.* A trial job provides work experience and training to assist participants to move into unsubsidized employment. The W-2 agency pays a maximum wage subsidy of \$300 per month to an employer that employs a participant in a trial job and agrees to make good faith efforts to retain the participant as a permanent, unsubsidized employee after the wage subsidy is terminated. The employer is also required to provide worker's compensation coverage.

*Community Service Jobs.* A CSJ is intended to provide work experience and training to assist participants to move into unsubsidized employment or a trial job. CSJs 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.

*Transitional Placements.* In order to be eligible for a W-2 transitional placement, an individual must meet one or more of the following requirements: (a) 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 (as determined by the W-2 agency on the basis of an independent assessment); (b) the individual is needed in the home because of the illness or incapacity of another member of the W-2 group; or (c) the individual is incapable of performing a trial job or CSJ.

*Time Limits for Subsidized W-2 Employment Positions.* A W-2 participant may participate in any combination of subsidized employment positions for a maximum of 60 months. There are no time limits on how long a W-2 participant may participate in a specific type of W-2 employment position or a specific job placement within the W-2 employment position type.

*Maximum Hours for Subsidized Employment Activities.* A participant in a CSJ or transitional placement cannot be required to spend more than 40 hours per week in combined activities of education, training, and work.

## **GOVERNOR**

Modify the W-2 program requirements, first applicable to individuals who are participating in W-2 on the effective date of the bill, regarding the maximum time limit for participation in each employment position and the maximum hours required for employment versus education and training activities as follows:

*Maximum Time Limit for Subsidized W-2 Employment Positions.* Limit participation in a trial job, CSJ, and transitional placement to 24 months for each position, which need not be consecutive. Authorize DCF, or the W-2 agency with DCF's approval, to grant an extension of the 24-month limit for each W-2 subsidized employment position on a case-by-case basis. Specify that in order for trial job and CSJ participants to receive an extension, the participant must have made all appropriate efforts to find unsubsidized employment, and local labor market conditions must preclude a reasonable job opportunity for that participant, as determined by the W-2 agency and approved by DCF. In addition, for the CSJ, require the W-2 agency, with DCF's agreement, to determine that no trial job opportunities are available in order to extend the 24-month limit.

Authorize an individual to participate in a specific trial job for a maximum of three months, with an opportunity for a three-month extension under circumstances determined by the W-2 agency. Specify that an individual would be allowed to participate in more than one trial job, but generally would not be allowed to exceed the 24-month time limit.

Authorize an individual to participate in a specific CSJ for a maximum of six months,

with an opportunity for a three-month extension under circumstances approved by DCF. Specify that an individual would be allowed to participate in more than one CSJ, but generally would not be allowed to exceed the 24-month time limit.

Specify that these 24-month time limits for trial job, CSJ, or transitional employment positions would also apply during receipt of a caretaker of newborn infant grant if the individual was participating in one of those employment positions before receipt of the grant, and the child was born more than 10 months after the individual was first determined eligible for W-2. However, if the child was conceived as a result of a sexual assault or incest, which has been reported to a physician and law enforcement, then the 24-month time limit would not apply.

*Maximum Hours for Subsidized Employment Activities.* Limit the number of hours an individual in a CSJ or transitional placement may participate in work activities and in education and training activities.

Specify that a W-2 agency may require: (a) a CSJ participant to work up to 30 hours per week and to participate in education and training activities for up to 10 hours per week, for a total of 40 hours per week; and (b) a transitional placement participant to work up to 28 hours per week and to participate in education and training activities for up to 12 hours per week, for a total of 40 hours per week.

These provisions were part of the W-2 statutes prior to 2009 Wisconsin Act 28.

## **DISCUSSION POINTS**

### **24-Month Time Limit**

1. W-2 was established with the intent that W-2 participants would move up a "ladder" of placements within the program and ultimately into unsubsidized employment. Depending on the capabilities of the individual, the W-2 participant could start on the lowest rung of the ladder (a transitional placement), move up to the next rung (a CSJ), move up to the top rung (a trial job), and then move to unsubsidized employment. The limit of 24 months for each employment position under prior law was an attempt to ensure that W-2 participants kept moving up the ladder.

2. The goal of moving up the ladder and out of W-2 did not occur as expected. Individuals who applied for W-2 and were determined eligible were placed in an employment position. Generally, they remained in that same position until they left the W-2 program.

3. Transitional placements include individuals with significant barriers to work, such as severe mental illnesses or learning disabilities, that indicate a need for supplemental security income (SSI) or social security disability insurance (SSDI) determinations. Participants also include those who care for a disabled child or other family members. Others may have a short-term disability.

4. Participants with short-term disabilities may move to CSJs or unsubsidized employment once the disability is resolved or accommodated. However, other participants placed in transitional placements are given assistance in applying for SSI or SSDI and remain in these

placements until the receipt of the SSI or SSDI determination. The 24-month time limit that existed prior to Act 28 was often extended while the participant was waiting for the final federal determinations. Generally, individuals who are assigned in a transitional placement and seek SSI or SSDI benefits exit the placement with SSI payments or SSDI payments and do not move up to CSJs. In addition, those caring for a disabled family member also needed the 24-month time limit extended.

5. Also, trial jobs are very limited. In March, 2011, there were only 17 individuals placed in trial jobs. The number of individuals participating in CSJs during that month was 8,859. Therefore, the goal to move all CSJ participants into trial jobs cannot occur because there are insufficient numbers of trial jobs to place them into. As a result, individuals placed in a CSJ usually remain in a CSJ until they leave the W-2 program. The prior 24-month limit was often extended several times until the W-2 participant was able to find unsubsidized employment.

6. In March, 2009, 43 W-2 participants in Milwaukee reached their 24-month time limit under prior law. Of these cases, 32 of them received an extension, six moved to unpaid placements (case management services), one left W-2, three moved to another paid W-2 employment position, and one more was determined to be "other." In April, 2009, of those who left employment placements that receive cash benefits, 60% left between one and three months after starting to receive assistance, 18% left between four and six months, 11% left between seven and 12 months, and 10% left between 13 and 60 months. It appeared that the 24-month time limit affected less than 10% of the paid W-2 placement caseload and that approximately 75% of the individuals that reached the 24-month maximum received an extension.

7. Prior to Act 28, DCF had indicated that monitoring the time limits and the time limit extensions was administratively burdensome to the W-2 agencies and elimination of the time limits would result in administrative savings to the W-2 agencies.

8. As noted, provisions of 2009 Act 28 removed the 24-month time limit and the three- and six-month time limits for specific subsidized W-2 employment positions. However, the 60-month time limit for receiving TANF assistance still applies.

9. The bill would restore these time limits. The Committee could approve this provision, effective January 1, 2012 (Alternative A1). The 24-month time limit was established to try to quickly move W-2 participants to unsubsidized employment. The administration indicates that restoring the time limits refocuses the program to bring it more in line with the original design, which is to focus on work experience as the main path for obtaining unsubsidized employment. In addition, extensions are available if more than 24 months are needed for a participant to move to unsubsidized employment. However, DCF has requested time to provide notice to W-2 agencies and W-2 participants, as well as time to re-implement this provision.

10. A recent survey of W-2 agencies provided mixed results on whether W-2 agencies support reinstating the 24-month time limit. Of 19 agencies that responded, nine favored reinstating the time limits to create a sense of urgency for participants and encourage them to look for work. Eight of the agencies opposed the reinstatement due to the administrative burden in tracking and processing extensions. Other agencies believed that the time limit did not have a big

impact either way because extensions are available for participants who need them. Other agencies saw benefits and drawbacks both with and without the time limits.

11. Alternatively, the Committee could establish another limit for each employment position, such as 36 months, effective January 1, 2012 (Alternative A2). This would give W-2 agencies more time to accomplish the goals of either assisting transitional placement participants in receiving SSI or SSDI payments or to move CSJs into trial jobs or unsubsidized employment, but it would also retain the incentive to quickly move participants into unsubsidized employment. As under current law, extensions of the time limit could be given on a case-by-case basis.

12. However, any limit on the amount of time an individual can participate in an employment position would require W-2 agency workers to track when a participant is reaching the limit and prepare a review for an extension of the limit, which would result in increased local administrative costs. The Committee could delete this provision (Alternative A3).

### **Limits on Work Hours and Education and Training Hours**

13. Prior to Act 28, state law provided a maximum number of hours a CSJ or transitional placement participant could be assigned to work per week (30 and 28 hours respectively) and education and training (10 and 12 hours respectively), for a total maximum of 40 hours per week. This structure allowed for training, but emphasized work.

14. DCF had indicated that this structure negatively impacted the W-2 program in two ways. First, the maximum limit on the number of hours of work per week negatively impacted the state's work participation rates. For example, under federal law, transitional placement participants must be assigned 20 hours per week of core activities and at least 10 additional hours of core or noncore activities, for a total of 30 hours. However, under state law, the maximum number of work hours for transitional placements was 28 hours. Therefore, many transitional placement participants did not meet their work participation requirements, which resulted in the state failing to meet its work participation rate. Second, other W-2 participants needed more training and education before they were ready for unsubsidized employment. For example, a participant may have had adequate work experience and education but lacked interviewing or resume writing skills. Additional education and training hours could assist in moving the participant to unsubsidized employment sooner.

15. Provisions of Act 28 removed the delineation of maximum hours for work and hours for education and training. Current state law, pursuant to changes made under Act 28, sets a maximum number of hours that a CSJ or transitional placement participant may participate in work and education and training activities at 40 hours per week. There is no distinction between the maximum number of hours for work and the maximum number of hours for education and training. All work and education and training activities combined cannot exceed 40 hours per week.

16. As a result, a CSJ or transitional placement participant could work up to 40 hours per week, participate in education and training activities up to 40 hours per week, or participate in a combination of work and education and training up to 40 hours per week. W-2 agencies have more flexibility in assigning more work hours to W-2 participants to meet federal work participation rates

or more education and training to W-2 participants that may need these services to move to unsubsidized employment sooner.

17. The Committee could approve the Governor's proposal to ensure that work is the primary focus of the W-2 program, effective October 1, 2011 (Alternative B1). Some would argue that the removal of the maximum number of hours for education and training essentially converts W-2 into a training program and eliminates the emphasis on work. DCF has indicated that time would be needed to re-implement this provision, and an effective date of October 1, 2011, would provide sufficient time.

18. Alternatively, the Committee could cap all work and education and training activities at a maximum of 40 hours per week, but only cap education and training activities at 10 hours per week for CSJs and 12 hours per week for transitional placements, effective October 1, 2011 (Alternative B2). Under this option, the amount of education and training activities would be limited as under the law prior to Act 28, but there would be no separate limit on work activities. Therefore, participants in CSJs and transitional placements could be assigned to work up to 40 hours per week with no education or training activities if more work activities were needed and available for a specific participant.

19. On the other hand, the Committee could delete this provision to allow W-2 agencies to determine whether more work activities are needed or whether more education and training is needed for a specific CSJ or transitional placement participant (Alternative B3). Without these limitations, W-2 agencies would have more authority and flexibility to determine what a specific participant would need or be able to contribute to the W-2 program.

## **ALTERNATIVES**

### **A. 24-Month Time Limit**

1. Approve the Governor's recommendation to reinstate the 24-month limits on the amount of time an individual may participate in each of the subsidized employment positions under W-2 and reinstate the three- and six-month limitations on specific employment placements, but specify an effective date of January 1, 2012.

2. Modify the Governor's recommendation to create a 36-month time limit on the amount of time an individual may participate in each of the subsidized employment position under W-2, rather than a 24-month time limit, effective January 1, 2012.

3. Delete provision.

### **B. Limit on Work Hours and Education and Training Hours**

1. Approve the Governor's recommendation to reinstate the distinction between the maximum number of hours for work activities and the maximum number of hours for education and training activities, rather than a maximum of 40 hours per week for all activities, but specify an effective date of October 1, 2011.

2. Modify the Governor's recommendation to put a maximum limit of 10 hours per week of education and training activities for CSJs and a maximum of 12 hours per week of education and training activities for transitional placements, effective October 1, 2011. Under this alternative, there would be no maximum number of work activities per week (although there would be a maximum of 40 hours per week for all work and education and training activities), so a participant in a CSJ or transitional placement could work 40 hours per week.

3. Delete provision.

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