



## Legislative Fiscal Bureau

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May 20, 2003

Joint Committee on Finance

Paper #856

### *Temporary Assistance for Needy Families (TANF)*

### **Educational Needs Assessment (DWD -- Economic Support and Child Care)**

[LFB 2003-05 Budget Summary: Page 507, #38]

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#### **CURRENT LAW**

Currently, Wisconsin Works (W-2) agencies perform some type of educational assessment for each person placed in a W-2 employment position. For persons for whom placement in unsubsidized employment or a trial job has been deemed appropriate, W-2 agencies are required to conduct an educational needs assessment. If it is determined that an individual needs basic education, including education for a high school equivalency degree, and if the individual wishes to pursue basic education, the W-2 agency includes the education in an employability plan developed for the individual. The W-2 agency is required to pay for the basic education services identified in the employability plan.

In addition, under current law, participants in community service jobs (CSJs) or transitional placements may be required to participate in education and training activities assigned as part of their employability plan. W-2 agencies may perform various types of assessments to determine what types of education and training are required. DWD establishes, by rule, the permissible activities. With the exception of a technical college program, the W-2 agency pays for the education and training activities that are identified in the plan, and that count toward the participant's required number of hours of participation, unless there are other sources to pay for the activities (such as an educational grant). According to the W-2 manual, including a technical college program in the employability plan does not obligate the W-2 agency to pay for the program out of its W-2 funding.

## **GOVERNOR**

Require W-2 agencies to conduct an educational needs assessment for each individual who applies for a W-2 position. Provide that if it is determined, by the W-2 agency and the individual, that an individual would benefit from education or training activities, the W-2 agency would include the activities in an employability plan developed for the individual, and pay, or arrange for payment, for the education and training services identified in the plan, to the extent that funding is available. The provision would take effect January 1, 2004.

## **DISCUSSION POINTS**

1. Under the bill, a person would receive an educational needs assessment upon application, rather than upon placement, as under current law. Therefore, all who apply for W-2 would be assessed for education and training needs, prior to determination of eligibility for the program.

2. According to DOA officials, requiring an educational needs assessment to identify education and training levels and needs in the application process, rather than upon placement, could allow a W-2 agency to identify individuals with qualifications that fit an existing employment opportunity, and, therefore, could eliminate the need to complete the application process. In addition, conducting the educational needs assessment as part of the application process could lead to quicker enrollment in the necessary education program, which could lead to quicker employability in the private sector.

3. DOA officials also question the current statutes requiring assessments only for those who are placed in unsubsidized and trial job employment, or deemed "job ready," since those who are deemed not to be "job ready" would also be in need of assessment. However, while current law only requires an educational assessment for persons who are placed in unsubsidized employment and trial jobs, in practice an educational needs assessment is conducted for all who are placed in a W-2 employment position. Those who are determined to have more barriers to employment (not "job ready") may receive more formal and extensive assessments.

4. The bill would provide that if the individual and the W-2 agency determine that the individual needs, or would benefit from, education or training activities, including a course of study for granting a declaration of equivalency of high school graduation, the W-2 agency would have to include the education or training activities in a plan developed for the individual, and pay, or arrange for payment, for the activities included in the plan, to the extent that funds are available.

5. Currently, upon determining that the appropriate placement for an individual is in unsubsidized employment or a trial job, the statutes provide that if a W-2 agency determines that the individual needs basic education, including a course of study for granting a high school equivalency degree, and if the person wishes to pursue the basic education, the W-2 agency must include the basic education in the employability plan, and pay for the basic educational services. According to DWD, basic education is defined as instruction that focuses on reading, mathematics,

communication skills, social studies, physical sciences, health, and career education, and is designed for adults whose academic functioning level ranges from a comparable grade 0 to grade 12 (competency comparable to that offered in secondary schools). Payment is not required for other types of education and training activities included in the employability plan for persons in unsubsidized or trial employment.

6. Currently, for persons placed in CSJs or transitional placements, the W-2 agency is only required to pay for education and training activities that count toward the participant's required hours of participation. W-2 agencies are not required to pay for participation in a technical college program.

7. Participants in W-2 may receive education and training services that are not paid for by the W-2 agencies through programs, such as the workforce attachment and advancement program and programs funded under the workforce investment act.

8. The bill would require W-2 agencies to identify all types of education and training that the W-2 agency and individual determine that the individual needs, or would benefit from, include them in an employability plan for the individual, and, to the extent that funding is available, pay for all education and training activities identified in the plan.

9. Under the bill, funding for W-2 services, which includes education and training activities, would be reduced by \$21,335,300 annually, for total funding of \$55,606,600. This represents a 28% reduction to the current funding levels.

10. Therefore, while the bill may expand the types of paid educational and training activities that persons in W-2 employment positions could receive, it limits payment to the extent that funding is available. The reduced funding levels would likely require W-2 agencies to limit the amount of funded education and training activities.

11. DOA officials indicate that the language limiting payment for education and training activities to the extent that funding is available was included due to the limited amount of funding that would be available for such activities under the bill. In addition, DOA officials indicate that W-2 agencies would be required to consider the usefulness and cost-effectiveness of each education and training component when making decisions about what should be included in an employability plan, and would ultimately lead to individuals participating in activities that would most likely give them skills to move into the labor force.

12. Expanding paid education and training activities for unsubsidized employment and trial jobs participants could result in funds being shifted away from education and training activities for individuals in CSJs and transitional employment placements. This is particularly significant because persons placed in CSJs and transitional placements may be required to engage in up to 10 or 12 hours, respectively, of education and training activities, as part of their work requirements.

13. Because of funding limitations and the potential impact on funding training and education activities for persons in CSJs and transitional placements, the Committee may want to

eliminate the requirement that W-2 agencies pay for all training and education activities to the extent that funding is available. Instead, W-2 agencies could be required to pay only for basic education activities for persons in unsubsidized employment and trial jobs, as is required under current law. For CSJs and transitional placements, DWD could continue to determine eligible paid activities.

14. On the other hand, giving W-2 agencies the flexibility to fund a broader range of activities for all participants, if funding is available, may be desirable. It could assist persons in unsubsidized employment and trial jobs to get training beyond basic education that would help them obtain and retain a higher level of employment. In addition, identifying a wider range of education and training activities that a W-2 participant could benefit from in an employability plan, even if W-2 funding for such activities is limited, may be beneficial for the participant if funds, either personal or public (W-2 funds, other employment training program funds, educational grant or loan funding, etc.), become available for such activities.

15. It should be noted that the language in the bill requiring W-2 agencies to perform educational needs assessments for all those who apply for W-2, and to pay or arrange for payment, for the education and training activities identified in the employability plan to the extent that funds are available could be interpreted to imply that a W-2 agency would have to pay for training for a person who was determined not to be eligible for W-2, if funds were available. However, the administration has had an amendment drafted to the bill to clarify its intent that W-2 agencies would develop employability plans and be required to pay for education and training activities only for those who are determined eligible for W-2. If the Governor's proposal is adopted, the Committee should adopt the amendment so that it is clear that only those determined eligible for W-2 could qualify for paid education and training activities under the W-2 program.

## **ALTERNATIVES**

1. Adopt the Governor's recommendation, as amended, to do the following: (a) require W-2 agencies to conduct an educational needs assessment for each individual who applies for a W-2 position; (b) for those determined eligible for W-2, provide that if the individual and the W-2 agency determine that the individual would benefit from education or training activities, the W-2 agency would include the activities in an employability plan developed for the individual; and (c) for those determined eligible for W-2, require the W-2 agency to pay, or arrange for payment, for the education and training services identified in the employability plan, to the extent that funding is available. The provision would take effect January 1, 2004.

2. Modify the Governor's recommendation to conduct an educational needs assessment for each individual who applies for a W-2 position to eliminate the language requiring W-2 agencies to fund all education and training activities identified in the employability plan, to the extent that funds are available. Instead, require W-2 agencies to fund basic education activities for persons in unsubsidized employment and trial jobs, as required under current law. In addition, continue to allow DWD to determine the types of paid training and education activities persons in community

services jobs and transitional placements could receive. The provision requiring an educational needs assessment for all who apply for W-2 would take effect January 1, 2004.

3. Delete provision.

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