



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

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

## Introduction

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 P.L. 104-193, 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. States are also 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 imposes work requirements and time limits on recipients of TANF benefits, and eliminates the federal entitlement to public assistance that was provided under the AFDC program.

In order to receive federal funding, states must submit a plan describing how the state will conduct its statewide TANF program.

At the state level, Wisconsin implemented a number of welfare reform initiatives beginning in 1987, leading to the replacement of the AFDC program in Wisconsin. Under 1993 Wisconsin Act 99, the AFDC program was to be repealed on January 1, 1999, and the Department of Health and Social Services was required to submit to the Legislature a proposal for welfare reform in Wisconsin that provided for the replacement of the basic AFDC program by December 31, 1998.

The proposal for the replacement of AFDC in Wisconsin was introduced as 1995 Assembly Bill 591 on October 2, 1995. AB 591 was passed by the Legislature on March 13, 1996, and signed by the Governor as 1995 Wisconsin Act 289 on April 25, 1996. The new program is referred to as "Wisconsin Works" (W-2).

The Department of Workforce Development (DWD) administers the W-2 program and other economic support and work programs based on provisions under Chapter 49 of the state's statutes. At the local level, individual W-2 agencies under contract with DWD are responsible for program administration.

The W-2 program was implemented on a pilot basis in two counties -- Pierce and Fond du Lac -- beginning on March 1, 1997, and began statewide on September 1, 1997. Some recipients continued to receive benefits under the AFDC program until March, 1998, when the AFDC program ended.

As shown in Table 1, \$649.2 million in 2004-05 is budgeted in DWD and other agencies for W-2 and other TANF-funded programs. State general purpose revenues (GPR) appropriated for the program total \$155.6 million. Federal funding (FED) includes the federal TANF block grant, child care block grant funding, TANF funds carried over from the prior fiscal year, and other federal dollars. The program revenue (PR) is primarily from child support collections assigned to the state by public assistance recipients. The segregated revenue (SEG) is from utility public benefits funding, which is transferred to DWD to support W-2.

**Table 1: W-2 and Other TANF-Funded Programs Total Appropriations (2004-05)**

	2004-05
GPR	\$155,566,500
PR	27,538,900
SEG	9,232,000
FED	<u>456,880,600</u>
Total	\$649,218,000

Program expenditures include state and local administration, several types of benefit payments, child care assistance, and other support services. A detailed listing of these revenues and expenditures is provided in this report under "Program Funding and Participation."

The remainder of this paper provides detailed information regarding W-2 employment positions, child care subsidies, other benefits, and program administration. In addition, information is presented concerning FoodShare (formerly food stamps), kinship care, the caretaker supplement, and other related programs. Data on program funding, expenditures, and participation are also provided. Finally, Appendix C outlines the restrictions that apply to the use of federal TANF and child care funds and the types of state expenditures that may be counted toward the TANF maintenance-of-effort requirement.

Several key acts relate to W-2: (a) 1995 Wisconsin Act 289, which created the W-2 program; (b) 1997 Wisconsin Act 27, the 1997-99 biennial budget act; (c) 1999 Wisconsin Act 9, the 1999-01 biennial budget act; (d) 2001 Wisconsin Act 16, the 2001-03 biennial budget act; and (e) 2003 Wisconsin Act 33, the 2003-05 biennial budget act. Act 27 and Act 9 made a number of statutory modifications to the program. Act 16 established the funding for W-2 for the 2001-03 biennium. Act 33 established funding for the 2003-05 biennium. Other state legislation has also modified the program since its inception.

It should be noted that the federal TANF pro-

gram was to sunset on September 30, 2002. However, Congress has passed continuing resolutions to extend the program through March 31, 2005. At that time, Congress would either have to pass another continuing resolution or reauthorize the program in some form in order for the program to continue. There are numerous reauthorization proposals to modify various components of the program that could impact the state's program. However, because the outcome and the potential impact of those proposals are not known, this paper describes the existing state and federal programs, and funding levels.

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## W-2 Employment Positions

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Participants in the W-2 program are assigned by the local W-2 agency to either unsubsidized employment or one of three types of subsidized employment. Subsidized employment includes trial jobs, community service jobs (CSJs), and transitional placements.

The following sections describe the eligibility requirements for W-2 employment positions and job access loans. Notwithstanding fulfillment of the eligibility requirements for any component, an individual is not entitled to services or benefits under the W-2 program.

### Eligibility

In order to be eligible for a W-2 employment position or job access loan for any month, an individual must meet the nonfinancial and financial eligibility requirements described below. Most of those requirements are included in the statutes; however, the Department has promulgated rules establishing certain 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 immigrant.
3. The individual has residence in Wisconsin.
4. Every parent of the individual's W-2 group (the individual, his or her spouse or nonmarital coparent, and any dependent children and grandchildren who reside together) fully cooperates in efforts to establish paternity of the dependent child and obtain support payments, unless it is determined that the parent has good cause for not cooperating.
5. The individual has made a good faith effort to obtain employment and has not refused a bona fide job offer within the 180 days immediately preceding the application.
6. The individual is not receiving federal or state supplemental security income (SSI) payments or federal social security disability insurance (SSDI) payments. If the individual is a dependent child, the custodial parent of the individual may not be receiving an SSI caretaker supplement payment on behalf of the individual.
7. No other individual in the W-2 group is a participant in a W-2 employment position. This provision does not apply to an individual applying for a job access loan.
8. The individual assigns to the state any right of the individual or of any dependent child of the individual to support or maintenance from any other person that accrues during the time that any W-2 benefit is paid to the individual.

**Financial Eligibility Requirements.** An indi-

vidual also must meet all of the following financial eligibility requirements in order to qualify for a W-2 employment position or a job access loan.

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

*Income Limitation.* The individual is a member of a W-2 group whose gross income is at or below 115% of the federal poverty level (FPL). The following sources of income are included in calculating gross income:

1. All earned and unearned income of the individual, except for: (a) benefits received for participation in a W-2 employment position and parent of infant 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; (d) specific types of loans, in-kind income, and vendor payments; (e) income earned by a dependent child of an individual; (f) child support payments; and (g) federal or state student financial aid or any scholarship used for tuition and books.
2. The income of a nonmarital coparent or of the individual's spouse, if the spouse resides in the same home as the dependent child.

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

The definition of gross income under current law suggests a very broad measure of income. However, under administrative rules, any income from sources that are required to be disregarded by federal or state law for purposes of determining eligibility for means-tested programs must not be counted as income. These sources include food

stamps, the women, infants, and children (WIC) program, Indian tribal settlements, and federal education programs.

**Sixty-Month Time Limit.** In addition to the above requirements, the length of time an individual or any other adult in the individual's W-2 group may receive benefits is limited to 60 months. The months do not have to be consecutive. Under this provision, the time limit begins on the date when the individual has attained the age of 18. The limit applies to the total number of months in which the individual has actively participated in the job opportunities and basic skills (JOBS) program under prior law, has received benefits under a subsidized W-2 employment position, or has received benefits in Wisconsin or any other state that were funded by federal TANF dollars. Participation in the JOBS program counts toward the 60-month limit beginning on October 1, 1996. Therefore, participants were first subject to the time limit beginning in October, 2001.

Time also counts against an individual's time limit when another adult in the W-2 group receives benefits while in that W-2 group, except while that adult was living on an American Indian reservation. 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 60-month time limit may be extended if the W-2 agency determines that unusual circumstances warrant an extension. However, under administrative rules, the Department may review, approve, or overturn the W-2 agency's decision. According to the rules, "unusual circumstances" means that the W-2 participant: (a) is unable to work because of a personal disability, or is needed at home to care for a member of the W-2 group whose incapacity is so severe that without in-home care provided by the W-2 participant the incapacitated W-2 group member's health and well-being would be significantly affected; (b) has low achievement ability, a learning disability, or emotional problems of such severity that they prevent the individual from ob-

taining or retaining employment, but are not sufficient to meet the criteria for eligibility for SSI or SSDI; (c) has severe family problems that prevent the W-2 participant from obtaining or retaining employment; or (d) has made all appropriate efforts to find work and is unable to find employment because local labor market conditions preclude finding a job that pays minimum wage and conforms to all applicable federal and state laws.

The 60-month time limit for receiving assistance is also part of federal law. States may exempt up to 20% of the average monthly number of families receiving assistance in a year from the 60-month time limit by reason of hardship or if the family includes a member who has been battered or subjected to extreme cruelty. Based on a total TANF caseload of about 23,200 in September, 2004, including W-2 and TANF child-only cases (kinship care and caretaker supplement recipients), the maximum number of cases that could exceed the 60-month time limit under this provision would be 4,640 cases. [Child only cases are not subject to the time limits, but are included in the calculation of maximum number of cases that may be exempt.] As of September, 2004, there were 434 active extension cases in the W-2 program.

**Review of Eligibility.** The W-2 agency is required to review an individual's eligibility periodically. The individual remains eligible until the W-2 group's assets or income is expected to exceed the respective limits described above for at least two consecutive months.

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

document that they cannot be accessed for 31 or more days. A W-2 group must be prospectively ineligible for two consecutive months before the case closes.

### **Placement in Employment Positions**

According to DWD administrative rules, as soon as possible, but no later than five working days after the date the W-2 agency receives a signed application, the W-2 agency is required to schedule a personal interview with the applicant. The applicant will then have seven working days to provide any requested information. The financial and employment planner in the W-2 agency who is assigned to an individual is required to assess and place individuals within seven days of the initial interview. However, the financial and employment planner may extend the application process to 30 days. According to the W-2 Manual issued by DWD, during this 30-day period the financial and employment planner may assign up-front job search supported by child care subsidies, issue a job access loan, or provide emergency assistance, if appropriate. Food-Share and medical assistance applications must also be processed in a timely manner during this 30-day period.

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

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

individual needs, or would benefit from, education or training, and if the W-2 agency determines that the individual is eligible for a W-2 employment position, the W-2 agency must include education or training activities in any employability plan developed for the individual. If the agency determines the appropriate placement for the individual is unsubsidized employment or a trial job, and the individual needs basic education and wishes to participate, then basic education will be included in the employability plan and will be paid for by the W-2 agency.

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

Federal law governing the use of TANF dollars imposes certain work participation rates that affect the state and the individual: the state is held accountable for ensuring that minimum participation rates are met, and individuals receiving TANF assistance are subject to specified work requirements.

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

**Unsubsidized Employment.** As a condition of eligibility, an individual who applies for a W-2 employment position may be required by the W-2 agency to search for unsubsidized employment during the period that his or her application is being processed. In addition, the W-2 agency may require applicants for W-2 employment positions to participate in job orientation during the time the application is being processed, or engage in training activities.

All participants in W-2 employment positions are required to search for unsubsidized employment throughout their participation. The agency is required to assist a participant in his or her search for unsubsidized employment.

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

Type of W-2 Position	Maximum Grant or Wage Per Month	Maximum Subsidy to Employer	Maximum Hours of Work	Maximum Hrs. of Educ. & Training
Trial Job	At least min. wage	\$300	N.A.	Incl. in work hrs.
Community Service Job	\$673	N.A.	30	10
Transitional Placement	628	N.A.	28	12
Technical College Program - CSJ	673	N.A.	25	15
Technical College Program - Transitional Placement	628	N.A.	25	15
Parent of Infant	673	N.A.	0	0
Two-Parent Families*	673	\$300 if trial job otherwise \$0		55

\*Grant amount for two-parent families is based on the W-2 position for the participant parent. The 55-hour requirement includes unsubsidized or subsidized employment, work experience, on-the-job training, or community service program and education activities. N.A. = Not applicable

vidual in a trial job or a community service job.

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

of income and assets.

According to the W-2 Manual issued by DWD, individuals who have been determined by the financial and employment planner as appropriate for placement into unsubsidized employment may be either employed or unemployed. Unemployed individuals may receive case management services to assist in finding a job if they state in writing that they wish to receive such services.

**Trial Jobs.** Trial jobs provide work experience and training to assist participants to move into unsubsidized employment. The W-2 agency must pay a wage subsidy 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.

DWD indicates that the following are characteristics of the unemployed individual who may be placed in the unsubsidized employment (or "job-ready") category: (a) has no barriers to work which cannot be addressed through supportive services; (b) is capable of working and has a willing attitude; (c) has a steady and/or recent working experience; and (d) has an educational or training background that allows the individual to compete for available jobs in the unsubsidized labor market.

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

For an unemployed individual placed in the unsubsidized employment category, DWD requires the financial and employment planner to maintain contact with the individual at least once per week. If the participant has not obtained unsubsidized employment within 30 days, the financial and employment planner must consider placing the indi-

Trial jobs may include educational and training activities prescribed by the employer as an integral part of the work performed in the trial job placement. Hours spent participating in such activities are included in determining the number of hours actually worked.

A W-2 participant may participate in a trial job

for a maximum of three months, with an opportunity for a three-month extension under circumstances determined by the W-2 agency. An individual may participate in more than one trial job, but generally may not exceed a total of 24 months of participation in all trial job placements, which need not be consecutive.

The Department, or the W-2 agency with the Department's approval, may grant an extension of the 24-month limit on a case-by-case basis if the participant has made all appropriate efforts to find unsubsidized employment and local labor market conditions preclude a reasonable job opportunity for that participant, as determined by the agency and approved by the Department.

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

Community service jobs may include education and training assigned as part of an employability plan developed by the W-2 agency. Such educational and training activities are defined by DWD 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 require a community service job participant to work up to 30 hours per week in the community service job and to participate in educational and training activities for up to 10 hours per week, for a total of 40 hours per week.

W-2 agencies may also require individuals to

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

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

Under rules promulgated by the Department, W-2 agencies may allow more than 10 hours of educational and training activities during the first months of participation in a community service job, as long as the total work, training, and educational requirement does not exceed 40 hours per week.

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

The Department, or the W-2 agency with the Department's approval, may grant an extension of the 24-month limit on a case-by-case basis if the participant has made all appropriate efforts to find unsubsidized employment and has been unable to find unsubsidized employment because local labor mar-

ket conditions preclude a reasonable job opportunity for that participant. In addition, the W-2 agency, with DWD's approval, must also determine that no trial job opportunities are available.

**Transitional Placements.** In order to be eligible for a W-2 transitional placement, an individual must meet one or more of the following eligibility requirements in addition to the financial and nonfinancial eligibility requirements outlined above.

1. The W-2 agency determines, on the basis of an independent assessment by the Division of Vocational Rehabilitation (within 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 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 agency determines that the individual is incapable of performing a trial job or community service job.

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

In addition, the agency may require participation in any of the following: (a) an alcohol and other drug abuse (AODA) 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 en-

gage in work activities (including the AODA, mental health, counseling, and physical rehabilitation activities identified above) for 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. The educational and training activities must be assigned as part of an employability plan developed by the W-2 agency.

Under rules promulgated by the Department, W-2 agencies may allow more than 12 hours of educational and training activities during the first months of a transitional placement, as long as the total work, training, and educational requirement does not exceed 40 hours per week.

As with 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 the Department or the agency with the Department's approval.

**Transitional Subsidized Private Sector Jobs.** The Governor recommended adding a new work category under W-2 in the 2003-05 biennial budget bill called transitional subsidized private sector jobs. The Governor indicated that the intent of transitional subsidized private sector jobs was to provide an additional tool to reach the overall goal of W-2 to help low-income adults secure unsubsidized employment in the private sector and increase their earnings.

Transitional subsidized private sector jobs would be similar to trial job placements in that they are intended to give participants real work experience in the private sector. However, transitional subsidized private sector jobs would reimburse employers up to their full costs of employing the W-2

participant, rather than provide a \$300 monthly subsidy. In addition, employers would not be required to make a commitment to attempt to hire the individual on a permanent basis once the placement had ended.

The Governor's proposal provided a statutory framework for administering a subsidized transitional jobs program. However, the proposal lacked information on program implementation. Therefore, DWD appointed a taskforce to develop ways to implement the program.

The Legislature deleted the Governor's proposal for transitional subsidized private sector jobs during the 2003-05 biennial budget process. Instead, the Legislature adopted legislation directing the taskforce to continue its work reviewing and researching the creation and implementation of a subsidized work program and to submit separate legislation based on its findings and recommendations.

The Governor vetoed the requirement that the taskforce continue to review and research the creation and implementation of a subsidized work program and propose legislation. Instead, the veto directed the Secretary of DWD to "continue the creation and implementation of a subsidized work program under the Wisconsin Works program." The Governor's veto message indicated that the veto was intended to return as closely as possible to the Governor's original proposal.

On December 16, 2003, the Joint Committee on Finance adopted a motion directing DWD to discontinue implementation of this program unless separate legislation is enacted to specify eligibility criteria, employer reimbursements, details regarding the employer-employee relationship between the participant and the employer, and other program parameters. The Governor vetoed the Committee's action. However, the Joint Committee on Finance overrode the Governor's veto.

DWD has requested funding and statutory au-

thority in its 2005-07 budget request to implement a trial jobs plus demonstration project. The trial jobs plus program would be similar to the transitional subsidized private sector job program. The trial jobs plus program also would reimburse employers up to their full costs of employing the W-2 participant, rather than provide a \$300 subsidy, and eliminate the requirement that employers make a commitment to attempt to hire the individual on a permanent basis once the placement had ended. Under the request, the demonstration project would take place in at least one W-2 geographic region in Milwaukee County, and at least two other counties, would serve up to 1,000 participants, and would be conducted over an 18-month period.

**Technical College Program for Community Service Job and Transitional Placements.** 1999 Wisconsin Act 9 allowed community service job and transitional placements to allocate more than the maximum allowed hours per week for education in order to participate in a technical college program. As noted, if individuals are not in the technical college program, the maximum number of hours for education is 10 hours per week under community service job placements and 12 hours per week for transitional placements.

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 a community service job or transitional placement for 25 hours per week.

Participants can be in this program for a maxi-

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

**Two-Parent Families.** Under state law, and in accordance with federal law, if one parent in a two-parent 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 if: (a) the family is not receiving federally-funded child care assistance; (b) the second parent is disabled; or (c) the second parent is caring for a severely disabled child. The second parent can elect to participate in work activities, even if the W-2 group is not receiving child care assistance.

If the second parent is subject to the work requirement, the combined number of hours of required participation in work activities for both parents is 55 hours per week. In these cases, the first parent must participate in up to 40 hours of W-2 activities, of which no fewer than 30 (or 28 if placed in a W-2 transitional placement) must be in work activities. This means that the second parent would be assigned to 15 hours of work activities.

### **Employer Criteria**

Under rules promulgated by the Department, a trial job employer is required to do all of the following: (a) pay the participant the amount established by contract, but not less than the minimum wage for every hour worked; (b) make a good faith effort to retain the participant as a

permanent unsubsidized employee after the wage subsidy is terminated; (c) provide worker's compensation; (d) inform the participant of his or her eligibility for the federal and state earned income tax credits; (e) provide the same education and training opportunities provided to other employees; and (f) provide a grievance procedure for regular employees of the worksite to resolve any complaints related to displacement.

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

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

### **Nondisplacement Provisions**

No W-2 employment position 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. DWD must promulgate rules that specify a grievance procedure for resolving complaints involving a violation of these prohibitions.



## Cash Benefits

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

**Trial Jobs.** Participants in trial jobs receive the amount established in a contract between the W-2 agency and the trial job employer. The employer pays participants no less than the state or federal minimum wage, whichever is applicable, for every hour worked in a trial job. Currently, both the federal and state minimum wages are generally \$5.15 per hour. As noted, hours spent participating in educational and training activities are included in determining the monthly cash benefit for trial jobs.

**Community Service Jobs.** The grant amount for community service jobs is \$673 per month. The same grant amount applies to community service job participants in the technical college program. For every hour that the participant misses required work or educational activities without good cause, the grant is reduced by \$5.15, based on the federal minimum wage. Good cause is determined by the agency's financial and employment planner and includes: (a) a required court appearance for any reason, including for a victim of domestic abuse; (b) unavailability of child care; and (c) other circumstances beyond the control of the participant, but only as determined by the financial and employment planner.

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

**Transitional Placements.** The monthly grant amount for transitional placements is \$628. The cash benefit is the same for transitional placements in the technical college program. The sanctions described above for community service jobs also apply to tran-

sitional placements.

**Parents of Young Children.** 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 12 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 24-month time limit for individual employment components or the 60-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 AFDC or 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 limits unless the child was conceived as a result of incest or sexual assault.

## Payment Procedures

The original W-2 legislation did not establish procedures related to the payment of grants for participation in W-2 employment positions, nor did it require DWD to establish procedures by rule. According to the W-2 policy manual produced by DWD, the W-2 participation period is from the 16<sup>th</sup> day of a month to the 15<sup>th</sup> day of the next month. The W-2 payment is issued for completed participation on the first day of the month after the participation period ends. Therefore, participants in W-2 employment positions receive payments as follows:

- If participation in W-2 begins between the first day and the 15<sup>th</sup> day of a month, a prorated initial payment is issued on the first day of the following month, as shown in Table 3, Example 1. The second and subsequent payments are made on the first day of each month thereafter.

- If participation begins between the 16<sup>th</sup> day and the last day of Month A, a prorated initial payment is provided in two parts: (a) the first partial payment is provided after the first day of the following month (Month B) to cover participation from the beginning date to the end of Month A; and (b) the second payment is issued on the first day of the third month (Month C) for participation from the first day through the 15<sup>th</sup> day of Month B. The first full payment will be provided on the first day of the fourth month (Month D) for participation from the 16<sup>th</sup> day of Month B to the 15<sup>th</sup> day of Month C. These payments are depicted in Table 3, Example 2.

Beginning in 2002, W-2 agencies are required to implement an emergency payments program to assist W-2 participants who experience extreme hardship while waiting for their first payment. Eligibility for and the amount of an emergency payment are determined by the W-2 agency. Hardship criteria may include potential eviction, food needs, or need to establish permanent residency. Prior to 2002, emergency payments were a voluntary component of the W-2 agency contracts.

**Other Benefits**

In addition to the employment benefits outlined above, W-2 participants are eligible for FoodShare and child care subsidies. Participants may also be eligible for medical assistance. Further, participants in unsubsidized employment and trial jobs are eli-

gible for the federal and state earned income tax credits.

**Worker's Compensation**

For W-2 trial jobs, the employer must provide the participant with worker's compensation coverage. Participants in community service jobs and transitional placements are employees of the W-2 agency for purposes of worker's compensation coverage, unless the employer provides coverage. A participant in a community service job or transitional placement who is provided coverage by the W-2 agency and who makes a claim for worker's compensation may not make a claim or maintain an action in tort against the employer who provided the community service job or transitional placement from which the claim arose.

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**Child Care Under W-2**

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The current child care subsidy program was established as part of the W-2 legislation (1995 Act 289) and is administered by DWD, through local W-2 agencies and county human and social services departments. The subsidy program is called "Wisconsin Shares."

Under the program, the state subsidizes the cost

**Table 3: Payment Schedule Examples**

	<u>Example 1</u>	<u>Example 2</u>
If participation begins:	January 6	January 18
Partial payment provided:	February 1, for participation January 6 – January 15.	After February 1, for participation January 18 – January 31; and March 1, for participation February 1 – February 15.
First full payment provided:	March 1, for participation January 16 – February 15.	April 1, for participation February 16 – March 15

of child care for qualified families by making payments directly to the child care provider chosen by the parent. The parent is also required to contribute to the cost of child care; the parent's copay amount is based on income, family size, the type of child care selected, and the number of children in care. The eligibility and copay requirements were modified as part of 1999 Act 9.

Prior to the W-2 legislation, the state provided child care assistance through four separate programs: low-income child care, at-risk child care, AFDC child care, and JOBS child care.

### **Child Care Subsidy Program**

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

*Criteria for Parent, Child, and Employment.* The individual must be a custodial parent, guardian, foster parent, legal custodian, person acting in the place of a parent, or a person providing kinship care for a child under the age of 13 (under the age of 19 if the child is physically or mentally incapable of care for him- or herself), for whom child care is needed to do any of the following:

1. Work in an unsubsidized job, including training provided by an employer during regular hours of employment.
2. Work in a W-2 employment position, including participation in job search, orientation, education, and training activities required under W-2.
3. Participate in a job search or work experience component of the food stamp employment and training (FSET) program.
4. Participate in a course of study at a technical college, or participate in educational courses

that provide an employment skill, as determined by DWD, 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 group home, or an independent living arrangement supervised by an adult.

7. Meet the Learnfare school attendance requirements.

*Income and Resource Criteria.* Initial eligibility for the child care subsidy program is limited to families with gross income of no more than 185% of the federal poverty level. Once eligible, families retain eligibility until gross income exceeds 200% of poverty for two consecutive months. Once a case has been closed for more than 30 days, the family must reapply. In order to be eligible, their gross income must be at or below 185% of the federal poverty level. The definition of gross income is the same as used for purposes of determining eligibility for W-2 employment positions, except that the income of farmers and self-employed persons is adjusted to allow for the subtraction of business expenses. Participants in the subsidy program are not required to meet the resource 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) may be eligible to receive child care if the natural parent's income at the time the child was removed from the home was at or below 200% of the federal poverty level. 2001 Act 16 extended this eligibility criterion to include long-term kinship care as well. Previously, long-term kinship relatives were subject to the general financial eligibility standards described above.

If the natural parent's income is over 200% of poverty, the foster/kinship care parent's gross income must be at or below 185% of poverty at the time of application.

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

*Non-Financial Criteria.* To be eligible for the child care subsidy program, an individual must meet all of the following non-financial eligibility criteria.

1. Be a U.S. citizen, or a qualifying alien, as determined by DWD by rule.
2. Fully cooperate with efforts to establish paternity for any minor child and in obtaining support payments for that child.
3. Assign to the state any right of the individual to support or maintenance from any other person.
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.

**County Administration of Child Care.** Once an individual has been determined eligible for the

child care subsidy program, the W-2 agency must refer the individual to a county department of social or human services for child care assistance.

The county departments administer the program and do all of the following: (a) determine a parent's copayment; (b) provide a voucher to individuals for the payment of child care services or otherwise reimburse child care providers; (c) set maximum reimbursement rates for day care providers; (d) certify Level I and Level II day care providers that are not licensed by the state; and (e) assist eligible individuals to identify and select appropriate child care. (A description of Level I and Level II day care is provided in the following section.) According to administrative rule, the child care administrative agency must redetermine need for service and eligibility at least every six months.

The county may provide child care services itself, purchase child care services from a provider, provide vouchers to an eligible parent for the payment of services, reimburse an eligible parent for payments made to a provider, adopt any other appropriate arrangements (subject to DWD approval), or use any combination of these methods.

**Allowable Child Care Providers.** An eligible parent may choose the child care provider from four types: (a) a licensed day care center; (b) a Level I certified day care provider; (c) a Level II certified day care provider; or (d) a day care program provided or contracted for by a school board. A day care center that provides care for four or more children under the age of seven must be licensed by the Department of Health and Family Services (DHFS). Licensed day care is further broken down into family day care centers that provide care for four to eight children and group day care centers that provide care for nine or more children. Day care providers that are not required to be licensed by the state nor established by a school board, but are reimbursed under the subsidy program, must be certified by the county department of social or human services.

County certifications are broken down into two categories: Level I (regular) day care and Level II (provisional) day care. Regularly certified day care providers must complete 15 hours of training for certification (the county may also require up to five hours of annual training). Training must include information on child growth and development, positive discipline, child abuse and neglect, interpersonal relationships, daily schedule, health and safety, sudden infant death syndrome, business practices, and nutrition. In order to receive the Level I payment rate, the provider must care for at least one unrelated child. Provisionally certified providers are not subject to the 15-hour training requirements. Effective June, 2002, 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.

State law prohibits subsidies from being used to provide care for a child by a person who resides with the child, unless the county determines that the care is necessary because of a special health condition of the child. 2001 Act 16 expanded the prohibition to include parents who do not reside with the child.

**Copayment Liability.** The statutes specify that eligible families are liable for "the percentage of the cost of the child care as specified by DWD." According to administrative rule, the Department must set a schedule for parent copayments that requires all families to have a payment responsibility, unless prohibited by state or federal law. In addition, the copayment amounts must be based on family size, family gross income, the number of children in a given family in child care, and the type of child care selected. However, there are exceptions to the copay schedule:

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 type of child care received and the number of children receiving child care.

b. Foster care parents 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.

g. Federal law prohibits copayments from those participating in the food stamp employment and training program.

Attachment 1 shows the copayment schedule in effect at the time of this writing. This schedule was first implemented in March, 2004. As the schedule shows, the weekly copayment amount varies based on the family's size and income, the number of children in subsidized care, and whether the parent is using licensed or certified child care. The copayment schedule is structured so that the required copayment will not exceed 12% of the family's income. In addition, the copayment amounts for certified child care are less than the copayments for licensed child care. For example, the weekly copayment for a family of two with \$1,041 in monthly income (approximately 100% of poverty) and one child in certified day care is \$11 (or \$572 per year). This copayment amount makes up 4.6%

of the parent's annual income. If this same parent were using licensed child care, the weekly copayment would be \$16, or \$832 per year, which is 6.7% of annual income.

The copayment amounts may be adjusted by DWD to reflect the following changes: (a) child care prices or the rates paid by county or tribal agencies; (b) the amount of available child care funding; (c) inflation; (d) the federal poverty level; and (e) other economic factors that affect the cost of child care, such as a change in demand. If a proposed change would increase copayments by more than 10%, the change must be promulgated by rule and at least one month of advance notice must be provided to the public. DWD may not issue emergency rules to implement such an adjustment.

**Child Care Subsidy Rates.** Each county establishes the maximum child care subsidy that will be paid to a licensed child care provider on an annual basis, subject to DWD review and approval. The rates are determined by surveying licensed group and licensed family day care centers for the rates they charge to the general community. The rate is set so that at least 75% of the number of places for children with licensed providers could be purchased at or below the maximum rate. The maximum rate for Level I providers may not exceed 75% of the rate for licensed family day care providers and the maximum rate for Level II providers may not exceed 50% of the rate for licensed family day care providers.

Separate rates are provided for the different types of child care (licensed family, licensed group, regular certified, provisionally certified, and certified in-home). Separate rates are also established for infants and toddlers under two years of age and for older children. Higher rates than the established maximum are allowed on a case-by-case basis for children with special needs. Finally, providers that are accredited by certain national or state organizations are eligible for higher subsidy rates. Tribal agencies may establish their own rates for

child care provided for less than a two-week period, provided sporadically, or provided for care of an ill child through negotiations with the child care provider. The 2005 subsidy rates for each county and tribal agency are shown in Attachment 2.

**Criminal History and Background Investigations.** Current law requires DHFS or county departments to obtain certain information on persons who have or seek a license, certification, or contract to operate a child care facility, the employees or prospective employees of a provider, and any adult who resides at the site. The required information includes: (a) a criminal history search from the Department of Justice; (b) information from the registry of nurses aids maintained by DHFS; (c) information maintained by the Department of Regulation and Licensing regarding the status of the person's credentials, if applicable; (d) information maintained by DHFS on substantiated reports of child abuse or neglect against the person; and (e) information regarding the denial of a license to operate a child care facility, a foster home, a child welfare agency, or other similar entity licensed by DHFS for the reasons noted above. A child care provider must obtain the same information on employees. The county department or DHFS is directed to request the same information on every provider and their employees at least every four years.

DHFS or a county department will not issue, continue, or renew a license or certification to a provider if: (a) the provider has been convicted of a serious crime; (b) the provider is found to have abused or neglected children or any client or misappropriated the property of a client; or (c) the person who holds the position must be credentialed by the Department of Regulation and Licensing and the person's credentials are not current or are too limited so as to restrict their ability to provide adequate care to a client. A provider who has violated these provisions may still receive a license or certification if they demonstrate by clear and convincing evidence that they have been rehabilitated.

This exception does not apply to foster parents who committed certain crimes, including, but not limited to, a felony crime against children, homicide, certain types of battery, sexual assault, burglary, endangering safety by use of a dangerous weapon, operating while intoxicated, and felony drug offenses within five years. A provider is also prohibited from employing or contracting with a person who will have access to children under the same conditions.

DWD and the county departments may refuse to pay a child care provider an authorized subsidy if it is determined that the provider, an employee, or any other person living on the premises where the child care is provided: (a) has been convicted of a felony or misdemeanor that substantially relates to the care of children; (b) is the subject of a pending criminal charge that substantially relates to the care of children; or (c) has been determined to have abused or neglected a child.

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

### **Indirect Child Care Services**

**Child Care Quality and Availability.** Federal law requires states to use 4% of certain federal and state funding sources for child care quality improvements. In addition, some funds the state receives under the federal child care and development program are earmarked for certain kinds of activities including expansion of child care, child care quality improvements, and resource and referral services.

A total of \$9,587,500 in 2003-04 and \$9,731,900 in 2004-05 is budgeted for programs to improve child care quality and availability. The funding is allocated for the following programs:

*Resource and Referral Agencies.* Wisconsin's 16 child care resource and referral agencies (CCRRs) are budgeted to receive \$1,219,800 annually to help parents select child care by providing information on available providers and helping locate specialized care. The agencies also work to increase the supply of child care, offer technical assistance and training, and work with communities, school districts, and employers to solve child care problems. Grants are based on the number of counties and populations served by the agency.

*Child Care Scholarships and Stipends.* Programs to attract and retain quality child care workers are funded at \$2,700,000 annually for two programs, including: (a) \$2,300,000 annually for Wisconsin's teacher education and compensation helps (TEACH) program for scholarships to child care providers to attend technical or private colleges or universities to achieve a higher educational level by completing a specific education path, and for mentoring opportunities; and (b) \$400,000 annually (the entire \$800,000 will be distributed in 2004-05) for the rewarding education with wages and respect for dedication (REWARD) program which provides stipends to child care teachers, providers, and directors based on their level of education specific to the child care field.

*Child Care Information Center.* The child care information center (CCIC) is a mail-order lending library and information center that serves those who work in the field of child care and early childhood education. The CCIC provides free information services, library services, and adult learning services to help Wisconsin child care professionals. The CCIC is administered by the Department of Public Instruction's reference and loan library. The CCIC is budgeted \$28,100 in 2003-04 and \$105,200 in 2004-05.

*Other Expenditures.* Other funding that counts toward the federal requirement includes DWD administration costs (\$1,199,000 annually) and child care center licensing activities performed by

DHFS (\$4,440,600 in 2003-04 and \$4,507,900 in 2004-05).

2003 Act 33 eliminated child care quality and availability funding that supported: (a) a mentoring program for child care providers and teachers; (b) a high quality child care demonstration project in Racine County authorized under 2001 Act 16; (c) a technical assistance program for child care providers; and (d) the safe child care program, which provided funds to counties and tribal agencies to increase the level of safety and health in certified day care homes.

**Child Care Local Pass-Through Program.** In July, 2000, the Joint Committee on Finance approved the creation of a local pass-through program to provide funds to local public agencies that provide the required matching funds to improve the quality of child care. 2003 Act 33 provides \$2,475,100 in 2003-04 and \$2,478,500 in 2004-05 for the program.

2001 Act 16 required DWD to promulgate rules to administer the local pass-through program. The rules went into effect August 1, 2002, and refer to the program as grants supporting community child care initiatives. Under the rules, a local government or tribe may submit a single application, a cooperative application, or a collaborative application on behalf of several local governments or tribes. Applicants must certify matching expenditures equal to a minimum of the federal medical assistance matching rate for Wisconsin for the fiscal year in which the grant occurs (42% for 2004-05). The grants may be used for the following: (a) enhancing the quality and increasing the supply of child care for all families; (b) providing parents with a broad range of child care options; (c) improving the quality of, and coordination among, child care programs and early development programs; (d) increasing the availability of early childhood development care services and before- and after-school care services; (e) educating consumers about child care; (f) improving the health

and safety aspects of child care, including regulation; and (g) providing crisis respite child care to children in protective services cases or in need of protective services.

In 2004-05, grants have been awarded to 53 local governments and tribes. According to DWD, through collaborative efforts a total of 110 local jurisdictions and agencies are represented.

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## Other W-2 Benefits and Services

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### Job Access Loans

Individuals who meet the nonfinancial and financial eligibility requirements for participation in a W-2 employment position may also 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.

Under rules promulgated by the Department, 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. The average of all amounts loaned in any 12-month period by a W-2 agency may not exceed \$800. 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 in-



cludes 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.

2003 Act 33 authorized DWD to certify delinquent job access loan repayments to the Department of Revenue for setoff against any state tax refund or credit owed to the person who received the loan. Any revenues recovered must be used to make additional job access loans. DWD may also collect delinquent repayments through other legal means.

In general, individuals who are less than 18 years old are not eligible for W-2 employment positions or job access loans. However, if the person will be 18 within two months of the date of application, the person may be eligible for a loan if the individual is in kinship care, a foster home, a group home, or an adult-supervised independent living arrangement approved by the W-2 agency. In addition, the individual must have graduated from high school or met the standards for the granting of a declaration of equivalency of high school graduation.

### **Transportation Assistance**

The statutes provide that W-2 agencies may provide transportation assistance in the manner prescribed by DWD by rule. Although DWD has not promulgated a rule regarding this provision, general guidelines for providing transportation assistance have been included in the W-2 manual. These guidelines specify that the W-2 agency must:

1. Identify existing public transportation systems such as buses, shared-ride taxis, reverse commute services, commuter bus services, and

transportation options for the disabled;

2. Identify specific transportation needs of W-2 participants and develop a package of transportation-related options that address those needs;

3. Organize, provide for, or facilitate the provision of easy access to transportation, either on a case-by-case basis or agency-wide;

4. Limit financial assistance for transportation to a form of existing public transportation if public transportation that meets the needs of the participant is available;

5. Ensure that it does not create a new transit service infrastructure or duplicative services where existing public transportation arrangements are adequate;

6. Provide timely and accurate reimbursement for transportation costs; and

7. Work with the community steering committee and children's services network to identify existing transportation resources and/or potential resources outside of W-2.

Funding for transportation assistance is provided under the general W-2 contract allocation for each W-2 agency.

### **Pregnant Women**

A pregnant woman who would be eligible for a W-2 employment position except that she is not a custodial parent of a dependent child is eligible for employment training, job search assistance services, and case management, provided by the W-2 agency. The pregnancy must be medically-verified.

### **Noncustodial Parents**

An individual who would be eligible for W-2 services except that the individual is the noncusto-

dial parent of a dependent child is eligible for certain services if the child's custodial parent is a W-2 participant and if the individual is subject to a child support order. The types of services that may be provided by the W-2 agency under this provision include job search assistance, case management, and basic skills training designed to enable the individual to obtain and retain employment.

### **Minor Custodial Parents**

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

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### **Sanctions, Dispute Resolution, Overpayments**

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#### **Sanctions**

As noted earlier, a \$5.15 hourly sanction is imposed if a participant in a community service job or transitional placement misses required work or educational activities without good cause. As described below, additional sanctions may be imposed upon recipients for refusal to participate in an employment position, not cooperating with child support requirements, other intentional program violations, and for failing a drug test.

**Refusal to Participate.** A participant who refuses to participate three times in any W-2 employment component is ineligible to participate in that component. The participant is eligible to participate

in any other W-2 employment position component for which the participant has not refused to participate three times. A participant is considered to have refused to participate if he or she: (a) expresses verbally or in writing to a W-2 agency that he or she refuses to participate; (b) fails to appear for an interview with a prospective employer or, if the participant is in a W-2 transitional placement, fails to appear for an assigned activity without good cause; (c) voluntarily leaves appropriate employment or training without good cause; (d) loses employment as a result of being discharged for cause; (e) refuses to accept a bona fide offer of employment; or (f) 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. An individual who fails three times to meet these requirements remains ineligible until all members of the individual's W-2 work group cooperate or for a period of six months, whichever is later.

**Intentional Program Violations.** W-2 agencies may permanently deny all W-2 benefits to an individual if it is determined by a court or an administrative hearing that a member of a group receiving W-2 benefits has intentionally violated, on three separate occasions, any W-2 statutory provision or rule for the purpose of establishing or maintaining eligibility for W-2 benefits or increasing the value of those benefits.

**Drug Testing.** 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.

### **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 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 DWD for review of the agency's decision. The W-2 agency may also request a review by the Department.

**W-2 Agency Review.** Any individual whose application for a W-2 employment position 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 send by first class 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 DWD by rule.

**DWD 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, DWD is required to review the W-2 agency's decision if: (a) the applicant or participant petitions the Department 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 DWD review of the agency's decision. DWD 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 Department's decision is the final ruling, but may be altered as conditions change.

**DWD 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, DWD is authorized, but not required, to review a decision by a W-2 agency.

**Corrective Actions.** 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 the Department 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 the Department 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.

### Overpayments

The Department is required to recover all overpayments of benefits paid for participation in W-2 employment positions, and of child care subsidies and transportation assistance.

For community service job and transitional placements, the Department is required to recover an overpayment of employment benefits from an individual who continues to receive such benefits by reducing the amount of the individual's benefit payment by no more than 10%. A participant may make a voluntary repayment in addition to the amount withheld.

For trial jobs, the value of the benefit subject to recovery may not exceed the amount that DWD paid in wage subsidies with respect to that participant while the individual was ineligible to participate.

The W-2 agency must ask a former participant in a trial job, community service job, or transitional placement who received an overpayment to voluntarily repay the overpayment amount. If the former participant refuses, the W-2 agency must refer the individual to the Department for collection or court action.

In cases of intentional program violations, the

Department 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.

W-2 agencies may recover, on behalf of the Department, payments made to a recipient who receives a "windfall" by gift, inheritance, sale of assets, court judgment, or settlement of any damage claim, or by winning a lottery prize.

Whenever W-2 payments are made as the result of fraud or error, these payments may be recovered through a tax intercept program. The state share of these recovered payments is used to fund state and local welfare fraud and error reduction efforts.

If a person receives an overpayment of W-2, child care, or transportation benefits, the W-2 agency must provide notification to the person, who can choose to follow the dispute resolution procedures outlined in this paper. If still not satisfied, the person can request a hearing. If a person fails to repay after the dispute resolution procedures, DWD may issue a warrant to a county circuit court clerk that places a lien against any of the person's property. DWD can direct the county sheriff to levy and seize 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.

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## FoodShare Wisconsin

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The federal food stamp program was established by the Food Stamp Act of 1964. In Wisconsin, it is called FoodShare Wisconsin. Under the program, individuals living in households that meet the eligibility criteria are issued electronic debit cards that are used to purchase food and are accepted at most retail food stores. The Food and Nutrition Service (FNS) of the U.S. Department of Agriculture (USDA) is responsible for federal administration of the program; states are responsible for determining eligibility and issuing benefits. Although food stamp benefits are entirely federally funded, state administration of the program is generally 50% state and 50% federally funded.

Table 4 shows the number of Wisconsin households that received food stamp benefits and the total cash value of those benefits for state fiscal years 1988 through 2004.

### State and Local Administration

DHFS administers FoodShare Wisconsin according to federal law and regulations. Before July 1, 2002, the food stamp program was administered by the Department of Workforce Development. DHFS is responsible for ensuring the proper certification of applicant households, overseeing issuance of benefits, maintaining records, and submitting appropriate reports to the federal government. DWD, through a contract with DHFS, maintains administration of the food stamp employment and training (FSET) program. Individual eligibility determinations, issuance of debit cards, and implementation of the FSET program are generally conducted at the local level.

### Eligibility

The food stamp program is an individual entitlement for those who meet the nonfinancial and financial eligibility requirements described below.

**Table 4: FoodShare Benefits in Wisconsin (\$ in Millions)**

State Fiscal Year	Average Monthly Number of Households	Total Cash Value of Benefits
1988	110,509	\$157.0
1989	100,509	156.2
1990	97,996	174.0
1991	98,839	199.0
1992	117,021	231.1
1993	126,661	231.4
1994	122,594	224.6
1995	120,541	217.2
1996	108,805	204.4
1997	91,405	167.4
1998	77,548	136.9
1999	71,534	122.7
2000	74,703	127.8
2001	83,176	145.5
2002	101,671	188.8
2003	116,563	223.5
2004	129,890	261.6

**Nonfinancial Eligibility.** In order to be eligible for FoodShare, individuals must: (a) be United States citizens or qualified resident aliens; (b) live in the county where the application is made and not reside in an institution that provides meals, such as a nursing home; (c) provide a social security number for all members of their household; and (d) cooperate in providing all other information necessary for making a determination of eligibility. In addition, an individual is ineligible to receive FoodShare benefits for any month in which the person is a fugitive felon or violating a condition of probation, parole, or extended supervision imposed by a state or federal court. Households with a striking worker are ineligible for food stamps, unless the household was previously eligible for food stamp benefits.

In order to be eligible for the FoodShare program, individuals are required to participate in the FSET program if they do not qualify for one of the exemptions. In addition to the FSET work requirement, the 1996 federal welfare reform legislation imposed a second work requirement specifically for able-bodied adults without dependents

(ABAWDs). However, due to the level of unemployment in the state, FNS approved a waiver exempting ABAWDs who fail to meet minimum food stamp work participation requirements from the time-limited food stamp benefit eligibility through March 31, 2005. In order to be eligible for food stamps, an individual must also comply with certain requirements related to child support and paternity establishment. These provisions are described below.

*The Food Stamp Employment and Training Program.* Federal law requires individuals participating in the food stamp program to participate in the FSET program if the individual is physically and mentally fit, over the age of 16, and under the age of 60. Individuals between the ages of 16 and 18 are not required to participate in the FSET program if they are not the head of the household or are attending school or a training program. Under the FSET program, an individual may be required to participate in job search, workfare programs, employment experience, and other educational programs to improve basic skills and employability.

FSET is required for the following groups of FoodShare recipients: (a) individuals who receive only FoodShare; (b) individuals who receive FoodShare and general relief; (c) individuals who receive FoodShare and tribal general assistance; (d) individuals who receive FoodShare and medical assistance and/or child care; and (e) individuals who receive FoodShare and W-2 case management services, if they are placed in W-2 unsubsidized employment.

Federal law allows an individual to be exempt from the FSET program if he or she is complying with work requirements under the TANF program or unemployment compensation system, or is responsible for the care of a dependent child under the age of six or of an incapacitated person. Other exemptions are allowed in certain cases for the second parent in two-parent W-2 families, students, certain migrant workers, part-time workers, indi-

viduals in treatment programs, minors attending school or employment training programs, and minors who are not the primary person.

Current state law requires DHFS to contract with DWD to administer an employment and training program for FoodShare recipients and authorizes DWD to contract with W-2 agencies to administer the program. Under state law, DWD may require all able individuals aged 18 to 60 who are not participants in a W-2 employment position to participate in the FSET program, except: (a) caretakers of a child under the age of 12 weeks; and (b) individuals who are enrolled at least half-time in a recognized school, training program, or institution of higher education. Such individuals must comply with the other requirements for food stamp eligibility.

As noted above, federal law generally requires states to exempt caretakers of children under six years of age from the employment and training requirements. However, states that submitted waiver requests pertaining to this exemption prior to the enactment of the 1996 federal welfare reform legislation are allowed to require caretakers of children age one or older to comply with the work requirements. Under this provision, states are required to exempt caretakers of a child under age one, but may require caretakers of children over age one to participate. Federal law limits this exemption to three years. Wisconsin implemented this exemption from January, 1997, through December, 1999. A waiver request to implement the 12-week provision under current law was denied. Therefore, currently only caretakers of children ages six and over are required to participate in FSET in Wisconsin.

The average number of FSET participants in 2003 was 4,764 per month. For 2004, the average number of participants was 4,323 as of October.

*Work Requirement for Able-Bodied Adults Without Dependents.* Under federal law, able-bodied adults ages 18 to 50 are required to engage in work or work programs for 20 or more hours per week. In-

dividuals are ineligible for FoodShare benefits if they receive benefits for three or more months during the preceding 36-month period during which they generally were not engaged in work or work programs for 20 or more hours per week. Individuals may be exempt from the work requirements if under age 18 or over age 50, medically certified as unfit for employment, responsible for a dependent child, pregnant, or exempt under FSET. A state may also exempt any group of individuals in the state if the area in which the individuals reside has an unemployment rate of over 10% or does not have a sufficient number of jobs to provide employment to the individuals. FNS approved a statewide waiver exempting ABAWDs who fail to meet minimum FoodShare work participation requirements from the time-limited food stamp benefit eligibility through March 31, 2005.

*Child Support; Paternity Establishment.* Under federal law, states have the option to disqualify individuals who are delinquent in a court-ordered child support payment. States may also disqualify custodial or noncustodial parents who do not cooperate in establishing paternity and obtaining support for the child. State law specifies that individuals are ineligible to participate in the FoodShare program in any month that: (a) the individual does not cooperate in good faith with efforts to establish paternity and obtain support payments for (or other payments or property owed to) a child under the age of 18 for whom the individual is a parent or is alleged to be a parent, unless the individual has good cause for not cooperating; or (b) the individual is a non-custodial parent of a child under the age of 18 and the individual is delinquent in making court-ordered support payments for the child unless the delinquency is less than three months' of the payments, a court or county agency is allowing a delay in the payments, or the individual is complying with an approved payment plan.

**Categorical Eligibility.** Households with gross monthly income at or below 200% of the federal poverty level and authorized to receive a TANF-funded benefit or service are categorically eligible to

receive FoodShare benefits, except when the household includes a member sanctioned from the FoodShare program for a drug felony or fraud. Most FoodShare households in Wisconsin meet the categorical eligibility requirements because all FoodShare applicants are authorized to access JobNet, a partially-TANF funded job database service. Categorically eligible households or individuals are not required to meet the asset, gross income, or net income tests, but must meet the nonfinancial eligibility requirements. However, the group's net income is used to determine its allotment amount.

**Allowable Assets.** In order to be eligible for FoodShare, households without an elderly person cannot have assets above \$2,000. Households with a member who is disabled or age 60 or older may have assets up to \$3,000. Counted liquid assets include such items as cash on hand, checking and savings accounts, savings certificates, stocks and bonds, interest income, individual retirement accounts and Keogh plans, and certain non-recurring, lump-sum payments such as income tax refunds and earned income tax credits.

Assets that are not considered in determining eligibility of a household include a residence (home and surrounding property), business assets, household goods and personal effects, burial plots, the cash value of life insurance policies and pension funds, certain energy assistance payments, and resources with a cash value that is not available to the household. Resources of members of the household who are SSI recipients are also not included.

**Income Eligibility.** In establishing eligibility for households without an elderly or disabled member, the household must meet a monthly gross income test and net income test. To qualify for FoodShare benefits, a household must have gross cash income below 130% of the poverty income guidelines for the household size. Net income must be lower than 100% of the poverty income guidelines for the household size. For households with an elderly or disabled member, only the net income test is applied. Table 5 shows the gross and net income limits

**Table 5: FoodShare Monthly Income Eligibility Limits (October, 2004, through September, 2005)**

Household Size	Gross Income Limits	Net Income Limits
1	\$1,009	\$776
2	1,354	1,041
3	1,698	1,306
4	2,043	1,571
5	2,387	1,836
6	2,732	2,101
7	3,076	2,366
8*	3,421	2,631

\*For each additional household member, add \$345 to the gross income limit and \$265 to the net income limit.

for eligibility under the FoodShare program.

Net income is determined by subtracting the deductions described in the following sections from a household's gross monthly income plus W-2, kinship care, caretaker supplement, or SSI benefits.

*Earned Income.* Households may deduct 20% of earned income, in recognition of taxes and work expenses. Federal law disallows the 20% deduction for any income not reported in a timely manner, and for the public assistance portion of income earned under a work supplementation or support program (such as a trial job subsidy under W-2).

*Standard Deduction.* A standard deduction is allowed for each household and varies with the size of the assistance group. Households with fewer than five people receive a standard deduction of \$134, those with five people receive \$153, and those with six or more people receive a standard deduction of \$175.

*Child Care.* A deduction is allowed for the actual amount of child care expenses related to work and training. The deduction is capped at \$200 per month per dependent for children under age two and \$175 per month for older children.

*Medical Expenses.* Out-of-pocket medical expenses exceeding \$35 per month may be deducted for elderly and disabled persons.

*Child Support Payments.* Individuals who must provide child support for another under a court order may deduct the amount of child support paid from income. Individuals in households that receive legally owed child support must include the child support as income.

*Shelter Costs.* All FoodShare households may deduct from income excess shelter costs which exceed 50% of the household's income after the other deductions described above. The amount of the shelter deduction is currently limited to \$388 per month for most families. Shelter costs include: rent, mortgage payments, mobile home lot rent and loan payments, property taxes, special assessments, and home insurance. Shelter costs also include the following utility costs: telephone, heating and cooking fuel, electricity, water, sewer or wastewater treatment, installation charges, and garbage/trash collection fees. The shelter deduction is not limited for households with at least one member who is elderly or disabled. In addition, homeless groups may deduct actual expenses of shelter costs.

*Energy Assistance.* Energy assistance provided by state or local law is counted as income. An income disregard is allowed for one-time payments and allowances under a federal or state law for the costs of weatherization or emergency repair or replacement of unsafe or inoperative furnaces or other heating or cooling devices. In addition, heating assistance under the federal low-income home energy assistance program (LIHEAP) is disregarded as income.

**Benefits**

Table 6 shows the maximum monthly FoodShare benefit by FoodShare group size. The average household size in 2003 for recipients of FoodShare benefits in Wisconsin was 2.47.

The actual FoodShare benefit is calculated by



**Table 6: FoodShare Benefits (October, 2004 through September, 2005)**

Household Size	Maximum Monthly Allotment
1	\$149
2	274
3	393
4	499
5	592
6	711
7	786
8*	898

\*Add \$112 for each additional household member.

subtracting 30% of net income from the maximum benefit amount. Therefore, in general, if a household's income increases, the household's FoodShare benefits will decrease by 30% of the increase in income.

In September, 2004, the average monthly allotment per household was \$175, while the average allotment for households containing an elderly, blind, or disabled member was \$109.

Households may use FoodShare benefits to buy any food or food product for human consumption, and seeds and plants for use in home gardens to produce food. FoodShare benefits may not be used to buy alcoholic beverages, tobacco, lunch counter items, vitamins or medicines, pet foods, or any non-food items. In the case of the elderly and disabled, FoodShare benefits can be used for certain prepared meals. Sales tax is not added to FoodShare items and FoodShare benefits may not generally be exchanged for cash.

**Benefits for Qualified Immigrants.** Under the 1996 federal welfare reform legislation, certain qualified legal immigrants became ineligible for federal food stamp benefits. However, under a 1997 federal law (P.L. 105-18), states were given the authority to issue food stamp benefits to qualified immigrants who were made ineligible for such benefits under the 1996 legislation. Wisconsin's state-funded food stamp benefits began on August 1, 1998.

The federal Farm Bill of 2002 (P.L. 107-171) restored eligibility for federal food stamp benefits to qualified immigrants who are otherwise eligible and who are: (a) receiving SSI; (b) are under 18 years of age; or (c) have lived in the United States continuously for five years as a qualified alien from the date of entry into the country. Formerly, immigrants were required to have a legal presence in the United States on August 22, 1996. State-funded benefits are provided to qualified immigrants that remain ineligible for federal food stamp benefits. These are primarily able-bodied adults who have lived in the United States for less than five years.

The elements that were restored under the Farm Bill had different effective dates. Qualified and eligible immigrants who receive SSI were eligible for federal food stamp benefits beginning October 1, 2002. Qualified and eligible immigrants who have lived in the United States for five years were eligible for federal benefits on April 1, 2003. Finally, qualified and eligible immigrants who are under 18 years of age, regardless of entrance date, were eligible for federal benefits on October 1, 2003.

The number of qualified immigrants in Wisconsin receiving state-funded FoodShare benefits averaged 420 recipients per month in the first nine months of 2004.

**Electronic Benefits Transfer.** Since November, 2000, Wisconsin has distributed FoodShare benefits electronically through an electronic benefits transfer (EBT) system instead of through paper coupons. DHFS currently contracts with JP Morgan to provide the EBT system. Recipients receive a debit card, called the QUEST Card, which can be used at food stores to make purchases. FoodShare benefits are distributed to each recipient's EBT account within the first 15 days of each month. A personal identification number (PIN) must be entered by the recipient at a food store in order to access benefits. When electronic devices are not functioning, recipients may still access their benefits by having the retailer

verify the account balance by calling a customer service number. The goal of electronic benefits is to reduce delays in receiving benefits and reduce the stigma associated with food stamps. In addition, the program aims to limit fraud and reduce processing costs.

JP Morgan also provides a 24-hour customer and retailer service line. This line can be used to report and replace lost, stolen, or damaged cards, obtain current account balances, obtain a transaction history for up to three months, change the PIN, and resolve disputes regarding account transactions. If disputes are not resolved by JP Morgan within 90 days, customer service refers the claim to state or county dispute resolution staff. The recipient can also request a hearing at any time. Lost benefits are generally replaced in the case of system malfunctions.

EBT equipment may be supplied by either the retailer or by DHFS. For those retailers without equipment, DHFS is required to provide the appropriate equipment or manual transaction capability.

DHFS has a \$3,189,600 (all funds) contract with JP Morgan for 2004-05. The contract amount is based on the number of estimated active FoodShare participants and other administrative fees.

### **Sanctions and Penalties**

Federal law specifies sanctions for intentional violations of the food stamp program and failure to comply with the employment and training requirements. The following provisions regarding food stamp sanctions apply in Wisconsin.

**Participants in W-2 Employment Positions.** For participants in a W-2 transitional placement or community service job, a family's FoodShare benefit does not increase or decrease as a result of a cash sanction imposed because the participant missed work without good cause or for violation of the Learnfare school attendance requirement. The

FoodShare benefit is calculated based on the pre-sanction W-2 benefit amount.

**All FoodShare Recipients.** An individual who fails to comply with the work requirements of the FSET program without good cause is ineligible to participate in the FoodShare program for the later of: (a) one month or until the person complies with the requirements for the first violation; (b) three months or until the person complies for the second violation; or (c) six months or until the person complies for the third and subsequent violations.

**Drug Violations.** DHFS must require FoodShare applicants or recipients to state in writing whether they or any member of their household has been convicted in any state or federal court of a felony that has as an element possession, use, or distribution of a controlled substance. Further, DHFS must require applicants or recipients who have been convicted of a drug-related felony after August 22, 1996, but not more than five years prior to the date of the written statement, to submit to a drug test as a condition of continued eligibility for FoodShare. If the test results are positive, the needs of the convicted individual will be disregarded in determining the household's eligibility for the FoodShare program, but the income and resources of the individual will be considered available to the household. If, after 12 months, the individual submits to another test for use of a controlled substance, and the test results are negative, the needs of the person will no longer be disregarded in determining the household's eligibility for FoodShare.

**Other Sanctions.** In addition to the sanctions identified above, penalties may be imposed on retailers or on FoodShare recipients for issuing or transferring benefits to individuals who are not eligible for FoodShare. Unauthorized individuals may not knowingly obtain, possess, or transfer FoodShare benefits. In addition, retailers may not knowingly accept FoodShare from ineligible individuals and individuals cannot knowingly fail to report changes in income. Penalties may also be imposed

for issuing benefits to eligible recipients in excess of the amount for which the person is eligible. Recipients may be fined or imprisoned for concealing facts with intent to secure or continue to receive benefits, and suppliers may be fined or imprisoned for obtaining FoodShare except as payment for food. Finally, a person who fraudulently misstates or misrepresents his or her identity or place of residence for the purpose of receiving multiple benefits simultaneously may be suspended from the FoodShare program for 10 years.

### FoodShare Payment Accuracy (Error Rates)

Since federal fiscal year (FFY) 1993-94, the federal government has determined that Wisconsin's payment error rates for the state's food stamp program have been above the national average and has imposed penalties on the state. Wisconsin has always been permitted to develop a reinvestment plan as an alternative to making penalty payments to the federal government. Table 7 shows the national average error rate, Wisconsin's rate, and the difference between the two, by federal fiscal year. The table shows that while, overall, the national average has fallen, Wisconsin's rate increased until FFY 2001-02, but in 2002-03 Wisconsin's error rate was the lowest over the ten-year time frame. For FFY 2003-04, Wisconsin's projected statewide error rate is 6.6%, based on October, 2003, through July, 2004, data. Table 7 also shows Wisconsin's penalty amounts for the identified years. There are no penalties for FFY 2002-03 at this time due to changes in federal law under the Farm Bill. This is described in more detail later in this section.

There are a number of places where errors could occur and where penalties

could be assessed: (a) an agency preventable error, which is an error made by the local income maintenance (IM) agency in any aspect of eligibility or benefit determination that could have been prevented; (b) agency error, which is an error caused by the IM agency but it is unclear if the agency would have been able to prevent the error; (c) a client error, which occurs when the client fails to report changes in income, household status, or other required information or fails to report the change within the required time frame; or (d) a CARES or state error, which is an error caused by the state's automated eligibility system, CARES, or by the state.

Table 8 shows the changes in the causes of the FoodShare errors for FFY 1999 through FFY 2002. As the table shows, client errors and agency preventable errors have been the two largest sources of errors in the food stamp program. The type of error, along with the financial impact of that error, determines the amount of the state's penalty.

Wisconsin's FoodShare reinvestment plans have incorporated different activities, including: (a) changes in the CARES system, the informational system that IM workers use to determine eligibility for a variety of programs, including FoodShare; (b) customer surveys; (c) the Milwaukee project, which was an in-depth analysis of Milwaukee County's

**Table 7: History of Wisconsin's FoodShare Error Rate and Penalties -- FFY 1993-94 through 2002-03**

Assessment Year (FFY)	National Average	Wisconsin's Error Rate	Difference (WI - Nat'l)	WI as % Above the National Average	Penalty Amount
1993-94	10.32%	10.51%	0.19	1.84%	\$8,544
1994-95	9.70	12.10	2.40	24.74	1,370,000
1995-96	9.20	11.61	2.41	26.20	1,224,955
1996-97	9.89	13.70	3.81	38.52	2,200,000
1997-98	10.69	14.58	3.89	36.39	689,391
1998-99	9.88	13.42	3.54	35.83	606,466
1999-00	8.91	12.72	3.81	42.76	1,671,222
2000-01	8.66	13.14	4.48	51.73	2,873,308
2001-02	8.26	12.69	4.43	53.63	3,486,101
2002-03	6.64	9.32	2.68	40.36	0

**Table 8: Categories of FoodShare Errors -- FFY 1999 through 2002**

	FFY 1999	FFY 2000	FFY 2001	FFY 2002
CARES/State	2%	5%	12%	11%
Local Agency Client	11	7	3	4
Local Agency Preventable Error	<u>27</u>	<u>42</u>	<u>49</u>	<u>50</u>
Total	100%	100%	100%	100%

If the state's error rates for FFY 2003-04 and FFY 2004-05 are less than or equal to the national average error rate, DHFS will not be required to pay the remaining penalty amount. However, if the state's error rate exceeds the national average in either FFY 2003-04 or FFY 2004-05, DHFS will be required to pay \$871,500 in penalties for each year they are out of compliance. These

penalty amounts can not be reinvested and instead would be directly payable to FNS.

FoodShare administrative system to reduce the county's error rate, which was much higher than the rest of the state; (d) the development and implementation of a database to integrate quality control reviews with other types of case data; (e) FoodShare training programs for county IM workers and a state conference; (f) the development of checklists for workers to complete at each eligibility review; (g) instituting a requirement that each local agency develop a quality assurance plan to address many internal issues; (h) putting the FoodShare manual on-line, to replace the paper manual; and (i) providing help desk services and hiring payment accuracy consultant positions to assist local agencies in developing effective internal quality control procedures.

Under the federal Farm Bill of 2002, beginning in FFY 2002-03, a state will not be subject to food stamp error penalties unless the state's error rate is above 105% of the national average error rate for two consecutive years. The first year that is looked at for the two-year cycle is FFY 2002-03, and thus, no state was subject to penalties for food stamp errors in FFY 2002-03. If the state's error rate is not at or below the national average in FFY 2003-04, the state would be subject to penalties for FFY 2003-04, as well as the remaining penalty from FFY 2001-02.

Prior to the passage of the Farm Bill of 2002, each state's error rate was determined relative to other states. At any one time, 50% of the states were under sanctions, based on the federal error rate formula.

*Penalties in FFY 2001-02 and FFY 2002-03.* Wisconsin's FFY 2001-02 FoodShare error rate exceeded the national average, resulting in a penalty of \$3,486,100. As in previous years, Wisconsin was able to undertake reinvestment activities in lieu of penalty payments. Unlike past years, FNS offered a settlement agreement for the reinvestment plan that required DHFS to invest 50% of the total penalty (\$1,743,000) in approved reinvestment activities. Half of this amount (\$871,500) had to be expended by September 30, 2004, and the remaining \$871,500 must be expended by September 30, 2005.

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## Other Related Programs

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### Kinship Care

Kinship care payments of \$215 per month are paid by counties, or in Milwaukee County by the Department of Health and Family Services, to certain individuals caring for relative children. Kinship care was created under provisions in 1995 Act 289 to replace AFDC benefits that had been available to non-legally responsible relatives (NLRs) who cared for dependent children.

AFDC benefits paid to NLRs were considered

child-only benefits, in that only the income and assets of the child were considered when determining eligibility for AFDC. Under kinship care, there are no financial eligibility criteria, except that children that are eligible for SSI are not eligible for kinship care. Certain eligibility criteria apply, however, to ensure that placement with the relative is necessary and in the best interests of the child.

Relatives of minor children are eligible for kinship care payments if the following conditions apply:

1. The county or DHFS determines that there is a need for the child to be placed with the relative and that placement with the relative is in the best interests of the child;
2. The county or DHFS determines that the child meets one or more of the criteria for children in need of protection or services or juveniles in need of protection or services, or that the child would be at risk of meeting one or more of these criteria;
3. The county or DHFS conducts a background investigation of the relative, any employee or prospective employee of the relative who has or would have regular contact with the child, and any other adult resident in the relative's home to determine if the relative, employee, prospective employee, or adult resident has any arrests or convictions that could adversely affect the child or the relative's ability to care for the child; and
4. The relative cooperates with the county or DHFS in the application process, including applying for other forms of assistance for which the relative may be eligible.

### **The SSI Caretaker Supplement**

Effective January 1, 1998, recipients of SSI benefits who have dependent children began receiving a caretaker supplement. The benefit is currently \$250 per month for the first eligible child and \$150 per

month for each additional eligible child. SSI recipients are not eligible to participate in W-2.

The supplement was established as a replacement for benefits which the children of SSI recipients had received under the AFDC program. Under AFDC, the dependent children of SSI recipients could be eligible for child-only AFDC benefits, meaning the income and assets of the parents or any other SSI recipient in the household would not be considered when determining eligibility.

SSI recipients are eligible for the supplement if the following apply:

1. The custodial parent receives state SSI benefits and is ineligible for a W-2 employment position solely because he or she receives state SSI benefits;
2. If the dependent child has two custodial parents, each custodial parent receives state SSI benefits;
3. The custodial parent assigns to the state any right of the custodial parent or of the dependent child to support from any other person;
4. The dependent child meets the eligibility criteria under the former AFDC program; and
5. The dependent child does not receive federal SSI benefits.

### **Medical Assistance and BadgerCare**

Most W-2 recipients are eligible for medical assistance (MA) or BadgerCare under criteria established by federal and state law.

MA supports the costs of providing acute and long-term care to persons who are aged, blind, disabled, children, and members of families with dependent children, and pregnant women who meet specified financial and nonfinancial eligibility criteria.

Federal law requires states to provide MA coverage to all persons who would have been eligible for cash assistance under the AFDC program on July 16, 1996, as well as certain individuals who would have met the requirements of AFDC, but who would not have actually received AFDC benefits. States may also extend coverage to other individuals who do not meet all of the AFDC program requirements. Wisconsin's MA program provides coverage for several optional AFDC-related groups, in addition to the AFDC-related groups states are required to cover under their MA programs. In addition to AFDC-related groups, the state provides MA coverage to the following groups of low-income families and children under the Healthy Start criteria:

1. Pregnant women in families with income not exceeding 185% of the federal poverty level;
2. Children under the age of six in families with income not exceeding 185% of the federal poverty level; and
3. Children between the ages of six and 19 who live in families with income of no more than 100% of the federal poverty level.

BadgerCare, created in 1997 Wisconsin Act 27, is a health insurance program for low-income families. BadgerCare began enrolling families in July, 1999. Uninsured families with dependent children who are not eligible for MA qualify for coverage under BadgerCare if the family's income is no more than 185% of the federal poverty level. Families who begin participating in the program when the family's income is no more than 185% of the federal poverty level remain eligible for the program until the family's income exceeds 200% of the federal poverty level.

Families that have insurance or access to a group health insurance plan for which their employer subsidizes at least 80% of the monthly premium cost are not eligible for BadgerCare. In addition,

individuals who had health insurance coverage during the three months prior to BadgerCare application are ineligible for BadgerCare.

Individuals enrolled in BadgerCare are eligible for all of the services and benefits that are currently available under MA. Families with income below 150% of the federal poverty level cannot be required to pay a premium to contribute to the cost of health care coverage under BadgerCare.

### **Learnfare**

Dependent children age six through 17 in a W-2 group that includes a participant in a trial job, community service job, or transitional placement are subject to the Learnfare school attendance requirement unless otherwise exempt. Each child must be enrolled in school, or must have been enrolled in the immediately preceding semester. In addition, minor parents, habitual truants (absent from school without an acceptable excuse for part or all of five or more school days during a semester), dropouts, and students not enrolled in school must participate in case management services.

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

A financial penalty is imposed if a child fails to meet the enrollment requirement and does not cooperate with case management services without good cause. According to the administrative rules, the penalty is a reduction in the W-2 participant's cash benefit of \$50 per month per penalty, not to exceed \$150 per month. The penalty is imposed each month until the child complies with the Learnfare requirements.

The child or W-2 participant may request a review of an agency decision. If a review is requested within 10 days of the notice of a financial penalty,

the penalty will not be imposed until after the review is completed, unless the petition is withdrawn or abandoned.

### **Children First**

The children first program provides job training and work experience to noncustodial parents to promote the emotional and financial responsibility that a noncustodial parent has for his or her children. A noncustodial parent who has no current means of meeting a child support obligation may be ordered by the court into the program. A participant in children first is considered an employee of the W-2 agency 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. 1999 Wisconsin Act 9 increased the amount provided to county child support agencies or W-2 agencies administering the program from \$200 to \$400 for each participant. Additional program costs are paid by the agency. A participant successfully completes the program when he or she either fulfills child support obligations for three consecutive months, or completes 16 weeks of employment and training activities.

### **Emergency Assistance**

The emergency assistance program provides assistance to needy persons in cases of fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness. The W-2 agencies administer the emergency assistance program at the local level.

According to DWD administrative rule, recipients must meet nonfinancial and financial eligibility requirements to be considered a needy person. The nonfinancial eligibility criteria include: (a) the emergency resulted from a fire, flood, natural disaster, energy crisis, homelessness, or impending homelessness; (b) the family must be living and in-

tending to reside in Wisconsin; (c) the family must be U.S. citizens or qualifying aliens; (d) the child involved was living with a qualified caretaker within six months prior to the application; and (e) 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.

1999 Wisconsin Act 9 expanded emergency assistance to persons facing impending homelessness, in addition to those who were already homeless. A family is considered homeless or facing impending homelessness if: (a) the family has left or must leave its current housing because it is uninhabitable; (b) the family is experiencing a financial crisis that makes it very difficult to make a rent, mortgage, or property tax payment and the family has been notified that it will be required to leave if the payment is not made immediately; (c) the family has a current shelter that is designed for temporary accommodations such as a motel, hotel, or other shelter facility; (d) a member of the family was a victim of domestic abuse; (e) the family is without a fixed, regular, and adequate night-time residence; or (f) the family is living in a place that is not designed for, or ordinarily used as, a regular sleeping accommodation.

The financial eligibility criteria include: (a) the amount of unpaid expenses and cost of needs due to an emergency exceed available income and resources; (b) the group has physical needs such as food, clothing, temporary housing, security deposit, home energy, household items, home repairs and appliances, transportation, and medical care; (c) the group must have gross income at or below 115% of the poverty level; and (d) assets cannot exceed \$2,500 in combined equity value, excluding vehicles with an equity value of up to \$10,000, one home, assets with a fair market value of less than \$3,000 that would require liquidation at a loss, assets unavailable within 30 days, and available real property. Gross income is measured similar to W-2, but excludes W-2 caretaker benefits, SSI income, and SSI caretaker supplement income. In addition, any in-

come received in the month of the emergency, but before the date of the emergency, that was used to meet the group's needs is excluded.

The actual payment amount is calculated as the lowest of the following three amounts: (a) the maximum payment amount per group member (\$150) multiplied by the number of members in the group; (b) the amount requested by the group; or (c) the total financial need, defined as unpaid expenses and costs due to an emergency less available income and resources. The maximum benefit amount has been \$150 per eligible family member since September 1, 1995. There is no maximum payment amount in cases of need due to an energy crisis.

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.

Emergency assistance in cases of fire, flood, natural disaster, energy crisis, or homelessness or impending homelessness resulting from domestic violence may be provided once in a 12-month period. Emergency assistance in all other cases of homelessness or impending homelessness may only be provided once every 36 months.

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. Benefits are in the form of cash, voucher, or vendor payment. An individual may petition the W-2 agency for a review within 45 days of submitting an application for emergency assistance if: (a) the application for emergency assistance is not acted upon promptly; (b) assistance is partially or wholly denied; (c) the

award is modified or canceled; or (d) the reward is insufficient. The person must be given reasonable opportunity and notice for a review, and a decision must be rendered as soon as possible. In addition, the individual may request that DWD review the agency's decision within 14 days of the decision.

### **Workforce Attachment and Advancement**

The workforce attachment and advancement program was created by 1999 Wisconsin Act 9. Funds can be used for post-employment services to assist with job retention; incumbent worker training to promote job advancement and increased earnings; services to employers to retain workers and provide career progression paths; job readiness and placement services to unemployed persons; and basic skills development. The general purposes of the program are to stabilize low-income workers, provide training so that individuals can move to higher-paying jobs, and help employers retain workers and upgrade their skills.

Half of the program funds are provided to W-2 agencies and half are provided to workforce development boards. The funds allocated to W-2 agencies are based on all of the following case categories served by each W-2 agency: W-2 cases (both employment position and case management), FSET cases, diversion as defined by DWD, noncustodial parents, and child care cases. The funds allocated to workforce development boards are based on a formula that takes into account all of the following: (a) the percentage of the population of the area served by the board with an income at or below 200% of the federal poverty level; (b) labor force participation; and (c) the unemployment rate of the area served by the board. The W-2 agencies and workforce development boards may transfer funds between organizations based on local planning processes to administer the program.

To receive services under the workforce attachment and advancement program, a person generally must: (a) be an adult living in Wisconsin;



(b) have a family income at or below 200% of the federal poverty level; (c) be pregnant or a custodial or noncustodial parent of a minor child living in Wisconsin; (d) be working or seeking work; and (e) agree to cooperate with the child support agency. There are no asset requirements. In order for non-custodial parents to be eligible, they must: (a) be the parent of a child who lives in Wisconsin, but not reside with the child; (b) have individual income, net of child support payments, at or below 200% of the federal poverty level; and (c) cooperate with child support enforcement. The child does not have to be low-income for the noncustodial parent to be eligible for this program.

Program performance is measured based on job placement rates, job retention rates, and increased earnings. For noncustodial parents, performance is measured by increased child support payments.

DWD provided funding through the workforce attachment and advancement program to W-2 agencies and workforce development boards from early 2000 through December, 2003. 2003 Act 33 allowed DWD to retain statutory authority to administer the program, but eliminated all funding. Therefore, DWD has provided no funding for this program since December, 2003.

### **Early Childhood Excellence**

The early childhood excellence program was also created by 1999 Act 9. It is a grant program that aims to develop early childhood centers for TANF-eligible children under age five. The centers provide outreach and training for parents of children served by the center and training for child care providers. The centers emphasize stimulation of the child's language skills and senses of vision and touch. A local matching contribution of 25% is required. Those who receive training under the grant may in turn apply for a grant to establish an early childhood program.

### **Community Youth Grants/Boys and Girls Clubs**

1999 Act 9 also created the community youth

grants program, which seeks to improve social, academic, and employment skills and to strengthen relationships between youth and their parents, schools, and neighborhoods. The program provided funds for targeted and competitive grants administered by DWD for services to youth ages five to 18 from TANF-eligible families with income at or below 200% of the federal poverty level. Services included parenting skills training, drug and pregnancy prevention, assessing and identifying learning disabilities, academic remediation and advancement, after-school care programs, cultural awareness programs, career counseling, and life management skills training.

2001 Act 16 eliminated funding for the competitive grants in 2002-03. In addition, because of pending legislation that would have used all or a portion of the funds, DWD did not award the \$450,000 that had been allocated for competitive grants in 2001-02. Under 2001 Act 109, \$300,000 annually in the 2001-03 biennium was provided for a grant to the Wisconsin Chapters of the Boys and Girls Clubs of America to improve social, academic, and employment skills of TANF-eligible youth.

2003 Act 33 formally replaced the community youth grant program with grants to the Boys and Girls Clubs of America and maintained annual funding at \$300,000.

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## **Miscellaneous Provisions**

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### **Periodic Earnings Check**

DWD is required to periodically check the earnings of participants in the W-2 program by checking amounts credited to the recipient's social security number. Any discrepancy between the amounts reported as earnings and the amounts credited to the social security number must be investigated. Federal law requires the state to implement such a verification system. If the state does not implement this sys-

tem, the federal TANF grant could be reduced by 2% per year.

### **Release of Participant Information**

W-2 agencies are required to maintain a monthly report at their offices showing the names of all W-2 participants and the amounts paid to those individuals during the preceding month. In addition, the agency is required to notify a W-2 participant when that individual's record has been inspected, and must provide the participant with the name and address of the person making the inspection. W-2 agencies may withhold the right to inspect the name and benefit amount of participants from private individuals who are not inspecting the information for public, educational, organizational, governmental, or research purposes until the person whose record is to be inspected has been notified, but not for more than five working days.

In general, no person may use or disclose information concerning applicants and participants of the W-2 program for any purpose not connected with the administration of the program. However, W-2 agencies are permitted to release the current address of a participant to a law enforcement officer if the officer demonstrates in writing that the participant is violating a condition of probation, parole, or community supervision imposed under state or federal law, or has information that is necessary for the officer to conduct his or her official duties and the location or apprehension of the participant is within those official duties. In addition, if a law enforcement officer believes, on reasonable grounds, that an outstanding warrant has been issued for the arrest of a W-2 participant, the W-2 agency may notify a law enforcement officer when the participant appears to obtain his or her benefits.

In addition to the above provisions, W-2 agencies are required to release the current address of a recipient of benefits under a W-2 subsidized employment position or as a custodial parent of an infant, to a person, the person's attorney, or an em-

ployee or agent of the attorney if the person is a party to a legal action or proceeding in which the recipient is a party or witness, except in certain cases of abuse or harassment.

### **W-2 Evaluations**

Under prior law, the statutes required DWD to contract with the Legislative Audit Bureau (LAB) for a financial and performance audit of the W-2 program. The audit was required to include the program's effect on wages paid to participants, and the provision of child care services. The Audit Bureau was required to file its report no later than July 1, 2000. The Audit Bureau released six reports: *Wisconsin Works (W-2) Expenditures* (February, 1999); *Food Stamp Program* (July, 2000); *Review of Maximus, Inc.* (July, 2000); *Wisconsin Shares Child Care Subsidy Program* (January, 2001); *Review of Employment Solutions, Inc., and Other Selected Agencies* (February, 2001); and *Wisconsin Works Program* (April, 2001). These six reports concluded the required audit by LAB, and the statute requiring this audit was repealed in 2001 Wisconsin Act 105.

However, a request for a follow-up audit to the *Wisconsin Works Program* (April, 2001) resulted in another audit, *Sanctioning of Wisconsin Works (W-2) Participants* (December, 2002). In addition, the Joint Legislative Audit Committee requested another comprehensive audit of the W-2 program by LAB. LAB released an initial report on November 9, 2004, which reviewed the W-2 agency of Opportunities Industrialization Center of Greater Milwaukee, Inc. A more comprehensive report of W-2 by LAB is due in early 2005.

In addition to the audits conducted by LAB, DWD has formed a Contract and Implementation (C&I) Committee to address specific W-2 agency contracts issues. The Committee establishes a forum for W-2 agencies to provide input to DWD. DWD creates C&I workgroups to focus on specific issues raised by the Committee. For example, the W-2 transition workgroup focuses on the best way to move W-2 participants who would qualify for

social security income or social security disability insurance out of the program as quickly as possible.

### **Eligibility for Other Programs**

**Weatherization Assistance.** A Wisconsin Works group in which one member is a participant in a trial job, community service job, or transitional placement is eligible for assistance under the state weatherization program.

**Low-Income Home Energy Assistance Program.** In cases where the adult members of a household are eligible for a W-2 trial job, community service job, or transitional placement, the household is eligible for assistance under the low-income home energy assistance program.

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

**County Relief Block Grant.** No person may be eligible for relief under the county block grant program in a month in which the person has participated in a W-2 employment position or in which a W-2 employment position is immediately available to the individual.

**Homestead Tax Credit.** Property taxes or rent under the homestead tax credit are reduced by one-twelfth for each month or portion of a month that a claimant participated in a W-2 community service job or transitional placement. 1999 Wisconsin Act 9 added a provision stating that as of January 1, 2000, the homestead tax credit may not be provided in any month that the claimant received benefits as the custodial parent of an infant.

**Funeral, Burial, and Cemetery Expenses.** Funeral, burial, and cemetery expenses may be paid for deceased participants in W-2 employment positions, SSI, or medical assistance, if the estate of the

recipient is insufficient to pay for the expenses and the total funeral costs do not exceed \$3,500. The maximum reimbursement amount for funeral and burial expenses is \$1,500 and for cemetery expenses is \$1,000. Requests for payment must be made within 12 months of the recipient's death. 2003 Act 33 transferred funding and authority for this program from DWD to DHFS.

### **Other Miscellaneous Provisions**

It is illegal to send or bring a person to a county for the purpose of obtaining W-2 benefits. DWD is required to investigate suspected fraudulent activity on the part of W-2 participants and to conduct activities to reduce payment errors. DWD is also required to distribute funds to W-2 agencies for the administrative costs of reducing payment errors.

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

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## **W-2 Administration**

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### **W-2 Agency Contracts**

The AFDC program was administered by county agencies and tribes at the local level. In contrast, the W-2 program can be administered by governmental and private agencies. The first set of W-2 agency contracts covered September 1, 1997, through December 30, 1999, and the second round of contracts covered calendar years 2000 and 2001. The third round of W-2 contracts covered calendar years 2002 and 2003. The current W-2 contracts are for calendar years 2004 and 2005.

### **Contracting Process**

As a general provision, state law authorizes the

Department of Workforce Development to award a contract to any person to administer the W-2 program in a geographical area determined by DWD on the basis of a competitive process approved by the Department of Administration (DOA). For the first set of contracts, county departments of human or social services and tribes were given the right of first refusal to administer the program, if the county department or tribe met caseload reduction goals established by DWD. For subsequent contracts, agencies awarded a contract in the previous round are given the right of first selection (RFS) if they meet financial and performance criteria established by DWD.

2001 Act 16 specifies that the competitive process used to award contracts must include cost and prior experience criteria. For the 2004-2005 contracts, a total of 30 W-2 agencies earned RFS and 39 geographic areas were opened to competitive bidding, including 36 agencies that did not get RFS and one agency that relinquished RFS.

**Geographical Areas.** The Department 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 counties with a population of 500,000 or more (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, Act 16 requires that DWD 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 the right of first selection.

**Contract Requirements.** The contracts require each W-2 agency to establish a community steering committee to participate in the implementation of the W-2 program including: advising the agency; helping to identify available employment and training opportunities; creating and encouraging others to create subsidized jobs and on-the-job training;

fostering and guiding entrepreneurial efforts of participants; providing mentors; identifying child care needs; and coordinating with the council on workforce investment created by the federal Workforce Investment Act (WIA). Each committee consists of at least 12, but not more than 15, individuals. The committee must appoint a chairperson who represents business interests.

Each agency contract also must contain provisions requiring the W-2 agency to perform several activities including: (a) establish a children's services network to provide information about community resources available to dependent children in W-2 groups; (b) employ at least one financial and employment planner to work with participants; (c) employ staff to meet the needs of participants who are refugees and have cultural or linguistic barriers; and (d) ensure that services delivered under W-2, the FoodShare program, and MA are coordinated in a manner that most effectively serves the recipients of those services. In addition, W-2 agencies are required to: (a) determine eligibility for W-2 child care assistance and refer eligible families to county departments of human or social services for child care services; (b) provide, or contract with another person to provide, credit establishment and credit repair assistance after submission of a proposed plan to DWD; (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 DWD in the W-2 agency contract that the Department determines are necessary for W-2 administration.

W-2 agencies may also establish a nutrition outreach program with the community steering committee, and may coordinate with local food pantries and food banks and other interested parties to increase the supply of food available.

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 Department of Commerce to coordinate services.

Prior to 2001 Act 16, W-2 agencies were required to certify eligibility for and issue food stamps to W-2 participants to the extent allowed by federal law. The 2000-2001 contracts also required W-2 agencies to determine MA eligibility for persons who apply for W-2. Because federal law does not allow private agencies to perform this eligibility determination, the private W-2 agencies contracted with local governments to perform these functions. In all other counties, the W-2 agency is a county entity, and county employees performed the functions. Act 16 transferred the responsibility for food stamp and MA eligibility determination for W-2 participants from the W-2 contracts to the county IM contracts so that the private W-2 agencies would no longer have to contract with the counties to perform these functions. The IM contracts are administered by DHFS.

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

**Requests for Information.** In accordance with rules promulgated by the Department, a W-2 agency may request from any person any information that it determines appropriate and necessary for the administration of W-2. The W-2 agency may disclose information obtained under this provision only in the administration of W-2.

The Department may request, from any W-2 agency, any information that the Department de-

termines appropriate and necessary for the overall administration of the program, and the agency must provide the information through written reports, computer reports, and other appropriate forms. The Department may also inspect, at any time, any W-2 agency's records as the Department determines appropriate and necessary for the overall administration of the program.

**Financial Accountability.** 2001 Act 16 required that for the 2002-2003 contracts, agencies were sanctioned an amount equal to 50% of unallowable expenses. Unallowable expenses included those identified by DWD or an audit sponsored by DWD or by the Legislative Audit Bureau. The 2004-2005 contracts include language that requires a W-2 agency to return all payments that are determined to be disallowed under the contract.

#### **2004-2005 W-2 Agency Contracts**

Under the current contracts, W-2 is administered at the local level as follows: (a) 51 counties are served by county human/social services agencies; (b) 20 counties outside of Milwaukee County are served by non-county agencies; and (c) four non-county agencies cover six regions in Milwaukee County. There are three for-profit W-2 agencies: Maximus in Milwaukee County; Affiliated Computer Services (ACS) in Waukesha County; and the Kaiser Group in Walworth County. All other non-county agencies are non-profit organizations. Eight tribes operate separate state programs as allowed under federal law. Members of other tribes may receive W-2 benefits and services from the W-2 agency in the county in which the individuals reside.

Table 9 displays the 2004-2005 contract amounts for all current W-2 agencies. The amounts shown in Table 9 include supplemental funding approved by the Joint Committee on Finance in January, 2005. The amounts shown in Table 9 also include supplemental funding held by the Committee in its federal program supplements appropriation. The Committee held \$10,810,700 in undesignated funds

**Table 9: 2004-2005 W-2 Agency Contract Amounts\***

<u>W-2 Agency</u>	2004-2005 Amended Contracts					<u>Total Contract</u>
	<u>Benefits</u>	<u>Services</u>	<u>Admin.**</u>	<u>Undesignated</u>	<u>Consortia</u>	
<b>Counties</b>						
Ashland and Price Consortium	\$174,250	\$351,134	\$81,114	\$0	\$20,000	\$626,498
Barron	162,303	379,444	88,519	0	0	630,266
Bayfield	108,936	93,500	30,079	0	0	232,515
Brown	1,087,712	1,730,959	460,159	626,630	0	3,905,460
Buffalo	57,144	81,285	21,922	0	0	160,351
Burnett	57,144	115,330	29,113	0	0	201,587
Calumet	108,457	179,248	40,458	0	0	328,163
Chippewa	233,284	449,830	100,208	0	0	783,322
Clark	345,589	298,549	77,267	0	0	721,405
Crawford	62,644	51,662	18,971	0	0	133,277
Capital Consortium (Dane, Dodge, Marquette and Sauk)	6,304,021	6,243,740	1,928,937	0	117,852	14,594,550
Door	132,500	200,996	44,082	0	0	377,578
Douglas	491,469	576,127	176,849	0	0	1,244,445
Dunn	435,000	402,363	86,417	0	0	923,780
Eau Claire	711,731	1,063,940	261,328	0	0	2,036,999
Fond du Lac	1,160,000	857,204	268,571	0	0	2,285,775
Southwest Consortium (Grant, Green, Iowa, Lafayette, and Richland)	335,411	596,034	150,676	0	0	1,082,121
Green Lake	90,505	174,338	46,737	0	0	311,580
Iron	57,144	41,366	16,203	0	0	114,713
Jefferson	337,729	309,815	72,689	0	0	720,233
Kenosha	3,691,172	4,331,794	1,217,119	0	0	9,240,085
La Crosse	686,515	833,029	216,966	0	0	1,736,510
Marathon	1,225,580	1,363,631	411,054	0	0	3,000,265
Marinette	86,348	371,520	78,294	0	0	536,162
Oconto	70,940	299,258	58,919	0	0	429,117
Outagamie	725,941	1,091,831	291,879	0	0	2,109,651
Pepin	57,144	81,427	23,208	0	0	161,779
Polk	135,455	233,610	62,202	0	0	431,267
Racine	2,195,652	2,776,919	799,021	0	0	5,771,592
Rock	2,042,408	2,036,445	650,573	0	0	4,729,426
Rusk	57,144	114,900	29,060	0	0	201,104
Sawyer and Washburn Consortium	114,288	222,142	56,765	0	0	393,195
Lakeshore Consortium (Sheboygan and Manitowoc)	877,109	954,348	245,857	0	39,262	2,116,576
Taylor	105,320	105,416	26,277	0	0	237,013
Trempeleau	129,444	223,573	59,114	0	0	412,131
Vernon	89,548	135,307	39,680	0	0	264,535
Waupaca	270,752	362,707	107,197	0	0	740,656
Winnebago	846,490	1,146,998	296,666	0	0	2,290,154
PAW Consortium (Portage, Adams, and Wood)	1,356,766	1,712,229	439,182	0	20,248	3,528,425
<b>Non-County</b>						
Milwaukee YW Works (Region 1 and 4)	2,539,102	6,151,099	1,324,272	2,703,761	0	12,718,234
Milwaukee UMOS (Region 2 and 4)	13,812,349	15,482,902	3,908,779	4,578,129	0	37,782,159
Milwaukee OIC (Region 3)	36,752,969	22,543,536	7,154,299	3,528,765	475,808	70,455,377
Milwaukee MAXIMUS (Regions 5 and 6)	43,934,866	29,592,702	8,522,904	0	995,887	83,046,359
Walworth Kaiser Group	495,380	494,235	147,921	0	0	1,137,536

**Table 9: 2004-2005 W-2 Agency Contract Amounts (continued)**

<u>W-2 Agency</u>	2004-2005 Amended Contracts					<u>Total Contract</u>
	<u>Benefits</u>	<u>Services</u>	<u>Admin.**</u>	<u>Undesignated</u>	<u>Consortia</u>	
Forward Service Corp. Bay Area (Florence, Kewaunee, and Menominee)	\$171,432	\$261,685	\$72,632	\$0	\$7,103	\$512,852
Forward Service Corp. Northern (Forest, Vilas, Oneida, Langlade, and Lincoln)	650,000	915,562	250,909	0	15,533	1,832,004
Waushara Forward Service Corp.	190,000	210,322	41,189	0	0	441,511
Workforce Connections (Jackson, Juneau, and Monroe)	476,072	998,918	214,695	0	0	1,689,685
Shawano Job Center	171,330	288,580	70,223	0	0	530,133
Waukesha ACS State and Local Solutions, Inc.	1,202,248	1,503,107	445,744	0	0	3,151,099
Columbia Workforce Connections	138,477	411,432	75,419	0	0	625,328
Workforce Connections Pierce and St. Croix	137,855	406,131	74,212	0	88,960	707,158
Washington and Ozaukee Workforce Development Board	<u>527,688</u>	<u>584,604</u>	<u>155,509</u>	<u>0</u>	<u>53,652</u>	<u>1,321,453</u>
Subtotal	\$128,416,757	\$112,438,763	\$31,568,039	\$11,437,285	\$1,834,305	\$285,695,149
Undesignated				<u>728,269</u>		
TOTAL	\$128,416,757	\$112,438,763	\$31,568,039	\$12,165,554	\$1,834,305	\$286,423,418

\*The amounts shown above include supplemental funding approved by the Joint Committee on Finance in January, 2005, based on information provided to the Committee by DWD. As of this writing, DWD had not amended the agency contracts to allocate the supplemental funds. Therefore, the amounts actually allocated to specific agencies may differ somewhat from the figures shown. As of this writing, the undesignated funds in the Milwaukee County agencies had not been approved by the Finance Committee.

\*\*Generally, administration cannot exceed 15% of base contract amount.

Source: Department of Workforce Development

for regions 1, 2, 3, and 4 in Milwaukee and \$728,200 in other undesignated funds. It is expected that these funds will be released by the Committee upon approval of a specific plan from DWD for the use of these funds. The supplemental funding added for individual agencies is based on information provided to the Committee by DWD. As of this writing, DWD had not amended the agency contracts to formally allocate the supplemental funds. Therefore, the amounts actually allocated to specific agencies may differ somewhat from the figures shown in Table 9. The table segregates the amount for cash benefits to recipients, the amount for services, and the amount for administration. In addition, the table provides supplemental amounts that have not yet been designated as benefits, services, or administration, as well as additional fund-

ing for those W-2 agencies that formed consortia. The amount of funding for each W-2 agency was based primarily on projected caseloads. Administrative expenses were generally established at 15% of the total contract amount (12% for Milwaukee geographic areas).

As shown in the table, the current contracts total \$286.4 million including \$128.4 million for benefits, \$112.4 million for services, and \$31.6 million for administration. Another \$12.2 million is currently undesignated, and \$1.8 in consortia funding has been allocated. This represents a \$27.2 million reduction (9%) from the \$313.6 million expended for the previous contracts. A portion of the reduction (\$11.1 million) relates to elimination of funding for community reinvestment under 2003 Act 33. Act 33

also created separate statutory allocations for W-2 services and W-2 administration. Funding for services and administration had previously been combined for allocation to W-2 agencies. Act 33 reduced funds for administration by 5% and reduced the amount of funding for W-2 services.

### **Performance Standards and Bonus Awards Under the W-2 Agency Contracts**

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

**Performance Bonuses.** In addition, W-2 allows agencies to receive some funds as performance bonuses. Performance bonuses for the 1997-1999 W-2 agency contracts were based on the contract surplus amount (the contract amount less all allowable agency expenses). After sanctions, the total unspent contract amount was \$232.9 million (or 36% of the initial contract amount). These funds were distributed as follows: (a) \$84.3 million was returned to the state; (b) \$83.4 million was provided to the W-2 agencies for community reinvestment; and (c) \$65.2 million was provided to W-2 agencies as performance bonuses.

The performance bonus calculation was substantially revised for the 2000-2001 contracts so that performance bonuses were based on W-2 agencies meeting performance standards, determined by DWD, rather than based on unexpended funds. For the 2000-2001 contracts, a total of 4% of the contract amount was available for profit. The total base contract allocations for the 2000-2001 contracts were \$369.3 million. Therefore, the potential bonus funding was \$14.8 million (4% of \$369.3 million). However, funding budgeted for the bonuses was reduced to \$12.8 million under 2001 Act 16 to reflect the amount of bonus funding that agencies were projected to earn. The actual amount agencies were eligible to receive was \$13.4 million, or \$0.6

million more than budgeted. Because the budgeted funding was insufficient to cover the full amount earned by agencies, DWD pro-rated payments so that agencies received approximately 95.5% of the amount earned. This funding was distributed to agencies in August, 2002. There were no restrictions on how agencies could spend the funds.

Beginning with the 2002-2003 contracts, the statutes require DWD to base any performance bonus calculations on all of the following: (a) the placement of participants in W-2 employment positions into unsubsidized employment; (b) whether the placement is full-time or part-time; (c) the job retention rate of former participants in W-2 employment positions, as defined by DWD; (d) wages and benefits earned by former participants in W-2 employment positions; (e) appropriate implementation of W-2; and (f) customer satisfaction. DWD may not use caseload decreases or reduced spending by W-2 agencies that are not directly attributable to placement of participants in unsubsidized employment as a basis for performance payments. In addition to the statutorily-required criteria, the 2002-2003 and 2004-2005 contracts require agencies to meet additional minimum standards of performance.

The 2002-2003 contracts stated that the amount of funding available for performance bonuses for the 2002-2003 contracts would be determined by the 2003-05 biennial budget. However, Act 33 provided no funding for performance bonuses.

The 2004-2005 contracts state that if performance bonus funding becomes available for the 2004-2005 contracts, the allocation methodology for bonus calculations would be issued. Act 33 provided no funding, and the Department requested no funding for bonuses in its 2005-07 biennial budget request. However, Act 33 indicated that funds could be allocated from underspending in other programs or from the receipt of additional TANF funds, if approved by the Joint Committee on Finance.



Appendix B to this paper provides a summary of the 2004-2005 contract compliance and performance bonus benchmarks.

**Community Reinvestment.** For the first two sets of contracts, agencies were also eligible to receive additional funds for investment in the community. These funds are referred to as community reinvestment funds. Community reinvestment funds can only be used on TANF-eligible activities and are meant to supplement the contract. As with performance bonuses, community reinvestment funds were based on unspent contract funds under the first contracts. Of the unspent contract funds, \$83.4 million was provided to the W-2 agencies for community reinvestment.

Under the 2000-2001 contracts, W-2 agencies were eligible to receive an allocation for community reinvestment equal to 3% of the contract amount. In order to access community reinvestment funding, W-2 agencies were required to meet base contract benchmarks. Eight W-2 agencies did not meet the base performance benchmarks, and were not eligible to receive community reinvestment funds. W-2 agencies that did meet the benchmarks were required to submit a plan to DWD for how to spend these funds by May 30, 2002. DWD reviewed and approved the plans and executed a contract amendment with each of the agencies for expenditure of these funds for the period January 1, 2002, through December 30, 2003. The amount provided to these W-2 agencies for community reinvestment totaled \$11.0 million.

The community reinvestment funds that agencies were eligible to receive were eliminated from the 2002-2003 and 2004-2005 contracts.

### **Future W-2 Agency Contracts**

Under current law, DWD may either award a contract on the basis of a competitive process approved by the Department of Administration or award a contract to a W-2 agency if that agency has met specific performance standards. Agencies that

do not meet the performance standards are permitted to apply for a contract under a 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 bidding process, DWD must administer the program in that area. However, the Secretary of DOA is authorized to waive the normal state procurement requirements with respect to a contract entered into by DWD for the administration of Wisconsin Works under certain conditions.

As noted above, if DWD changes a geographical area, DWD must use a competitive process to award the contract for that area regardless of whether a W-2 agency has met the performance standards.

DWD is currently determining the processes and timelines for the issuance of the next set of contracts. The next W-2 agency contracts will be issued for the time period of January 1, 2006, to December 31, 2007.

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## **Program Funding and Participation**

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### **Program Funding**

The primary source of funding for the W-2 and child care programs is the federal TANF block grant. Additional funding is provided by the federal child care development block grant, state GPR appropriated to DWD, and other program revenues.

Wisconsin's annual TANF block grant allocation from the federal government is \$318.2 million. Under federal law, a tribal organization in a state may elect to operate a separate tribal public assis-

tance 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 eight separate tribal programs (Bad River, Potawatomi, Red Cliff, Sokaogon, Lac du Flambeau, and Stockbridge-Munsee, Oneida, and Menominee), Wisconsin's TANF block grant is estimated at \$314.5 million in 2004-05, assuming the federal government retains the current funding levels under reauthorization or continuation of the program.

A key provision of federal law is a maintenance-of-effort (MOE) requirement, which obligates the state to spend an amount of state dollars equal to 75% of historic state expenditures if the state meets federal mandatory work requirements, or 80% if the state does not meet these requirements. Historic state expenditures generally means federal fiscal year (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 may be reduced by the percentage reduction in the state's TANF block grant attributable to tribal programs. The state's MOE requirement is \$167.6 million annually, based on 75% of historic state expenditures. Certain other programs also count towards MOE. More information regarding allowable state expenditures for the MOE requirement is provided in Appendix C.

### **2003-05 Revenues and Expenditures**

Table 10 shows actual and budgeted revenues and expenditures for W-2 and other economic support programs for the 2003-05 biennium. The 2003-04 figures include budgeted amounts and estimates of actual expenditures in that year provided by DWD. At the time of this writing, DWD was still in the process of determining actual TANF revenue amounts for 2003-04. It is possible that more or less revenue may be realized as DWD finalizes its tie-out of federal and program revenue received from the FSET program and child support

collections assigned to the state.

The figures for 2004-05 are budgeted amounts, which reflect 2003 Wisconsin Act 33, actions taken by the Committee on Joint Finance, and more recent estimates. The figures for 2003-04 and 2004-05 also include a modified carryover amount based on expenditures in 2002-03 and 2003-04. A description of these revenues and expenditures follows.

**Revenues Available for Public Assistance Programs.** The following revenues are available for the W-2 program, child care, and other related programs. As shown in the table, total revenues available for public assistance programs in 2003-04 are now estimated at \$698.3 million compared to the budgeted amount of \$697.5 million. Revenues are estimated at \$667.8 million for 2004-05.

*State Funding.* State funding included \$183.4 million (\$155.6 million GPR and \$27.8 million PR) in 2003-04, and is estimated at \$192.3 million (\$155.6 million GPR, \$27.5 million PR, and \$9.2 million SEG) for 2004-05. The program revenue is primarily from child support collections assigned to the state by public assistance recipients. It also includes funds from welfare fraud collections and job access loan repayments. The segregated revenue was established in 2003 Act 33, which created an annual appropriation funded from segregated utility public benefits funding, beginning in 2004-05.

*Federal Funding.* Federal funding totaled \$515.0 million in 2003-04 and \$475.5 million in 2004-05, which includes the TANF block grant (\$315.5 million in 2003-04 and \$314.5 million in 2004-05), the TANF high performance block grant (\$10.3 million in 2003-04 and \$10.9 million in 2004-05), the child care development block grant (\$83.6 million in 2003-04 and \$83.3 million in 2004-05), and federal revenue from the food stamp employment and training program (\$8.1 million annually). In addition, available funding includes \$97.5 million in 2003-04 from TANF block grant funds that were

**Table 10: W-2 Related Revenues and Expenditures**

	2003-04 Budget	2003-04 Actual*	2004-05 Budget
<b>Revenues</b>			
State General Purpose Revenue	\$155,566,500	\$155,566,500	\$155,566,500
Program Revenue in DWD	1,000,000	1,220,000	1,950,700
TANF Block Grant	315,450,300	315,450,300	314,499,400
TANF High Performance Block Grant	10,288,000	10,288,000	10,860,400
Child Care Block Grant	83,344,200	83,582,500	83,289,200
Federal FSET Funds	8,112,600	8,112,600	8,112,600
Public Benefits Funding	0	0	9,232,000
Child Support Collections	26,588,200	26,588,200	25,588,200
TANF Carryover from Prior Year	<u>97,169,300</u>	<u>97,495,500</u>	<u>58,724,900</u>
Total Available	\$697,519,100	\$698,303,600	\$667,823,900
<b>Expenditures</b>			
<b>W-2 Agency Contract Allocations</b>			
Subsidized Employment Benefits	\$68,343,200	\$71,583,200	\$68,664,300
Administration	21,165,700	19,145,600	19,615,800
Services	55,606,600	54,763,400	54,931,600
<b>Child Care</b>			
Direct Child Care Subsidies	298,640,600	299,819,400	308,040,600
Programs to Improve Quality and Availability	9,587,500	9,832,000	9,731,900
Local Pass-Through Program	2,475,100	2,475,100	2,478,500
<b>Other Benefits</b>			
Kinship Care	24,122,200	22,967,600	24,122,200
Caretaker Supplement for Children of SSI Recipients	26,397,200	28,661,100	29,175,100
Emergency Assistance	4,500,000	6,401,800	4,500,000
Job Access Loans	200,000	420,000	1,150,700
<b>Child Support Related to W-2</b>			
Child Support Payments	15,687,100	15,687,100	15,097,100
Children First	1,140,000	1,045,200	1,140,000
<b>Administrative Support</b>			
State Administration	18,484,600	17,424,900	18,484,600
<b>Other Support Services</b>			
English for Southeast Asian Children	100,000	100,000	100,000
<b>Grant Programs</b>			
Early Childhood Excellence	2,500,000	2,500,000	2,500,000
Grants to Boys and Girls Clubs of America	300,000	300,000	300,000
<b>Expenditures in Other Programs</b>			
Earned Income Tax Credit	57,892,000	57,892,000	59,532,000
Head Start	3,500,000	3,500,000	3,500,000
SSBG Transfer to DHFS/Community Aids	13,420,100	13,567,000	13,420,100
Brighter Futures and Tribal Adolescent Services	1,367,100	1,367,100	1,367,100
Domestic Violence	750,000	726,300	750,000
Child Abuse and Neglect Prevention Board	340,000	335,700	340,000
Child Welfare Safety Services	7,323,600	5,804,400	7,323,600
Child Welfare Information System	1,417,600	1,056,700	1,463,200
Child Welfare Prevention Services	1,489,600	1,489,600	1,489,600
Refugee Family Strengthening Project	713,500	713,500	0
Total Expenditures	<u>\$637,463,300</u>	<u>\$639,578,700</u>	<u>\$649,218,000</u>
Ending Balance	\$60,055,800	\$58,724,900	\$18,605,900

\* Revenues for 2003-04 were not final as of December, 2004.

Source: Based on information available from the Department of Workforce Development as of December, 2004.

carried over from 2002-03. As noted above, the funding amounts budgeted for 2004-05 assume that the TANF and child care development block grant programs will be reauthorized or continued at their current levels.

\$19.1 million. DWD has revised expected expenditures for W-2 administration in 2004-05 to \$19.6 million.

Funding of \$55.6 million annually was budg-

**Public Assistance Expenditures.** Funding for W-2 and other economic support programs is allocated in 2003-05 as shown in the following paragraphs. In some cases in which more funds were spent than were budgeted in 2003-04 (such as caretaker supplement for children of SSI recipients), the additional funds came from programs with under-spending in that year.

*W-2 Subsidized Employment Benefits.* Budgeted expenditures include \$68.3 million in 2003-04 and \$66.4 million in 2004-05 for wage subsidies and cash grants for participants in W-2 trial jobs, community service jobs, and transitional placements. Actual expenditures for subsidized employment benefits in 2003-04 were \$71.6 million. DWD has revised expected expenditures for W-2 benefits in 2004-05 to \$68.7 million.

*Administration and Services.* Funding of \$21.2 million annually in 2003-04 and 2004-05 was budgeted for W-2 agency office costs. Administration funds generally cannot exceed 15% of the contract amount and are provided for office costs such as salaries and fringe benefits. Actual expenditures for W-2 administration in 2003-04 were

eted for non-cash services to W-2 participants. These funds are used to provide services such as job training, job readiness, motivation, education, and social services to W-2 recipients. Actual expenditures for services in 2003-04 were \$54.8 million. DWD has revised expected expenditures for services in 2004-05 to \$54.9 million.

Total budgeted expenditures in 2004-05 for benefits, administration, and services are \$143.2 million. DWD's total revised expected expenditures in 2004-05 for benefits, administration, and services are also \$143.2 million.

For the 2003-04 allocation for administration, services, and benefits, \$73.5 million was budgeted for the last six months of the 2002-2003 W-2 contracts and \$71.6 million was for the first six months of the 2004-2005 W-2 contracts. Actual expenditures for administration, services, and benefits totaled \$145.5 million in 2003-04. For the 2004-05 allocation, all funds are budgeted for the 2004-2005 W-2 contracts.

*Child Care Program.* The child care program provides funds for subsidies, programs to improve child care quality and availability, and a local pass-through program as described below. The total amount budgeted for the child care program was \$310.7 million in 2003-04 and \$320.2 million in 2004-05.

(a) *Child Care Subsidies.* A total of \$298.6 million in 2003-04 and \$308.0 million in 2004-05 was budgeted for child care subsidies under Act 33. Actual subsidies for 2003-04 totaled \$299.8 million.

(b) *Programs to Improve Child Care Quality and Availability.* The 2003-05 budget included \$9.6 million in 2003-04 and \$9.7 million in 2004-05 for programs to improve child care quality and availability. These funds are for state administration of the child care program and activities designed to increase the capacity and quality of child care providers in the state. A more thorough description of programs funded under this program is included

in the Indirect Child Care Services section of this paper.

(c) *Local Pass-Through.* Funds totaling \$2.5 million in 2003-04 and 2004-05 were made available to local agencies for grants that support community child care initiatives, such as enhancing the quality and increasing the supply of child care. Local agencies must provide matching funds to meet the requirements of the child care development block grant. A total of 53 new grants have been awarded for 2004-05.

*Kinship Care.* Budgeted expenditures for kinship care were \$24.1 million in 2003-04 compared to actual expenditures of \$23.0 million. For 2004-05, budgeted expenditures total \$24.1 million, which includes \$22.5 million for the \$215 monthly benefit, \$1.5 million for assessments and background investigations of kinship care relatives, and \$0.1 million for other administration. The funding amounts for kinship care are transferred to DHFS, which administers the program.

*Caretaker Supplement Program.* The caretaker supplement program is funded by TANF and GPR. TANF funds budgeted for benefits and administrative costs were \$26.4 million in 2003-04 and \$29.2 in 2004-05. A total of \$33.4 million was expended in 2003-04 for the caretaker supplement program: \$4.7 million GPR and \$28.7 million TANF. For 2004-05, a total of \$32.6 million is budgeted: \$3.4 million GPR and \$29.2 million TANF. The caretaker supplement benefit is \$250 for the first eligible child and \$150 for each additional eligible child.

*Emergency Assistance.* A total of \$4.5 million annually was provided for the emergency assistance program in 2003-04 and 2004-05. Actual expenditures were \$6.4 million in 2003-04. DWD began tracking emergency assistance grants in January, 2002. For the time period January, 2002, to October, 2004, DWD indicates there were 21,199 grants issued.

*Job Access Loans.* Act 33 included \$200,000 an-

nually for job access loans. A total of \$420,000 was expended in 2003-04. This amount is net of estimated repayments of the loans. Based on available data through October, 2004, a total of \$4.6 million in loans have been given out since September, 1997. Approximately \$2.6 million has been either repaid or collected through recovery methods. DWD has revised expected expenditures for job access loans to \$1.2 million in 2004-05. It is expected that program revenue from repayments will increase by the same amount.

*Child Support Payments.* Budgeted expenditures include \$15.7 million in 2003-04 and \$15.1 million in 2004-05 to cover the pass-through of child support payments to W-2 participants and payments to the federal government. As of this writing, DWD did not have actual expenditures for 2003-04.

*Children First.* Budgeted expenditures for the children first employment program for noncustodial parents were \$1.1 million annually. Actual expenditures for 2003-04 were \$1 million. A total of 4,921 participants were served in calendar year 2003.

*State Administration.* The budget provided \$18.5 million annually for state administration of the W-2 program and other public assistance programs being funded by TANF. Actual expenditures on state administration in 2003-04 were \$17.4 million.

*English for Southeast Asian Children.* A total of \$100,000 was provided annually in the budget for the Wausau School District for English language training for Southeast Asian children ages three to five. According to DWD, the program served 163 students in the 2003-04 school year.

*Early Childhood Excellence.* A total of \$2.5 million annually in grants has been awarded to early childhood centers for children under age five who come from families with incomes at or below 200% of the federal poverty level. For the period July, 2002, through June, 2004, this program served an

estimated 2,410 children under the age of five. The centers provide child care, education services, outreach, and training. A local matching contribution of 25% is required. The \$2.5 million budgeted in 2004-05 funds grants for 18 early childhood centers (\$1.75 million), additional grants for centers that become accredited (\$0.5 million), and UW-Extension for evaluation, dissemination of best practices, and technical assistance and monitoring (\$0.2 million).

*Boys and Girls Clubs.* Budgeted expenditures included \$300,000 annually for the Boys and Girls Clubs of America. 2003 Act 33 replaced the community youth grants program with grants to the Boys and Girls Clubs.

*Earned Income Tax Credit (EITC).* The federal TANF regulations allow states to utilize TANF funds for the refundable portion of state earned income tax credits. In total, the EITC cost \$73.0 million in 2003-04 and is budgeted at \$78.8 million in 2004-05. TANF funding budgeted for the EITC totals \$57.9 million in 2003-04 and \$59.5 million in 2004-05. The remaining portion of the credit is paid by GPR and utility public benefits funds. Actual TANF expenditures for 2003-04 were \$57.9 million.

*Head Start.* The budget included \$3.5 million annually for the Head Start supplement program in the Department of Public Instruction. These funds are distributed to 58 federally-designated Head Start programs, with preference given to those already receiving federal funding, to enable expansion of the programs. The program is funded with \$3.7 million GPR and \$3.5 TANF for a total of \$7.2 million. For 2003-04, approximately 1,400 children were served by the state supplement to the program. Prior to 1999-00, the supplement was funded with approximately \$5.0 million GPR and no TANF funds. Federal Head Start funding in Wisconsin totaled \$90.6 million in 2003-04.

*TANF Received by DHFS for Community Aids.* Under current federal law, states are allowed to

transfer up to 10% of the state's TANF block grant funds to be used to carry out programs under the social services block grant (SSBG). In the past, the transfer amount has varied between 4.25% and 10%. These TANF funds are received directly by DHFS and are distributed to counties through community aids. 2003 Act 33 budgeted 4.25% of the TANF block grant to be used for SSBG purposes under community aids. In 2003-04, DHFS received a total of \$13.6 million and for 2004-05 a total of \$13.4 million is budgeted.

*Brighter Futures and Tribal Adolescent Services.* DHFS distributes grants to counties and tribes to: (a) prevent and reduce the incidence of youth violence and other delinquent behavior; (b) prevent and reduce the incidence of youth alcohol and other drug use and abuse; (c) prevent and reduce the incidence of child abuse and neglect; (d) prevent and reduce the incidence of non-marital pregnancy and increase the use of abstinence as a method of preventing non-marital pregnancy; and (e) increase adolescent self-sufficiency by encouraging high school graduation, vocational preparedness, improved social and other interpersonal skills, and responsible decision making.

In 2003-04, \$3.5 million was expended for this program, including \$1.4 million TANF. In 2004-05, \$3.5 million is budgeted for this program, including \$1.4 million from TANF.

*Domestic Violence.* DHFS distributes grants to organizations that provide domestic abuse services, including shelter facilities or private home shelter care, advocacy and counseling for victims, a 24-hour telephone service, and community education. Individuals who receive domestic violence services funded with TANF funds must be from families with incomes that do not exceed 250% of the federal poverty level.

In 2003-04, \$7.8 million was expended for domestic abuse services grants, including \$726,300 from TANF. In fiscal year 2004-05, a total of \$7.8

million is budgeted for domestic abuse services grants, including \$750,000 from TANF.

*Child Abuse and Neglect Prevention Board.* The biennial budget provided the Child Abuse and Neglect Prevention (CANP) Board with \$340,000 annually from the TANF program. The CANP Board awards grants to fund early childhood family education centers (family resource centers) and organizations throughout the state for community-based child abuse and neglect prevention programs. In addition, the Board promotes statewide public awareness of the need for child abuse and neglect prevention through publications, statewide media campaigns, and videos. In 2003-04, the Board expended \$2.6 million including \$340,000 in TANF funds. In 2004-05, the Board is budgeted \$2.7 million annually (all funds), including \$340,000 in TANF funds.

*Child Welfare Safety Services.* The biennial budget provides \$7.3 million in TANF funds annually for child welfare safety services in Milwaukee County. Safety services are available to families in Milwaukee County where abuse or neglect issues have been identified, but the Bureau of Milwaukee Child Welfare (BMCW) has determined that the child or children can remain at home safely if appropriate services are provided to the family.

Safety services can 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 services and screening; (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 individual situation. In 2003, 1,508 families received safety services through BMCW. In 2003-04, TANF expenditures for safety services totaled approximately \$5.8 million.

*Child Welfare Information System.* 2003 Act 33 created a new statutory allocation under the TANF program for the Wisconsin statewide automated child welfare information system (WISACWIS) administered by DHFS. WISACWIS is the automated child welfare system that assists case workers and administrators in managing child welfare services, including intake, assessment, eligibility determinations, case management, court processing, financial reporting, and administration.

WISACWIS is budgeted \$1.4 million in 2003-04 and \$1.5 million in 2004-05 in TANF funds. In 2003-04, \$1.1 million in TANF funds was spent to support WISACWIS. The TANF funds support the portion of implementation and ongoing support costs of the system that are related to the kinship care program.

*Child Welfare Prevention Services.* The biennial budget provides \$1.5 million in TANF funds annually for child abuse prevention services in Milwaukee County. The Department of Health and Family Services has awarded these funds to Community Advocates, Inc., which then allocates the funds to local agencies for two primary purposes: (a) to provide home-visiting services for first-time parents in Milwaukee County; and (b) to provide community-based services to families in Milwaukee County to prevent child abuse and neglect. The full amount of the TANF allotment was spent in 2003-04.

*Refugee Family Strengthening Project.* One-time funding of \$713,500 was provided for the Refugee Family Strengthening Project (RFSP) in 2003-04. The RFSP provides domestic abuse and intervention services to refugee communities of all nationalities through local agencies. TANF funding of \$150,000 was approved by the Joint Committee on Finance in December, 2003, and additional TANF funding of \$563,500 was approved by the Committee in April, 2004, to offset reductions due to the elimination of federal targeted assistance grant funds for the program.

**Ending TANF Balance.** Table 10 shows an estimated ending TANF balance of \$18.6 million in 2004-05. However, this is subject to change as final TANF revenues for 2003-04 were not available as of January, 2005, and as figures for 2004-05 are budgeted amounts.

Table 11 shows the annual ongoing TANF revenues and expenditures based on amounts budgeted in 2004-05 with adjustments to account for one-time items. As shown in the table, annual expenditures exceed annual revenues by an estimated \$51 million. Because ongoing expenditures exceed ongoing revenues, any balance that is carried forward from the current biennium will be needed to address the TANF structural deficit in 2005-07.

**Table 11: 2004-05 TANF Structural Deficit**

Annual Revenues	\$598.2
Annual Expenditures	649.2
Structural Deficit	-\$51.0

**Program Participation**

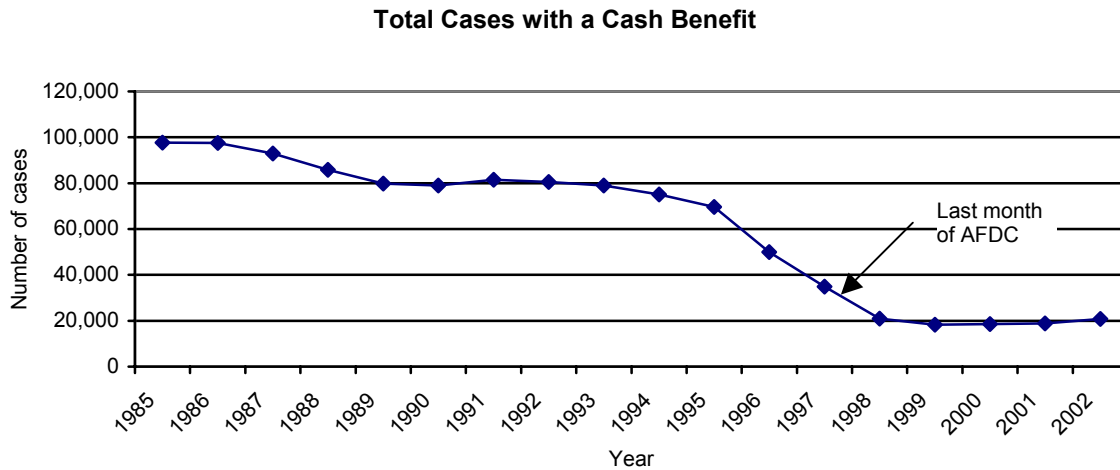
Table 12 shows the number of AFDC, W-2, kinship care, and SSI caretaker supplement cases receiving benefits or other services for 1997 through 2004. Table 12 also has a chart showing the change in the number of cases receiving cash benefits from these programs from 1985 to 2004. Since August, 1997, was the last month of the AFDC program, the 1997 data is for August. All other data in the table and chart is for the month of September.

**AFDC and W-2 Recipients.** The AFDC caseload data for August, 1997, includes 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 em-

**Table 12: Program Participation**

	Aug. 1997	Sept. 1998	Sept. 1999	Sept. 2000	Sept. 2001	Sept. 2002	Sept. 2003	Sept. 2004
The AFDC Program	34,491	---	---	---	---	---	---	---
The W-2 Program -Total	---	15,241	11,388	11,172	11,796	13,657	14,790	15,849
W-2 Cash Benefit	---	10,047	7,389	6,772	8,062	9,993	11,287	12,013
W-2 Case Management	---	5,194	3,999	4,400	3,734	3,664	3,503	3,836
W-2 Employment Positions								
Transitional Placements	---	2,261	2,452	2,510	2,665	3,335	4,003	4,703
Community Service Jobs	---	6,822	3,899	3,159	4,133	5,325	5,737	5,889
Trial Jobs	---	83	42	25	19	37	18	29
Caring for a Newborn	---	881	996	1,078	1,245	1,296	1,529	1,392
Kinship Care	457	5,163	5,368	6,232	4,893	5,200	5,263	5,188
Caretaker Supplement	---	<u>5,668</u>	<u>5,516</u>	<u>5,576</u>	<u>5,889</u>	<u>5,646</u>	<u>5,925</u>	<u>5,992</u>
<b>Total Cases with a Cash Benefit</b>	<b>34,948</b>	<b>20,878</b>	<b>18,273</b>	<b>18,580</b>	<b>18,844</b>	<b>20,839</b>	<b>22,475</b>	<b>23,193</b>
Percent Change		-40.3%	-12.5%	1.7%	1.4%	10.6%	7.9%	3.2%

Source: Department of Workforce Development & Department of Health and Family Services



ployment position and received a cash benefit under one of those W-2 employment positions. Alternatively, in some cases the W-2 applicant may have been determined to be eligible for case management services only. Those receiving only case management services include: (a) individuals who are currently working in unsubsidized employment and are receiving case management to retain or advance in their jobs; (b) individuals determined ready for unsubsidized employment who are con-

ducting job search activities; (c) pregnant women with no other children; (d) noncustodial parents; or (e) minor parents.

**Breakdown into W-2 Employment Positions.** During the month of September, 2004, DWD reported 15,849 cases receiving a W-2 cash benefit or case management services. Of those, 29.7% were placed in transitional placements, 37.1% were placed in a community service job, 0.2% were



placed in a trial job and 8.8% received a benefit as a caretaker of a child under 13 weeks of age. The remaining 24.2% were receiving case management services only.

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

*Kinship Care.* Counties began transitioning cases from AFDC to kinship care beginning January 1, 1997. Beginning April 1, 1997, all new cases were assessed for kinship care eligibility. As shown in the table, 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 6,232 in September, 2000, and was at 5,188 in September, 2004.

*Caretaker Supplement.* Beginning January 1, 1998, AFDC cases involving dependent children of SSI recipients were converted to the SSI caretaker supplement. The number of families receiving a caretaker supplement was 5,992 in September, 2004.

**Total Cases Receiving a Cash Benefit.** As shown at the bottom of Table 12, the number of cases receiving a cash benefit fell from nearly 35,000 in August, 1997, to about 18,300 in September, 1999, a decline of 47.7%. The caseload has increased each year since 1999, to about 23,200 in 2004. The 2004 caseload is 26.9% higher than the 1999 level and 33.6% lower than the 1997 level.

Historically, Wisconsin's AFDC caseload peaked at over 100,300 in April, 1986, and then began to decline. By 1990, the average monthly number of cases had fallen 19.2% as compared to the average monthly caseload for 1986. From 1991 to

1992 the average monthly number of cases increased slightly before beginning an extended decline. In March 1996, the caseload was 62,900, when the state implemented two significant reforms—the self-sufficiency first and pay-for-performance initiatives. By August, 1997, the caseload had declined 44.4% compared to the March, 1996, caseload. While there has been an increase in caseload over the past five years, since the peak caseload in April, 1986, the number of cases receiving cash benefits in Wisconsin has declined by 76.9%.

Nationwide, the number of families receiving cash benefits under the AFDC program increased nearly every year from 1986 to 1994. In 1986, there were approximately 11 million AFDC recipients, representing 4.6% 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 began to decline, and continued to decline after the enactment of the federal welfare reform legislation in August, 1996. According to the federal Department of Health and Human Services, from federal fiscal year 1996 to federal fiscal year 2002, caseloads declined in every state and territory but Guam, resulting in a drop in the caseload over that time period of 54.6% nationwide. As of June, 2003, the number of TANF recipients nationwide was 5.0 million, which represented 1.7% of the population.

It should be noted that it is unclear how many cases nationwide now receive benefits under programs similar to the kinship care program and the caretaker supplement program in Wisconsin. These cases are not all included in national caseload data because they are not all funded with TANF. Therefore, the national decline in caseloads of 54.6% is likely overstated by an unknown amount.

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

More information regarding the current W-2 caseload is presented in Attachments 3 through 6.

Attachment 3 shows the subsidized employment caseload for each W-2 agency in the state for October, 2004. Attachment 4 shows the number of W-2 participants in November, 2004, including both subsidized and unsubsidized employment, by age of the W-2 participant. All W-2 participants must be 18 years of age or older. Attachment 5 provides information regarding the number of children in W-2 groups, showing an average number of children of 2.0 per family. Finally, Attachment 6 provides information on the interaction between W-2 and other services. It shows the total number of cases where participants were receiving W-2 cash assistance and/or case management services for the month of April for the years 1998 through 2004. It compares the total W-2 caseload with the number of W-2 cases that also receive medical assistance, FoodShare, or child care services.

**Child Care Participation**

Child care subsidies have increased from \$84.5 million in 1997-98 (the program's first year

of operation under W-2) to \$269.9 million in 2002-03 and \$299.8 million in 2003-04.

Table 13 shows the recent level of growth in the subsidy program by comparing data for fiscal years 2002-03 and 2003-04. As reflected in the table the growth is due to the increase in childcare caseloads, as opposed to the average family subsidy amount, which has slightly declined over the two-year period. In addition, the type of child care being used has remained fairly constant at about 81% of families using more expensive licensed child care, as opposed to certified care.

**Table 13: Child Care Subsidy Program Growth**

	2002-03	2003-04	Growth
Average Monthly Subsidies	\$22,487,200	\$23,485,000	4.4%
Average Number of Children	48,600	51,300	5.7
Average Number of Families	27,900	29,500	5.7
Average Subsidy per Family	\$805	\$795	-1.3

Source: Department of Workforce Development

**ATTACHMENT 1**

**Child Care Copayment Schedule March 28, 2004\***

FPL	Gross Monthly Income by Family Size										Weekly Copay Requirement										
	2	3	4	5	6	7	8	9	10+		Children in Licensed Care					Children in Certified Care					
70%	\$729	\$914	\$1,100	\$1,285	\$1,471	\$1,656	\$1,842	\$2,027	\$2,213	\$5	1	2	3	4	5+	1	2	3	4	5+	
75	781	979	1,178	1,377	1,576	1,774	1,973	2,172	2,371	5	8	10	15	19	24	3	6	7	10	14	16
80	833	1,045	1,257	1,469	1,681	1,893	2,105	2,317	2,529	7	11	16	22	26	29	6	8	11	14	16	18
85	885	1,110	1,335	1,560	1,786	2,011	2,236	2,461	2,687	10	15	19	24	29	35	7	10	14	16	20	25
90	937	1,175	1,414	1,652	1,891	2,129	2,368	2,606	2,845	11	18	24	30	35	8	13	16	20	25		
95	989	1,241	1,492	1,744	1,996	2,248	2,499	2,751	3,003	15	22	29	35	43	56	10	16	20	25	30	30
100	1,041	1,306	1,571	1,836	2,101	2,366	2,631	2,896	3,161	16	24	31	39	45	57	11	16	22	27	32	32
105	1,093	1,371	1,649	1,928	2,206	2,484	2,762	3,041	3,319	19	26	34	41	48	65	14	18	24	24	28	34
110	1,145	1,436	1,728	2,019	2,311	2,602	2,894	3,185	3,477	22	30	35	43	50	72	15	20	25	25	30	35
115	1,197	1,502	1,806	2,111	2,416	2,721	3,025	3,330	3,635	24	31	39	46	52	81	17	22	27	27	32	38
120	1,249	1,567	1,885	2,203	2,521	2,839	3,157	3,475	3,793	26	34	41	48	56	85	18	24	28	28	34	39
125	1,301	1,632	1,964	2,295	2,626	2,957	3,289	3,620	3,951	30	35	43	50	57	91	21	25	30	30	35	40
130	1,353	1,698	2,042	2,387	2,731	3,076	3,420	3,765	4,109	31	40	48	57	65	100	22	27	34	34	39	46
135	1,405	1,763	2,121	2,478	2,836	3,194	3,552	3,909	4,267	34	43	52	63	72	110	24	30	37	37	43	50
140	1,457	1,828	2,199	2,570	2,941	3,312	3,683	4,054	4,425	35	45	56	65	75	120	25	32	39	39	45	52
145	1,509	1,893	2,278	2,662	3,046	3,430	3,815	4,199	4,583	39	48	57	67	77	130	27	34	40	40	48	53
150	1,561	1,959	2,356	2,754	3,151	3,549	3,946	4,344	4,741	41	50	60	69	80	150	28	35	42	42	49	56
155	1,613	2,024	2,435	2,846	3,256	3,667	4,078	4,489	4,899	43	52	62	71	82	170	30	38	43	43	50	57
160	1,665	2,089	2,513	2,937	3,361	3,785	4,209	4,633	5,057	46	56	65	75	84	200	32	39	46	46	53	59
165	1,717	2,155	2,592	3,029	3,466	3,904	4,341	4,778	5,215	47	57	67	76	86	220	33	40	48	48	54	60
170	1,769	2,220	2,670	3,121	3,571	4,022	4,472	4,923	5,373	48	60	70	80	89	240	34	42	49	49	56	61
175	1,821	2,285	2,749	3,213	3,676	4,140	4,604	5,068	5,531	49	62	72	82	91	260	34	43	50	50	57	63
180	1,874	2,351	2,828	3,305	3,782	4,259	4,736	5,213	5,690	51	64	75	85	93	280	35	45	53	53	59	66
185	1,926	2,416	2,906	3,396	3,887	4,377	4,867	5,357	5,848	52	66	76	86	96	300	36	48	56	56	60	67
190	1,978	2,481	2,985	3,488	3,992	4,495	4,999	5,502	6,006	53	67	80	88	97	320	39	49	58	58	62	70
195	2,030	2,546	3,063	3,580	4,097	4,613	5,130	5,647	6,164	56	69	82	91	101	340	39	50	57	57	64	71
200	2,082	2,612	3,142	3,672	4,202	4,732	5,262	5,792	6,322	57	70	84	93	103	360	40	52	59	59	66	71

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

\* Non-court ordered kinship care parents and teen parents who are not Learnfare participants are subject to the minimum copay which is found by selecting the lowest income line (70% FPL) and then finding the copayment listed, under either licensed care or certified care, 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 are not subject to copay requirements. Foster care and kinship care parents who have court-ordered placement of a child, as well as Learnfare and Food Stamp Employment and Training participants, are not subject to copay requirements.

Source: Department of Workforce Development



## ATTACHMENT 2 (continued)

### 2005 Maximum Child Care Reimbursement Rates

	Licensed Group						Licensed Family						Regularly Certified					Provisionally Certified					
	0-2 Weekly Ceiling	0-2 Hourly Rate	2-3 Weekly Ceiling	2-3 Hourly Rate	4-5 Weekly Ceiling	4-5 Hourly Rate	0-2 Weekly Ceiling	0-2 Hourly Rate	2-3 Weekly Ceiling	2-3 Hourly Rate	4-5 Weekly Ceiling	4-5 Hourly Rate	6+ Weekly Ceiling	6+ Hourly Rate	0-2 Hourly Rate	2-3 Hourly Rate	4-5 Hourly Rate	6+ Hourly Rate	0-2 Hourly Rate	2-3 Hourly Rate	4-5 Hourly Rate	6+ Hourly Rate	
Manitowoc	\$150.00	\$4.29	\$135.00	\$3.86	\$135.00	\$3.86	\$135.00	\$3.86	\$125.00	\$3.57	\$125.00	\$3.57	\$125.00	\$3.57	\$2.89	\$2.68	\$2.68	\$2.68	\$1.93	\$1.79	\$1.79	\$1.79	\$1.79
Marathon	210.00	7.00	180.00	6.00	165.00	5.50	140.00	4.67	130.00	4.33	125.00	4.17	125.00	4.17	3.50	3.25	3.13	3.13	2.33	2.17	2.08	2.08	2.08
Marquette	125.00	3.57	110.00	3.14	110.00	3.14	140.00	4.00	105.00	3.00	105.00	3.00	105.00	3.00	3.00	2.25	2.25	2.25	2.00	1.50	1.50	1.50	1.50
Marquette	144.00	4.80	135.00	4.50	124.00	4.43	135.00	4.50	135.00	4.50	135.00	4.50	135.00	4.50	3.38	3.38	3.38	3.38	2.25	2.25	2.25	2.25	2.25
Menominee	125.00	4.17	125.00	4.17	115.00	3.67	125.00	4.17	125.00	4.17	115.00	3.67	110.00	3.67	3.13	3.13	2.88	2.73	2.09	2.09	1.62	1.84	1.84
Milwaukee	235.00	7.83	206.00	6.87	178.00	5.93	195.00	6.50	172.62	5.75	165.00	5.50	160.00	5.33	3.66	3.24	3.09	3.00	2.44	2.16	2.06	2.00	2.00
Monroe	132.00	4.40	117.00	3.90	109.00	3.63	125.00	4.17	105.00	3.50	105.00	3.50	100.00	3.33	3.13	2.63	2.63	2.50	2.08	1.75	1.75	1.67	1.67
Oconto	160.00	5.33	130.00	4.33	120.00	4.00	125.00	4.17	112.50	3.75	110.00	3.67	112.50	3.75	3.13	2.81	2.75	2.81	2.08	1.88	1.83	1.88	1.88
Oneida	150.00	5.00	125.00	4.17	110.00	3.67	150.00	5.00	105.00	3.50	105.00	3.50	105.00	3.50	3.75	2.63	2.63	2.63	2.50	1.75	1.75	1.75	1.75
Outagamie	199.00	6.63	174.00	5.80	161.00	5.00	150.00	5.00	140.00	4.67	135.00	4.50	130.00	4.33	3.75	3.50	3.38	3.25	2.50	2.33	2.25	2.17	2.17
Ozaukee	217.75	6.22	200.00	5.71	175.00	5.00	170.00	5.67	170.00	5.67	165.00	5.50	165.00	5.50	4.25	4.25	4.13	4.13	2.83	2.83	2.75	2.75	2.75
Peplin	135.00	3.86	104.40	2.98	127.50	3.64	125.00	4.17	101.25	3.38	101.25	3.38	101.25	3.38	3.13	2.53	2.53	2.53	2.08	1.69	1.69	1.69	1.69
Pierce	165.00	5.50	155.00	5.17	135.00	4.17	127.50	4.25	125.00	4.17	115.00	3.83	110.00	3.67	3.19	3.13	2.88	2.75	2.13	2.08	1.92	1.83	1.83
Polk	130.00	4.33	125.00	4.17	115.00	3.67	120.00	3.43	110.00	3.14	110.00	3.14	110.00	3.14	2.57	2.36	2.36	2.36	1.71	1.57	1.57	1.57	1.57
Portage	178.00	5.93	155.00	5.17	145.00	4.50	145.00	4.83	140.00	4.67	135.00	4.50	135.00	4.50	3.63	3.50	3.36	3.38	2.42	2.33	2.25	2.25	2.25
Price	115.00	3.83	115.00	3.83	100.00	3.33	120.00	4.00	100.00	3.33	100.00	3.33	100.00	3.33	3.00	2.50	2.50	2.50	2.00	1.67	1.67	1.67	1.67
Racine	195.00	6.50	170.00	5.67	155.00	5.17	165.00	4.71	160.00	4.57	160.00	4.57	150.00	4.29	3.09	3.00	3.00	2.81	2.06	2.00	2.00	1.88	1.88
Richland	146.00	3.65	125.00	3.13	125.00	3.13	125.00	3.13	100.00	2.50	100.00	2.50	100.00	2.50	2.34	1.88	1.88	1.88	1.56	1.25	1.25	1.25	1.25
Rock	175.00	5.83	157.00	5.23	155.00	5.17	146.25	4.88	135.00	4.50	135.00	4.50	135.00	4.50	3.66	3.38	3.38	3.38	2.44	2.25	2.25	2.25	2.25
Rusk	120.00	4.00	105.00	3.50	105.00	3.50	112.50	3.75	100.00	3.33	100.00	3.33	100.00	3.33	2.81	2.50	2.50	2.50	1.88	1.67	1.67	1.67	1.67
St. Croix	195.00	6.50	175.00	5.83	160.00	5.33	155.00	5.17	140.00	4.67	135.00	4.50	135.00	4.50	3.88	3.50	3.38	3.38	2.58	2.33	2.25	2.25	2.25
Sauk	160.00	4.00	130.00	3.25	130.00	3.25	140.00	3.50	126.00	3.15	125.00	3.13	120.00	3.00	2.63	2.36	2.34	2.25	1.75	1.58	1.56	1.50	1.50
Sawyer	115.00	3.29	95.00	2.71	95.00	2.71	120.00	3.43	100.00	2.86	100.00	2.86	100.00	2.86	3.00	2.50	2.50	2.50	2.00	1.67	1.67	1.67	1.67
Shawano	135.00	4.50	120.00	4.00	115.00	3.83	125.00	4.17	120.00	4.00	110.00	3.67	105.00	3.50	3.13	3.00	2.75	2.63	2.08	2.00	1.83	1.75	1.75
Sheboygan	172.50	4.93	150.00	4.29	130.00	3.71	140.00	4.00	135.00	3.86	135.00	3.86	135.00	3.86	3.00	2.89	2.89	2.89	2.00	1.93	1.93	1.93	1.93
Taylor	115.00	3.83	115.00	3.83	115.00	3.83	100.00	3.33	100.00	3.33	100.00	3.33	100.00	3.33	2.50	2.50	2.50	2.50	1.67	1.67	1.67	1.67	1.67
Trempealeau	120.00	3.43	110.00	3.14	110.00	3.14	123.75	3.54	112.50	3.21	112.50	3.21	110.00	3.14	2.65	2.41	2.41	2.36	1.77	1.61	1.61	1.57	1.57
Vernon	135.00	3.38	105.00	2.63	105.00	2.63	100.00	2.50	100.00	2.50	100.00	2.50	100.00	2.50	1.88	1.88	1.88	1.88	1.25	1.25	1.25	1.25	1.25
Vilas	200.00	5.00	110.00	2.75	100.00	2.50	132.50	3.31	123.75	3.09	112.50	2.81	112.50	2.81	3.31	3.09	2.81	2.81	2.21	2.06	1.88	1.88	1.88
Walworth	160.00	4.00	140.00	3.50	126.00	3.15	150.00	3.75	125.00	3.13	125.00	3.13	120.00	3.00	2.81	2.34	2.34	2.25	1.88	1.56	1.56	1.50	1.50
Washburn	135.00	4.50	135.00	4.50	120.00	4.00	125.00	4.17	118.00	3.93	118.00	3.93	118.00	3.93	3.13	2.95	2.95	2.95	2.08	1.97	1.97	1.97	1.97
Washington	195.00	5.57	175.00	5.00	150.00	4.29	150.00	4.29	130.00	3.71	125.00	3.57	125.00	3.57	3.21	2.79	2.68	2.68	2.14	1.86	1.79	1.79	1.79
Waukesha	225.00	7.50	195.00	6.50	170.00	5.67	195.00	6.50	175.00	5.83	160.00	5.33	160.00	5.33	4.88	4.38	4.00	4.00	3.25	2.92	2.67	2.67	2.67
Waupaca	135.00	4.50	135.00	4.50	110.00	3.67	110.00	3.67	100.00	3.33	100.00	3.33	95.00	3.17	2.75	2.50	2.50	2.38	1.83	1.67	1.67	1.58	1.58
Waushara	128.00	4.27	123.00	4.10	118.00	3.93	123.75	4.13	112.50	3.75	112.50	3.75	112.50	3.75	3.09	2.81	2.81	2.81	2.06	1.88	1.88	1.88	1.88

## ATTACHMENT 2 (continued)

### 2005 Maximum Child Care Reimbursement Rates

	Licensed Group						Licensed Family						Regularly Certified				Provisionally Certified																				
	0-2 Weekly Ceiling	2-3 Hourly Rate	4-5 Weekly Ceiling	6+ Hourly Rate	0-2 Weekly Ceiling	2-3 Hourly Rate	4-5 Weekly Ceiling	6+ Hourly Rate	0-2 Weekly Ceiling	2-3 Hourly Rate	4-5 Weekly Ceiling	6+ Hourly Rate	0-2 Hourly Rate	2-3 Hourly Rate	4-5 Hourly Rate	6+ Hourly Rate	0-2 Hourly Rate	2-3 Hourly Rate	4-5 Hourly Rate	6+ Hourly Rate																	
Winnepago	\$205.00	\$6.83	\$167.00	\$5.57	\$154.00	\$5.13	\$145.00	\$4.83	\$150.00	\$5.00	\$135.00	\$4.50	\$130.00	\$4.33	\$130.00	\$4.33	\$3.75	\$3.38	\$3.25	\$3.25	\$2.50	\$2.25	\$2.25	\$2.08	\$1.92	\$2.17	\$1.92	\$1.92	\$2.17	\$1.83	\$1.83	\$2.08	\$2.08				
Wood	140.00	4.67	125.00	4.17	125.00	4.17	120.00	4.00	125.00	4.17	115.00	3.83	115.00	3.83	115.00	3.83	3.13	2.88	2.88	2.88	2.88	2.88	2.08	1.92	2.08	1.92	2.08	1.92	2.08	1.83	1.83	2.08	2.08				
<b>Tribes*</b>																																					
Bad River	\$132.50	\$4.42	\$132.50	\$4.42	\$120.00	\$4.00	\$120.00	\$4.00	\$120.00	\$4.00	\$100.00	\$3.33	\$10.00	\$3.33	\$100.00	\$3.33	\$3.00	\$2.50	\$2.50	\$2.50	\$2.50	\$2.50	\$2.00	\$1.67	\$1.67	\$1.67	\$1.67	\$1.67	\$1.67	\$1.67	\$1.67	\$1.67	\$1.67	\$1.67	\$1.67		
La Courte Oreilles	115.00	3.29	95.00	2.71	95.00	2.71	95.00	2.71	120.00	3.43	100.00	2.86	100.00	2.86	100.00	2.86	3.00	2.50	2.50	2.50	2.50	2.00	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	1.67	
Lac du Flambeau	200.00	5.00	110.00	2.75	100.00	2.50	110.00	2.75	132.50	3.31	123.75	3.09	112.50	2.81	112.50	2.81	3.31	3.09	2.81	2.81	2.81	2.21	2.06	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88	1.88	
Oneida	188.00	6.27	154.00	5.13	135.00	4.50	134.00	4.47	130.00	4.33	120.00	4.00	115.00	3.83	111.00	3.70	3.25	3.00	2.88	2.78	2.78	2.17	2.00	1.92	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	1.85	
Red Cliff	137.25	4.58	128.25	4.28	128.28	4.28	128.25	4.28	130.00	4.33	110.00	3.67	110.00	3.67	110.00	3.67	3.25	2.75	2.75	2.75	2.75	2.17	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83	1.83
Sokaogon	125.00	3.13	125.00	3.13	125.00	3.13	125.00	3.13	125.00	3.13	125.00	3.13	125.00	3.13	125.00	3.13	3.13	3.13	3.13	3.13	3.13	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08	2.08

\*Forest County Potawomi, HoChunk, St.Croix, and Stockbridge-Munsee do not administer a child care subsidy program.

Source: Department of Workforce Development

## ATTACHMENT 3

### Subsidized Employment Caseload By Agency October, 2004

<u>Agency</u>	<u>Total Cases</u>	<u>Trial Job</u>	<u>CSJ</u>	<u>Trans.</u>	<u>Parent of Infant</u>	<u>Agency</u>	<u>Total Cases</u>	<u>Trial Job</u>	<u>CSJ</u>	<u>Trans.</u>	<u>Parent of Infant</u>
<b>Counties</b>						<b>Counties</b>					
Adams	9	0	1	1	7	Sauk	10	0	0	1	9
Ashland	6	0	1	2	3	Sawyer	1	0	0	1	0
Barron	13	0	0	3	10	Sheboygan	72	0	30	27	15
Bayfield	6	0	3	3	0	Taylor	8	1	0	4	3
Brown	154	0	41	42	71	Trempealeau	18	0	0	13	5
Buffalo	5	0	1	3	1	Vernon	6	0	0	2	4
Burnett	1	0	0	1	0	Washburn	2	0	0	1	1
Calumet	6	0	3	0	3	Waupaca	15	0	0	8	7
Chippewa	23	0	4	5	14	Winnebago	72	0	7	40	25
Clark	15	0	7	7	1	Wood	44	0	20	13	11
Crawford	6	0	0	2	4	Subtotal	2,078	4	499	875	700
Dane	423	1	131	171	120	<b>Milwaukee Agencies</b>					
Dodge	41	0	6	24	11	OIC - Region 1	875	1	449	379	46
Door	11	0	7	2	2	UMOS - Region 2	1,037	3	514	460	60
Douglas	38	0	0	30	8	OIC - Region 3	1,965	4	1,119	717	125
Dunn	26	1	6	14	5	OIC - Region 4	1,801	3	989	684	125
Eau Claire	54	1	13	18	22	MAXIMUS - Region 5	1,943	9	1,114	721	99
Fond du Lac	84	0	18	41	25	MAXIMUS - Region 6	1,488	4	783	603	98
Grant	10	0	2	3	5	Subtotal	9,109	24	4,968	3,564	553
Green	14	0	1	5	8	<b>Other Non-County</b>					
Green Lake	2	0	0	1	1	Columbia	13	0	2	4	7
Iowa	4	0	0	3	1	Forest	9	0	1	6	2
Iron	2	0	0	1	1	Jackson	6	0	1	1	4
Jefferson	15	0	3	8	4	Juneau	9	0	2	5	2
Kenosha	251	0	49	132	70	Langlade	19	0	3	7	9
La Crosse	65	0	13	29	23	Lincoln	11	0	3	3	5
Lafayette	3	0	0	0	3	Menominee	3	0	1	1	1
Manitowoc	7	0	5	2	0	Monroe	22	0	1	12	9
Marathon	76	0	38	18	20	Oneida	12	0	4	5	3
Marinette	6	0	0	0	6	Ozaukee	19	0	1	12	6
Marquette	7	0	2	2	3	Pierce	8	0	2	5	1
Oconto	7	0	0	2	5	Shawano	15	0	1	7	7
Outagamie	43	0	12	13	18	St. Croix	8	0	1	4	3
Pepin	1	0	0	0	1	Vilas	7	0	2	3	2
Polk	6	0	1	5	0	Walworth	44	0	7	21	16
Portage	39	0	14	17	8	Washington	24	0	2	11	11
Price	6	0	0	4	2	Waukesha	102	0	19	46	37
Racine	163	0	25	57	81	Waushara	8	0	5	1	2
Richland	11	0	0	5	6	Subtotal	339	0	58	154	127
Rock	171	0	35	89	47	<b>Total</b>					
Rusk	0	0	0	0	0		11,526	28	5,525	4,593	1,380

Source: Department of Workforce Development.

**ATTACHMENT 4**

**W-2 Participants by Age  
Including Subsidized Employment and Case Management Cases  
November, 2004**

Age of W-2 Participant	Number of Participants
Under 20	1,253
20-24	4,549
25-29	3,294
30-34	2,402
35-39	1,758
40 and over	<u>2,118</u>
Total Participants	15,374

Source: Department of Workforce Development



## ATTACHMENT 5

### Number of Children in W-2 Assistance Groups November, 2004

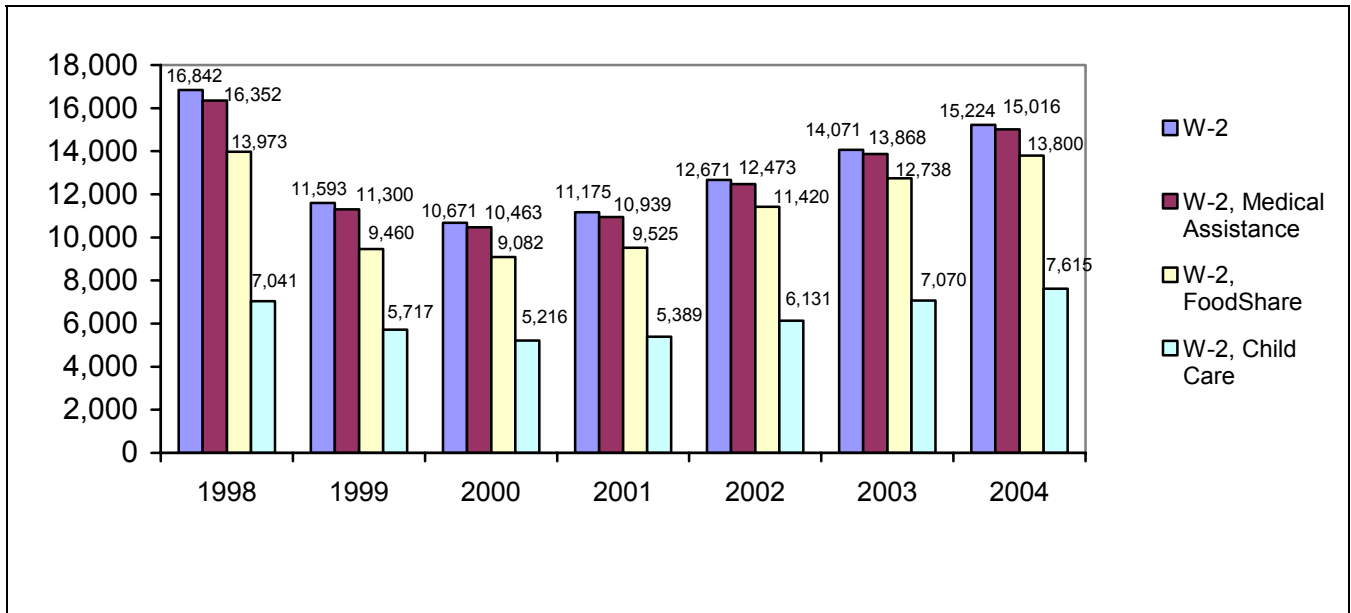
Number of Children	Number of Assistance Groups
0*	48
1	6,851
2	4,339
3	2,406
4 or more	<u>1,730</u>
Total Groups	15,374
Average Number of Children	2.0

\*Almost all were case management only pregnant women with no eligible children.

Source: Department of Workforce Development

## ATTACHMENT 6

### Interaction Between W-2 and Other Programs



- The W-2 cash benefit and case management caseload decreased from April, 1998, to April, 2000, by 36.6%. From April, 2000, to April, 2004, the caseload has increased 42.7%, but is still 9.6% lower than in 1998.
- Nearly all W-2 participants are also enrolled in medical assistance. The percentage of W-2 participants that are also enrolled in medical assistance ranged from a low of 97.1% in April, 1998, to a high of 98.6% in April, 2004.
- W-2 participants automatically meet the financial eligibility requirements for the FoodShare program. The percentage of W-2 participants that are also receiving FoodShare ranged from a low of 81.6% in April, 1999, to a high of 90.6% in April, 2004.
- About half of W-2 participants are eligible for child care subsidies. The percentage of W-2 participants eligible for child care subsidies ranged from a low of 41.8% in April, 1998, to a high of 50.2% in April, 2003. For April, 2004, 50.0% of W-2 participants were eligible for child care subsidies.

Source: Department of Workforce Development

## 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-Haitian immigrant 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; (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. Prior to 1999 Wisconsin Act 9, there was a 60-day residency requirement.

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 co-

operate may not be eligible until all members of the W-2 work 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 or other caretaker relative with whom the child is living; (b) the child for whom support is sought was conceived as a result of incest or sexual assault; (c) 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 (d) the parent is being assisted by a public or private social 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 care-

taker 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.

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 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 current support assigned to the state is passed through to the family.

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

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

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

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

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

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

## APPENDIX B

### 2004-2005 W-2 Agency Contract Performance Standards

<b>Mandatory Standards</b>			
<b>Criteria</b>	<b>Base Contract Benchmark</b>	<b>Right of First Selection Level</b>	<b>Performance Bonus</b>
<b>Meet Priority Participant Outcomes</b>			
<b>Entered Employment Placement Rate:</b> Number of W-2 and FSET participants who entered unsubsidized employment divided by total number of participants.	35% or more for full and part-time jobs	35% or more for full and part-time jobs	35% or more for full-time jobs only
<b>Basic Education Activities:</b> W-2 adults in appropriate education and training activities.	66% or more	66% or more	Not Applicable
<b>Literacy and Numeracy Gains:</b> W-2 participants enrolled in basic education, literacy skills, or English as a second language and who record a sustained, measurable increase in literacy or numeracy skills.	45% or more	45% or more	Not Applicable
<b>Attainment of Degree or Certificate:</b> W-2 participants who enter and complete an educational activity, job skills training, or technical college activity.	45% or more	45% or more	Not Applicable
<p><b>Customer Satisfaction Survey:</b> Satisfaction of W-2 and FSET participants with the W-2 agency with respect to four questions.</p> <p>1. W-2/FSET worker clearly explained available programs and services and how to receive them.</p> <p>2. Staff returned phone calls within two business days.</p> <p>3. Staff set meeting times that fit into participants' schedule and service was satisfactory.</p> <p>4. Overall, participant is satisfied with the service received from the entire W-2/FSET staff in the past two months.</p>	<p>On a ten-point scale, the score should be at or greater than:</p> <p>Question 1 -- 7.4</p> <p>Question 2 -- 7.0</p> <p>Question 3 -- 7.3</p> <p>Question 4 -- 7.4</p>	<p>On a ten-point scale, the score should be at or greater than:</p> <p>Question 1 -- 7.4</p> <p>Question 2 -- 7.0</p> <p>Question 3 -- 7.3</p> <p>Question 4 -- 7.4</p>	<p>On a ten-point scale, the score should be at or greater than:</p> <p>Question 1 -- 7.8</p> <p>Question 2 -- 7.4</p> <p>Question 3 -- 7.9</p> <p>Question 4 -- 7.9</p>

<b>Mandatory Standards (continued)</b>			
<b>Criteria</b>	<b>Base Contract Benchmark</b>	<b>Right of First Selection Level</b>	<b>Performance Bonus</b>
<p><b>Appropriate W-2 Placement:</b> Appropriate placement in unsubsidized employment or subsidized employment position.</p> <p>A. Percentage with assessment within 30 days.</p> <p>B. Percentage of W-2 transitional placements with an assessment by a medical professional within 30 days.</p> <p>Both must be met.</p>	<p>At least 80%</p> <p>At least 80%</p>	<p>At least 80%</p> <p>At least 80%</p>	<p>Not Applicable</p>
<p><b>Extension Requests for W-2 participants:</b> Timely processing of 24- and 60-month extension requests, including extension denials by the W-2 agency or DWD, as well as extension approvals that are entered into CARES in a timely manner.</p>	<p>At least 95%</p>	<p>At least 95%</p>	<p>Not Applicable</p>
<p><b>Contract Performance:</b> W-2 agencies must meet certain criteria for the entire contract period or face revocation of right of first selection.</p> <p>1. Contract Compliance. W-2 agency has not been subject to a corrective action plan for substantial noncompliance under the 2004-2005 W-2 contract.</p> <p>2. W-2 agencies must meet financial management, including submission of timely audits and have no significant audit findings.</p> <p>3. W-2 agencies will maintain an acceptable level of performance on the entered employment, job retention, and earnings gain based on unemployment insurance (UI) data.</p> <p>4. W-2 agencies will maintain an acceptable level of performance and monitoring.</p>	<p>1. Must meet</p> <p>2. Must meet</p> <p>3. UI entered employment -- 48.1% and border county credit entered employment -- 16.3%</p> <p>UI job retention -- 30.8% and border county credit job retention -- 10.2%</p> <p>UI earnings gain -- 17.5% and border county credit earnings gain -- 8.4%</p> <p>4. Monitoring results must remain satisfactory</p>	<p>1. Must meet</p> <p>2. Must meet</p> <p>3. UI entered employment -- 48.1% and border county credit entered employment -- 16.3%</p> <p>UI job retention -- 30.8% and border county credit job retention -- 10.2%</p> <p>UI earnings gain -- 17.5% and border county credit earnings gain -- 8.4%</p> <p>4. Monitoring results must remain satisfactory</p>	<p>1. Must meet</p> <p>2. Must meet</p> <p>3. UI entered employment -- 49.8% and border county credit entered employment -- 18.0%</p> <p>UI job retention -- 32.0% and border county credit job retention -- 11.4%</p> <p>UI earnings gain -- 19.3% and border county credit earnings gain -- 10.2%</p> <p>4. Monitoring results must remain satisfactory</p>
<b>For Information Only</b>			
<p><b>Barriers Screened:</b> Completion rate of W-2 participants who are required to be offered the barrier screening tool.</p>	<p>Not Applicable</p>	<p>Not Applicable</p>	<p>Not Applicable</p>
<p><b>Barriers Assessed:</b> Completion rate of formal assessments due to barriers identified by the barrier screening.</p>	<p>Not Applicable</p>	<p>Not Applicable</p>	<p>Not Applicable</p>

## APPENDIX C

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

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#### TANF Funding

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Wisconsin's annual TANF block grant allocation from the federal government is currently \$318.2 million. Under federal law, a tribal organization in a state may elect to operate a separate tribal public assistance program. For a tribe that submits an acceptable plan, the federal government will provide funding to the tribe and reduce the state's TANF block grant by an equivalent amount. After accounting for the eight separate tribal programs (Bad River, Potawatomi, Red Cliff, Sokaogon, Lac du Flambeau, Stockbridge-Munsee, Oneida, and Menominee), Wisconsin's annual TANF grant is \$314.5 million.

It should be noted that the TANF legislation expired on September 30, 2002. However, Congress has signed a continuing resolution extending the program and funding through March 31, 2005. At that time, the TANF legislation will need to be extended or reauthorized and the amount of the grant could change. In addition, state funding is provided for the W-2 program under maintenance-of-effort requirements. The MOE requirements are discussed in the following section.

#### General Requirements

There are three ways in which a state may use TANF funds. First, a state may transfer up to 30% of the TANF block grant to the programs funded by the federal child care block grant and the social services block grant (SSBG). 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. In Wisconsin, the income limits range from 115% of the federal poverty level for W-2 employment positions to 250% of the federal poverty level for the domestic violence program. These income limits could be higher; however, the state must be able to justify that the income limit chosen is a low-income standard.

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

MOE funds discussed later in this appendix.

### **Expenditures Classified as Assistance**

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

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

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

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

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

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

If the federal government determines that a state has not complied with the time limit, there will be a 5% grant reduction. The TANF regulations indicate that this penalty may be avoided only if: (a) the failure is due to extensions in cases of domestic abuse; (b) the state had reasonable cause due to natural disasters, incorrect federal guidance, or isolated problems of minimal impact; or (c) the state achieves compliance under a corrective compliance plan.

*Work Participation Requirements.* Federal law requires that an individual who is receiving TANF assistance engage in work once the state determines the individual is ready, or after 24 months of receiving TANF assistance, whichever is earlier. For purposes of this provision, the types of required work activities are defined by the state. If a



parent or caretaker has received assistance for two months, they must participate in community service employment unless the recipient is participating in work requirements or the state has exempted the recipient from work requirements.

In addition, the state must meet certain minimum work participation rates or incur financial penalties. For purposes of the work participation targets, federal law defines the types of activities that may be counted. The state's work participation rates may be reduced based on caseload reductions that have occurred since 1995. However, states may not count caseload reductions that have occurred due to changes in federal requirements or state eligibility requirements.

Table 14 shows the following information for all families and two-parent families by federal fiscal year: the original federal work participation requirement; the credit Wisconsin received for reduced caseloads; the adjusted target; and the actual worker participation rate.

**Table 14: Worker Participation Rates**

FFY	All Families				Two-Parent Families			
	Federal Target	Credit	Adjusted Target	Actual	Federal Target	Credit	Adjusted Target	Actual
1998	30%	-42%	0%	64%	75%	-73%	2%	39%
1999	35	-70	0	80	90	-70	20	56
2000	40	-50	0	73	90	-69	21	35
2001	45	-73	0	75	90	-73	17	39
2002	50	-72	0	69	90	-72	18	39
2003	50	-52	0	67	90	-69	21	40
2004	50	-50	0	61*	90	-69	21	33*

\*Preliminary estimates

If a state does not comply with the minimum participation requirements, the federal government can reduce the TANF grant from 5% to 21%, depending on how many years the state fails to meet the requirements and the degree of noncompliance. However, federal law states that grant reductions will be based on the degree of noncompliance and penalties may be reduced if

penalties may be reduced if non-compliance was due to a high rate of unemployment or extraordinary circumstances, such as a natural disaster or regional recession.

Recipients who refuse to work must be penalized unless they have good cause as defined by the state. The family's grant award must be reduced at least by the pro-rata share of the award for the time the family refused to comply with work requirements. If a state does not impose penalties on families, the TANF grant can be reduced from 1% to 5%.

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

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

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

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

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

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

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

States have the option to provide TANF assis-

tance 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, and certain victims of domestic violence.

Refugees, asylees, and immigrants who have been granted withholding of deportation, certain permanent residents, veterans, active duty military personnel, spouses and dependents of veterans or active duty military personnel, and Cuban-Haitian refugees who enter the country after August 22, 1996, are eligible for TANF funded assistance for five years after the date they enter the country. After this time, the state has the option to provide assistance to these families.

Other 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.

Immigrants who are not qualified generally include illegal immigrants, immigrants who are categorized as persons residing under the color of law (PRUCOL aliens), temporary agricultural workers, and asylum applicants. These non-qualified 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 moni-

**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 1 <sup>st</sup> and 2 <sup>nd</sup> purposes of TANF. If commingled, income standard required for all TANF purposes.	If TANF only, income standard only required for 1 <sup>st</sup> and 2 <sup>nd</sup> purposes of TANF. If commingled, 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, admin. 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	No
Work sanctions	Yes	No	Yes	No
Minor parent requirements	Yes	No	No	No
Data reporting requirements	Yes	No	Yes	Yes, if states want high performance bonus or 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 cost cap	Yes	Yes	Yes	Yes

toring activities are not subject to the 15% limit.

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

States can avoid some penalties by demonstrating reasonable cause or by obtaining approval of a corrective compliance plan which identifies time periods and milestones to correct the problem. Reasonable cause can only be due to natural disasters, incorrect federal guidance, isolated problems of minimal impact, or the need to divert resources to year 2000 compliance. If a state fails to meet the provisions of its corrective compliance plan but made significant progress or could not correct the problem because of a natural disaster or recession, the federal government may impose a lower penalty.

### **Child-Only Cases**

In some cases, only the child receives assistance. In Wisconsin, this is the case for the kinship care program and the SSI caretaker supplement. Since the work requirements and time limits only apply to parents and adult heads of households, these provisions do not apply to child-only cases.

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

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Under federal law, a state must spend an amount of state dollars equal to 75% of historic state expenditures if the state meets federal mandatory work requirements, or 80% if the state does not meet these requirements. Historic state expenditures generally means federal fiscal year 1994 expenditures for the former AFDC and JOBS programs, AFDC-emergency assistance, AFDC-related child care, and at-risk child care. In addition, the MOE requirement may be reduced by the percentage reduction in the state's TANF block grant attributable to tribal programs. The state's annual MOE requirement is \$167.6 million, based on 75% 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.

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

Expenditures for eligible families that may count toward the MOE include: (a) cash assistance; (b) child care assistance; (c) educational activities to increase self-sufficiency, job training and work; (d) any other use of funds that would accomplish the purposes of the TANF program, described in the previous section; 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 or assistance to a member of an eligible family 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. 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.

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 15.

(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 requirements, 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.

Table 16 shows the amount of MOE that DWD reported to the federal government for FFY 04.

**Table 16: TANF MOE Federal Fiscal Year 2004 As Reported by DWD (In Millions)**

GPR Appropriated in DWD	\$157.5
DHFS – AODA Funds	4.8
DHFS -- Burials	1.2
Child Support – Pass Through to W-2 Participants	3.6
Emergency Assistance Payments	1.2
FoodShare for Qualified Aliens	0.1
Job Access Loans	-0.8*
Total MOE Reported	\$167.6
 MOE Requirement	 \$167.6

\*Repayments exceeded expenditures in FFY 2004.

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## Federal Child Care Program and Funding

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### Financing

The child care and development block grant (CCDBG) provides a combination of discretionary and entitlement funds for child care services for low-income families and to improve the quality and supply of child care for all families. States receive 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. Discretionary funds must be obligated in the year received or in the following year. Unused funds are reallocated.

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

Second, after the mandatory entitlements are allocated, any remaining entitlement funds are distributed according to each state's share of children under age 13. States must meet maintenance-of-effort and matching requirements for these funds. Specifically, states must spend all of their "mandatory" entitlement funds plus state funds equal to 100% of the amount spent in FFY 94 or FFY 95, whichever is higher, under the AFDC-related child care programs. In addition, states must provide matching funds at the FFY 95 medicaid matching rate (approximately 42% in Wisconsin). Matching funds must be spent within the year received or obligated in the year received and spent within the next fiscal year.

Wisconsin's CCDBG funding for FFY 2004 totaled \$81.7 million, which is made up of the following allocations: (a) \$30.5 million in discretionary

funds; (b) \$24.5 million in mandatory entitlement funds; (c) \$26.4 million in matching entitlement funds; and (d) \$0.3 million in reallocated awards received in FFY 2004.

### Eligibility

Under the federal CCDBG program, states are allowed to provide services to children in families with income equal to or less than 85% of the state's median income. According to the U.S. Census Bureau, the estimated median income for a Wisconsin family of four in FFY 2005 is \$66,988 (85% of which is equal to \$56,940). 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 (\$34,873 for a family of four in 2004), who remain eligible until income exceeds 200% of poverty (\$37,700 for a family of four in 2004).

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

### Use of Funds

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

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

b. CCDBG funds may be used for child care

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

c. States are required to spend a minimum of 4% of their child care allotments (discretionary and entitlements) for consumer education activities for parents and the public, to increase parental choice, and to improve quality and availability (including resource and referral services).

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

e. 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.

f. There are specific federal requirements in regard to sectarian providers of child care services. Funds received through direct grants or contracts with a government agency may not be used for any sectarian purpose or activity, including religious worship, and instruction. However, a sectarian provider that receives a child care certificate or voucher from a parent is not so restricted.

g. No more than 5% of a state's federal child care allotment may be used for administrative costs. In addition, states must submit two-year plans to the federal Secretary of the Department of Health and Human Services, in conformance with federal requirements, outlining how child care programs will be administered. States are also required to submit disaggregated data on children and families receiving subsidized child care to the federal Department of Health and Human Services every quarter and aggregate data twice each year.

Federal CCBDG 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.