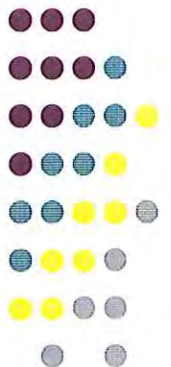




# Wisconsin Works (W-2) and Other Economic Support Programs

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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 Under 1993 Wisconsin Act 99, the AFDC program was to be repealed on January 1, 1999, and the Department of Health and Social Services was required to submit to the Legislature a proposal for welfare reform in Wisconsin that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 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.

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

As shown in Table 1, \$615.0 million in 2009-10 was expended in DCF and other agencies for W-2 and other TANF-funded programs. State general purpose revenue (GPR) expenditures for the program totaled \$194.4 million. Federal funding (FED) includes the federal TANF block grant, child care block grant funding, one-time funding under the federal American Recovery and Reinvestment Act of 2009 (ARRA), 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 low-income public benefits funding, which is transferred to DCF to support W-2.

**Table 1: W-2 and Other TANF-Funded Programs Total Expenditures (2009-10)**

GPR	\$194,359,400
PR	5,513,000
SEG	9,139,700
FED	<u>405,966,300</u>
Total	\$614,978,400

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 E 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.

Since enactment of 1995 Wisconsin Act 289, other state legislation has modified the W-2 program. Many of the statutory modifications and funding changes can be found in each of the biennial budget acts since enactment of the original legislation. For example, 2007 Wisconsin Act 20, the 2005-07 biennial budget act, transferred W-2 and all TANF-related programs from the Department of Workforce Development (DWD) to DCF, beginning July 1, 2008.

It should be noted that the federal TANF program was set to sunset on September 30, 2002. However, Congress passed a number of continuing resolutions to extend the program through March 31, 2006. Congress then reauthorized the program

through September 30, 2010, at the same funding levels, by including the reauthorization provision in P.L. 109-171, the Deficit Reduction Act of 2005. The Deficit Reduction Act made several changes to the program, including new work participation verification procedures, a change in the credit states receive for work participation rates, elimination of high performance bonus funds, and new grants to promote healthy marriage and responsible fatherhood. A continuing resolution was passed to extend the TANF program until December 3, 2010. Another extension was included in the federal Claims Resettlement Act of 2010, which extended the TANF program until September 30, 2011. The extension eliminated the appropriation for the TANF contingency fund and added new reporting requirements. Most of these changes are discussed in further detail in Appendix E.

In addition to the continuing resolutions, reauthorization, and extensions, the federal ARRA temporarily modified the TANF program by providing additional child care and TANF emergency funding through September 30, 2010. The TANF emergency fund is discussed in further detail in Appendix E.

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## **W-2 Employment Positions**

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Under the original W-2 program, participants were assigned by the local W-2 agency to either unsubsidized employment or one of three types of subsidized employment. Subsidized employment included trial jobs, community service jobs (CSJs), and transitional placements. Provisions of 2009 Wisconsin Act 28 created a new subsidized private sector employment position. In addition, there was a real work, real pay pilot project, similar to trial jobs, which ended December 31, 2009.

Act 28 also authorized a transitional jobs demonstration project for low-income adults that are ineligible for W-2. While not part of the W-2 program,

this demonstration project is described in this paper as a similar job program for low-income adults.

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 alien.
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 co-parent, 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 for W-2 services.

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

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

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

**Financial Eligibility Requirements.** An individual also must meet all of the following financial eligibility requirements in order to qualify for a W-2 employment position 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, parent of infant grant, and high-risk pregnancy grant; (b) kinship care and foster care payments received for children who are not included in the W-2 group; (c) federal and state earned income tax credits; (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 scholar-

ship 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 low-income energy assistance.

**State Sixty-Month Time Limit.** In addition to the above requirements, the length of time an adult in a 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 re-

duced 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 obtaining 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 24,435 in September, 2010, 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 4,887 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, 2010, there were 685 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 DCF 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 and hold 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 only if the applicant needs extra time to meet verification requirements.

The financial and employment planner is required to develop a written employability plan, in consultation with the W-2 participant, 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 em-

ployment 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.

**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, Educ. and Training
Trial Job	At least min. wage	\$300	N.A.
Community Service Job	\$673	N.A.	40
Transitional Placement	628	N.A.	40
Subsidized Private Sector Job	At least min. wage	N.A.	N.A.
Technical College Program - CSJ	673	N.A.	40
Technical College Program - Transitional Placement	628	N.A.	40
Parent of Infant	673	N.A.	0
At-Risk Pregnant Woman	673	N.A.	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

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.

Prior to June of 2007, individuals who had been determined by the financial and employment planner as appropriate for placement into unsubsidized employment could have been either employed or unemployed. Unemployed individuals could receive case management services to assist in finding a job if they stated in writing that they wished to receive such services.

An unemployed individual could have been placed in the unsubsidized employment (or "job-ready") category if the individual displayed all of the following characteristics: (a) had no barriers to work which could not be addressed through supportive services; (b) was capable of working and had a willing attitude; (c) had a steady and/or recent working experience; and (d) had an educational or training background that allowed the individual to compete for available jobs in the unsubsidized labor market.

For an unemployed individual placed in the unsubsidized employment category, DWD required the financial and employment planner to maintain contact with the individual at least once per week. If the participant had not obtained unsubsidized employment within 30 days, the financial and employment planner had to consider placing the individual in a trial job or a community service job

However, on June 19, 2007, the Court of Appeals issued a decision that prohibited DWD from placing an unemployed individual in the unsubsidized employment category.

In *Weston v. Wisconsin Department of Workforce Development* and *Nelson v. Wisconsin Department of Workforce Development*, both women were unemployed and were placed in the "job-ready" category for case management services only. As a result, neither woman received a monthly benefit payment.

These women challenged this placement as contrary to the Wisconsin statutes that implement the W-2 program. The court found that the statutory definition of unsubsidized employment necessitates that there be employment and an employer. There-

fore, unemployed individuals, who do not have employment or an employer, could not be appropriately placed in unsubsidized employment. This decision eliminated the "job-ready" category for unemployed applicants.

Instead, participants who are ready for work, but are unemployed, must be placed in a trial job, community service job, or transitional placement, and must receive public assistance benefits associated with that placement as described below.

2009 Wisconsin Act 28 further specified that DCF must include a provision in the 2010-2012 contracts that prohibits a W-2 agency from requiring a W-2 applicant or participant to conduct a job search prior to actual participation in W-2 such that the effect is to delay, during the job search, the individual's participation in and receipt of benefits under W-2.

For individuals who move from a subsidized employment position to an unsubsidized job, W-2 agencies must provide follow-up case management services for at least 12 months. These services include: employment skills training; 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.

**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.

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.

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.

Prior to 2009 Act 28, a W-2 participant could participate in a trial job for a maximum of three months, with an opportunity for a three-month extension. Participants could participate in more than one trial job, but generally could not exceed a total of 24 months of participation in all trial job placements. This limit could have been extended on a case-by-case basis. Act 28 eliminated these limits. As a result, only the 60-month time limit applies.

**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 DCF by rule and include a course of study for GED or high school equivalency, technical college courses, and educational courses that provide an employment skill. Permissible educational and training activities also include employer-sponsored training, English as a second language, and basic educational courses that the W-2 agency determines would facilitate the individual's efforts to obtain employment.

The W-2 agency may require a community service job participant to work for the number of hours determined by the W-2 agency to be appropriate for the participant at the time of application or review. A W-2 agency may not require a participant to

spend more than 40 hours per week in combined work and educational activities. Prior to Act 28, a community service job participant could work up to 30 hours per week in work activities and up to 10 hours per week in educational and training activities. Act 28 eliminated this distinction and places a maximum of 40 hours per week for all of these activities.

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

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

Prior to 2009 Act 28, an individual could participate in a community service job for a maximum of six months, with an opportunity for a three-month extension. An individual could have participated in more than one community service job, but generally could not exceed a total of 24 months of participation in all community service job placements. This limit could have been extended on a case-by-case basis. Act 28 eliminated these limits. As a result, only the 60-month time limit applies.

**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 engage in work activities (including the AODA, mental health, counseling, and physical rehabilitation activities identified above) and education and training activities for no more than 40 hours per week. Prior to Act 28, a transitional placement participant could work up to 28 hours per week in work activities and up to 12 hours per week in educational and training activities. Act 28 eliminated this distinction and places a maximum of 40 hours per week for all of these activities.

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.

Prior to 2009 Act 28, an individual could participate in a transitional placement for a maximum of 24 months. The 24-month period could have been extended on a case-by-case basis. Act 28 eliminated these limits. As a result, only the 60-month time limit applies.

**Subsidized Private Sector Employment.** Provisions of 2009 Act 28 created a new W-2 employment position, the subsidized private sector employment position. Similar to a trial job, the subsidized private sector employment position would pay a participant state or federal minimum wage, whichever is higher. However, rather than pay a subsidy to an employer, participants would work in projects that DCF determines would serve a useful public purpose or projects where the cost is partially or wholly offset by revenue generated from such projects. An individual may participate for a maximum of six months, with an opportunity for an extension.

This W-2 employment position is to become operational only if the DCF Secretary: (a) structures the position in such a manner that the total cost for a participant does not exceed what the total cost would be for the participant in the community service job program; (b) determines that the cash flow to a participant in the position, including the advance payment of any tax credit, is not less than what the cash flow would be to a community service job participant; and (c) determines that administering the position is permitted under federal law or under a waiver, or an amendment to a waiver, approved by the federal Department of Health and Human Services for the operation of W-2. DCF is required to seek any waivers, amendments, or federal changes necessary in order to implement this W-2 employment position.

DCF indicates that the subsidized private sector employment position is on schedule to be implemented March 1, 2011. The position would be similar to a community service job in that participants would be able to earn up to \$673 per month, but

they would have more opportunities for work experience. DCF anticipates that an emergency rule to implement this W-2 employment position will be promulgated after January 1, 2011.

**Technical College Program for Community Service Job and Transitional Placements.** 1999 Wisconsin Act 9 allowed community service job and transitional placements to participate in a technical college program.

All of the following requirements must be met to participate in the technical college program: (a) the W-2 agency, in consultation with the community steering committee required under W-2 and the technical college district board, determines that the technical college education program is likely to lead to employment; (b) the participant maintains full-time status in the technical college education program, as determined by the technical college, and regularly attends all classes; (c) the participant maintains a grade point average of at least 2.0, or the equivalent as determined by the technical college; and (d) the participant is employed or engages in a community service job or transitional placement for 25 hours per week.

Participants can be in this program for a maximum 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.

**Real Work, Real Pay Pilot Project.** Provisions under 2007 Wisconsin Act 20 established a demonstration project for W-2 participants called the real work, real pay pilot project. Placement into the pilot project was similar to trial job placements in that they were intended to give participants real work experience. However, W-2 agencies reimbursed employers participating in the real work, real pay pilot project more than the \$300 monthly subsidy provided under a trial job placement. W-2 agencies were required to pay a wage subsidy to a participating employer in an amount that did not exceed the federal minimum wage for 30 hours of work each

week. In addition, W-2 agencies were required to reimburse the employer for up to 100% of all of the following costs related to the W-2 participant's employment: (a) federal social security taxes; (b) state and federal unemployment contributions or taxes, if any; and (c) worker's compensation insurance premiums, if any.

The real work, real pay pilot project began on June 1, 2008, and ended on December 31, 2009. The pilot project was limited to 100 W-2 participants and operated in one geographic area in Milwaukee County (administered by Policy Studies Inc.) and two geographic areas outside of Milwaukee County (Kenosha County and Marathon County). Participation in the pilot project was limited to six months, with an opportunity for a three-month extension.

W-2 agencies and employers were required to work together to find a mentor for a W-2 participant in the pilot project at the participant's work site. The W-2 agency was required to pay the mentor a monthly stipend of \$50.

Employers that participated in the pilot project were required to make a good faith effort to hire the W-2 participant as a permanent unsubsidized employee after the employer's wage subsidy ended if the W-2 participant successfully completed participation in the pilot project. If the employer did not hire the W-2 participant, then the employer had to either: (a) serve as an employment reference; or (b) provide DCF with a written performance evaluation of the W-2 participant, including recommendations for improvement.

All provisions of the statutes related to the trial job program, such as eligibility criteria, also applied to the real work, real pay pilot project.

An evaluation of the real work, real pay pilot project is expected to be completed in early 2011.

**Transitional Jobs Demonstration Project.** Provisions of 2009 Act 28 also required DCF to conduct a demonstration project that offers transitional jobs to low-income adults if DCF could obtain federal

funds to operate the demonstration project.

Act 28 specified that in order to be eligible for the demonstration project, an individual must satisfy all of the following criteria: (a) be at least 21 years of age, but not more than 64 years of age; (b) be ineligible for W-2; (c) have an annual household income below 150% of the federal poverty level; (d) be unemployed for at least four weeks; and (e) be ineligible to receive unemployment insurance benefits.

In addition, emergency rules promulgated by DCF indicate that if the employment of an individual as a transitional worker is expected to be funded with TANF funds, then the individual must be one or more of the following at the time of eligibility determination: (a) less than 25 years of age; (b) the biological or adoptive parent of a child under the age of 18; or (c) a primary relative caregiver for a child under the age of 18. This additional requirement is necessary to comply with federal TANF regulations.

Act 28 also required DCF to provide up to 2,500 jobs under the project, allocated among the following counties in the same proportion as the total number of W-2 participants were allocated among those counties as of June 30, 2009: Milwaukee, Dane, Racine, Kenosha, Rock, Brown, and other regions determined by DCF.

Pursuant to Act 28, DCF has established a two-year demonstration project, beginning July 1, 2010, funded from the TANF emergency fund. Organizations participating in the demonstration project include: (a) Goodwill Industries of Southeastern Wisconsin, Inc.; (b) Policy Studies, Inc.; (c) Milwaukee Careers Cooperative; (d) United Migrant Opportunities Services; (e) Milwaukee Area Workforce Investment Board; (f) Silver Spring Neighborhood Center; (g) Step Industries; (h) Racine County Human Services Department; (i) Forward Service Corporation; (j) Workforce Development Board of South Central Wisconsin; (k) Community Action, Inc.; (l) Workforce Connections, Inc.; (m) Workforce Resource, Inc.; (n) Sheboygan County Health and Hu-

man Services; (o) Washington, Ozaukee, and Waukesha (WOW) Workforce Development Board; (p) Northwest Wisconsin Concentrated Employment Program; and (q) Indianhead Community Action Agency.

These organizations represent the following counties: Ashland, Barron, Bayfield, Brown, Burnett, Chippewa, Clark, Columbia, Dane, Dodge, Douglas, Dunn, Eau Claire, Iron, Jefferson, Kenosha, La Crosse, Manitowoc, Marquette, Milwaukee, Outagamie, Ozaukee, Pepin, Pierce, Polk, Price, Racine, Rock, Rusk, Sauk, Sawyer, Sheboygan, St. Croix, Taylor, Washburn, Washington, and Waukesha.

**Enhanced Trial and Transitional Jobs.** 2009 Wisconsin Act 333 authorizes DCF to modify the trial jobs and transitional jobs if DCF determines that these modifications are the preferred mechanism for obtaining some or all of the available TANF emergency funds.

*Trial Jobs.* Act 333 would modify the trial job program to provide a wage subsidy to an employer equal to the amount of wages that the employer actually pays the participant, up to 40 hours per week at minimum wage, rather than \$300 per month under current law. The employer would also be required to employ the participant at least 20 hours per week at a location in Wisconsin. Finally, a participant would be allowed to work in an enhanced trial job for a maximum of 1,040 hours, including education and training activities.

*Transitional Jobs.* Act 333 would modify the transitional jobs demonstration project to: (a) provide a wage subsidy to an employer equal to the amount of wages that the employer actually pays the participant, up to 40 hours per week at minimum wage; (b) require the employer to employ the participant at least 20 hours per week; and (c) allow a participant to work in a transitional job for a maximum of 1,040 hours. In addition, the employer would be required to pay the individual for hours actually worked, up to 40 hours per week at not less than minimum wage.

Act 333 would eliminate the maximum number of 2,500 transitional jobs and the allocation of these jobs among specific counties. As a result, the transitional jobs demonstration project would be a state-wide program with no limit on the number of participants.

Act 333 would specify that employment of an individual in a transitional job could not do any of the following: (a) have the effect of filing a vacancy created by an employer terminating a regular employee or otherwise reducing its work force for the purpose of hiring an individual under the transitional jobs demonstration project; (b) fill a position when any other person is on layoff or strike from the same or a 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.

*Effective Dates.* The provisions of Act 333 would only take effect if DCF determines that these changes are the preferred mechanism for obtaining some or all of available TANF emergency funds. DCF has to publish a notice in the Wisconsin Administrative Register that states the date on which DCF made that determination, and the provisions of Act 333 take effect on that date. To end the enhanced provisions of Act 333 and resume current law regarding the trial job program and the transitional jobs demonstration project, DCF has to publish another notice in the Wisconsin Administrative Register that states the date DCF determines that TANF emergency funds may no longer be obtained, and these enhanced provisions sunset on that date.

DCF has published a notice in the Wisconsin Administrative Register that triggers the enhanced provisions of Act 333. As of July 1, 2010, the provisions of Act 333 have taken effect.

DCF has published another notice in the Wisconsin Administrative Register on October 15, 2010, to end the Act 333 enhanced trial job program retroactive to October 1, 2010. A publication date relating to the transitional jobs demonstration

project has not yet been determined.

Before the enhanced trial jobs took effect, the caseload in June, 2010, for trial jobs was 14. During the enhanced trial jobs period the caseload was: (a) 15 in July; (b) 27 in August; and (c) 20 in September. After the enhanced trial jobs program ended, the caseload for the trial jobs program was at 16 in October and 18 in November of 2010.

**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. This means that the second parent would be assigned to at least 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. DCF 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, the state and federal minimum wage is generally \$7.25 per hour. As noted, hours spent participating in educational and training activities are included in determining the number of hours worked 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 at the time this law went into effect. 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; (c) lack of transportation; (d) W-2 group member's illness, injury, disability, or incapacity; (e) accommodations necessary to participate are not available to complete the assigned activity; (f) conflict with another assigned W-2 activity or job search attempts; (g) inclement weather that impedes transportation or travel; (h) school emergency; (i) domestic violence issues; (j) death in immediate family; (k) routine medical or school appointments that cannot be scheduled at times other than assigned activities; (l) observance of religious holiday (by participant, child's school, or employer); and (m) other circumstances beyond the control of the participant, but only as determined by the financial and employment planner.

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 transitional placements.

**Subsidized Private Sector Employment.** Participants in subsidized private sector employment positions are paid state or federal minimum wage, whichever is higher for work in projects that serve a useful public purpose or where the cost is wholly or partially offset by revenue generated from such projects.

**Custodial Parent of Infant.** A participant who meets the nonfinancial and financial eligibility requirements for a W-2 employment position and who is a custodial parent of a child who is 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 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 limit unless the child was conceived as a result of incest or sexual assault.

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

**Table 3: Payment Schedule Examples**

	Example 1	Example 2
If participation begins:	April 6	April 18
Partial payment provided:	April 30, for participation April 6 – April 15.	May 10, for participation April 18 – April 30; and May 30, for participation May 1 – May 15.
First full payment provided:	May 30, for participation April 16 – May 15.	June 30, for participation May 16 – June 15.

eligible to receive a monthly grant of \$673.

The W-2 agency may not require at-risk pregnant women to participate in a W-2 employment position. Receipt of a grant under these provisions does not constitute participation in a W-2 employment position for purposes of the 60-month time limit for participation in all W-2 employment positions

**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 procedures to be established by rule. According to the W-2 policy manual, the W-2 participation period is from the 16<sup>th</sup> day of a month to the 15<sup>th</sup> day of the next month. The W-2 payment is issued for completed participation on the 30th day of the month 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 30th day of that month, as shown in Table 3, Example 1. The second and subsequent payments are made on the 30th 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 pay-

ment is provided in two parts: (a) the first partial payment is provided on the 10<sup>th</sup> 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 30th day of the second month (Month B) 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 30th day of the third month (Month C) 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.

Since 2002, W-2 agencies have been required to implement an emergency payments program to assist W-2 participants who have an emergency need while waiting for their first payment. Eligibility for and the amount of an emergency payment are determined by the W-2 agency. Emergency payments may be used to pay for needs such as shelter, food, and work-related expenses. Prior to 2002, emergency payments were a voluntary component of the W-2 agency contracts.

**Child Support**

As noted above, an individual must assign to the state any right of the individual or of any dependent child of the individual to support or maintenance from any other person that accrues during the time that any W-2 benefit is paid to the individual. Under current state law, the state must first pay the federal government its share of the assigned child support collected and then pass the

remainder of the support collected through to the W-2 participant. 2009 Act 28 calculated the federal share, after consideration of provisions of the federal Deficit Reduction Act of 2005, to be 25%. As a result 75% of the assigned child support collected, beginning October 1, 2010, is passed through to the W-2 participant.

Legislative Fiscal Bureau Informational Paper "Child Support Enforcement Program" provides additional information regarding the pass-through of child support.

### **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, trial jobs, and subsidized private sector employment positions are eligible 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 initial W-2 legislation (1995 Act 289) and is administered by DCF, 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 of child care for qualified families by making payments 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, and the number of children in care.

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 or placement parent, guardian, biological, adoptive, or foster parent, subsidized guardian, interim caretaker, 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 has a documented emotional, behavioral, physical, or personal need requiring more than the usual amount of care and supervision for the child's age), 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 DCF, if the W-2 agency determines that the course would facilitate the individual's efforts to maintain employment. An individual may receive a child care subsidy under this provision for up to two years.

5. Participate in basic education, including an English as a second language course, literacy tutoring, or a course of study to obtain a GED if the W-2 agency determines that basic education would facilitate the individual's efforts to maintain employment. An individual may receive a child care subsidy under this provision for up to two years.

6. Obtain a high school diploma or participate in a course of study to obtain a GED if the parent is 19 years of age or younger. If the parent is age 17 or younger, the individual must also reside with his or her custodial parent, with a kinship care relative, in a foster home, a 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: (a) the income of

farmers and self-employed persons is adjusted to allow for the subtraction of business expenses; and (b) child support is included in the calculation of gross income if the monthly amount of child support exceeds \$1,250. Participants in the subsidy program are not required to meet the 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), as well as subsidized guardians and interim caretakers in Milwaukee County, may be eligible to receive a child care subsidy 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.

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

*Non-Financial Criteria.* To be eligible for the child care subsidy program, the child receiving care must be a U.S. citizen, or a qualifying alien, as determined by DCF by rule. In addition, an individual must meet all of the following non-financial eligibility criteria.

1. Fully cooperate with efforts to establish paternity for any minor child and in obtaining support payments for that child.

2. Assign to the state any right of the individual to support or maintenance from any other person.

3. Furnish the W-2 agency with any relevant information the agency determines is necessary within seven working days after receiving the request. The time limit may be extended if the agency determines that seven days would be unduly burdensome.

**Local Administration of Child Care.** Prior to 2009 Act 28, a W-2 agency determined eligibility for the child care subsidy program and referred those determined eligible to a county department of social or human services or similar tribal body for child care assistance.

*Counties Outside of Milwaukee.* For geographic regions outside of Milwaukee County, Act 28 now requires DCF to contract with a county department or another agency to determine eligibility for the child care subsidy program and requires that contracted entity to also administer the child care subsidy program in that geographic region or tribal unit.

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

A county or tribe that receives Wisconsin Shares funding for direct child care services 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 DCF approval), or use any combination of these methods.

In calendar year 2010, a total of \$12.2 million was allocated for local administration of child care outside of Milwaukee County. DCF allocated \$7.8 million to counties and tribes for child care administration, certification activities, and fraud detection and prevention activities. In addition, DCF allocated \$4.4 million to contract with four private W-2

agencies (covering 16 counties), one W-2 county consortium (covering two counties), and 53 counties to determine eligibility for Wisconsin Shares.

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

DCF has chosen to contract with the Milwaukee County enrollment services unit in DHS to determine and redetermine eligibility for Wisconsin Shares.

DCF also created its own bureau, the Milwaukee Early Care Administration (MECA), within its Division of Early Care and Education, to oversee Wisconsin Shares in Milwaukee County. The MECA authorization unit completes all child care authorizations for Wisconsin Shares recipients who live in Milwaukee County and focuses on: (a) ensuring timely and accurate authorizations for parents and providers; (b) preventing fraud, errors, and overpayments before the authorization is complete; (c) handling specialized cases and emergency needs for timely authorizations; and (d) ensuring positive relationships with community agencies and key child care stakeholders. The MECA provider certification section has 2.0 FTE positions that supervise Milwaukee County staff who certify child care providers in Milwaukee County.

MECA also: (a) determines a parent's copayment; (b) sets maximum reimbursement rates for child care providers; and (c) assists eligible individuals to identify and select appropriate child care.

Finally, DCF contracts with Community Coordinated Child Care, Inc. (4C) to perform the following services for child care providers in Milwaukee

County: (a) assist potential and current child care providers who contact the MECA child care reception area in Milwaukee County; (b) provide information regarding mandatory orientation sessions for potential and current child care providers; (c) receive, review, and validate child care certification and recertification applications and related documents; and (d) conduct orientation sessions for individuals seeking certification to provide child care.

In 2010-11, DCF has budgeted \$10.9 million for the administration of Wisconsin Shares in Milwaukee County. Of this amount, \$9.3 million is for administration and certification activities and \$1.6 million is for eligibility determinations.

**Allowable Child Care Providers.** An eligible parent may choose the child care provider from four types: (a) a licensed child care center; (b) a Level I certified child care provider; (c) a Level II certified child care provider; or (d) a child care program provided or contracted for by a school board. A child care center that provides care for four or more children under the age of seven must be licensed by DCF. Licensed child care is further broken down into family child care centers that provide care for four to eight children and group child care centers that provide care for nine or more children. Child care providers that are not required to be licensed by the state or established by a school board, but are reimbursed under the subsidy program, must be certified by the entity contracted to administer the child care subsidy program.

Certifications are broken down into two categories: Level I (regular) child care and Level II (provisional) child care. Regularly certified child care providers must complete two credits of early childhood training or non-credit Department-approved training. Prior to issuing a certification, an applicant may be required to graduate from high school or obtain an HSED or GED. Up to five hours of annual training may also be required. 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 two-credit training requirements. Both regularly and provisionally certified providers, and all employees, substitutes, and volunteers of those providers, must have training in the most current, medically accepted methods of preventing sudden infant death syndrome and shaken baby syndrome.

State law prohibits subsidies from being used to provide care for a child by the child's parent or by a person who resides with the child, unless it is determined necessary because of a special health condition of the child.

Provisions of 2009 Wisconsin Act 28 authorized certified or licensed child care providers who care for and supervise not more than eight children who are not related to the provider to form a single collective bargaining unit. This unit is able to collectively bargain with the state, counties, and other administrative entities involved in regulation and subsidization of child care providers.

**Copayment Liability.** The statutes specify that eligible families are liable for "the percentage of the cost of the child care as specified by DCF." 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, and the number of children in a given family in child care. 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 number of children receiving child care.

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

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

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

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

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

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 2009. As the schedule shows, the weekly copayment amount varies based on the family's size and income and the number of children in subsidized care. The copayment schedule is structured so that the required copayment will not exceed 12.5% of the family's income. For example, the weekly copayment for a family of two with \$1,214 in monthly income (approximately 100% of poverty) and one child in child care is \$20 (or \$1,040 per year). This copayment amount makes up 7.1% of the parent's annual income.

Prior to the 2008 copayment schedule, parents paid different copayment amounts based on whether the child was served in licensed child care or certified child care. Because licensed child care costs more than certified child care, higher copayments were required for licensed child care. However, under federal law, parents cannot be charged a different copayment amount for the type of child care used. Therefore, to comply with federal law, beginning in 2008, the copayment schedule has the same copayment for all types of child care.

The copayment amounts may be adjusted by DCF 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 at least 10%, the change must be promulgated by rule. DCF may not issue emergency rules to implement such an adjustment before providing at least one month of advance notice to the public.

**Child Care Subsidy Rates.** Prior to February, 2006, each county established the maximum child care subsidy that could be paid to a licensed child care provider on an annual basis, subject to review and approval by the Department of Workforce Development (DWD). The rates were determined by surveying licensed group and licensed family child care centers for the rates they charge to the general community. The rate was 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 could not exceed 75% of the rate for licensed family child care providers and the maximum rate for Level II providers could not exceed 50% of the rate for licensed family child care providers.

DWD modified the methodology of calculating reimbursement rates, effective February 25, 2006. DWD established four rate zones based on the percent of the population in each county that lives in an urban area: (a) 0-24%; (b) 25-49%; (c) 50-74%; and (d) 75-100%. Each county and tribe was placed into one of these four zones based on U.S. census data. Rates were then 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 in each zone, rather than in each county. In addition, DWD did not increase or decrease any county's reimbursement rate by more than 10%. Table 4 shows in which zone each county and tribe was placed in 2006.

**Table 4: Urban Rate Zones**

Zone	County/Tribe
0-24%	Adams, Bayfield, Buffalo, Burnett, Clark, Florence, Forest, Iowa, Juneau, Kewaunee, Lafayette, Marquette, Menominee, Oconto, Pepin, Polk, Price, Sawyer, Shawano, Taylor, Trempealeau, Vernon, Vilas, Washburn, Waushara, Red Cliff, Sokaogon, La Courte Oreilles, Lac du Flambeau, and Stockbridge-Munsee
25-49%	Ashland, Barron, Chippewa, Columbia, Crawford, Dodge, Door, Dunn, Grant, Green, Green Lake, Iron, Jackson, Langlade, Lincoln, Marinette, Monroe, Oneida, Pierce, Richland, Rusk, St. Croix, Waupaca, and Bad River
50-74%	Calumet, Douglas, Fond du Lac, Manitowoc, Marathon, Jefferson, Outagamie, Ozaukee, Portage, Sauk, Sheboygan, Walworth, Washington, and Wood
75-100%	Brown, Dane, Eau Claire, Kenosha, La Crosse, Milwaukee, Racine, Rock, Waukesha, Winnebago, and Oneida Tribe

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. Providers that are accredited by certain national or state organizations are eligible for higher subsidy rates. County or 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. Finally, lower rates are provided for before- and after-school child care.

As a result of increased costs for the child care subsidy program and a limited amount of federal funding, the child care subsidy rates have been frozen at the 2006 level. Administrative rules indicate that notwithstanding the requirement to set child care subsidy rates annually, the rates have been set at the 2006 level. In addition, provisions of

2009 Act 28 prohibit DCF from increasing these rates before June 30, 2011. The 2006-2010 subsidy rates for each county and tribal agency are shown in Attachment 2.

**Underutilization and Attendance Policies.** According to administrative rules, under Wisconsin Shares, licensed child care providers are reimbursed based on authorized units of service. Authorized units of service are the number of hours authorized for each child to be in child care, rather than the hours actually used. This type of reimbursement is known as enrollment-based.

Under the attendance-based reimbursement policy, child care providers are reimbursed based on the number of hours the child actually used, rather than an amount the child is authorized to use. Under Wisconsin Shares, certified child care providers can only be reimbursed based on the attendance of the child. In addition, licensed child care providers may be reimbursed based on attendance if the child's schedule varies widely from week to week (with a 10% rate increase) or if the provider has significantly over-reported attendance in the past.

*Underutilization.* From April 1, 2007, through October 27, 2007, and again from March 30, 2008, through May 17, 2008, DWD implemented an attendance-based reimbursement policy for all licensed child care providers such that Wisconsin Shares would no longer pay providers for absences in child care when attendance was less than half the number of authorized hours per week. This change in reimbursement policy was designed to lower costs for Wisconsin Shares by limiting payments for the underutilization of enrollment-based authorizations.

In 2007 Wisconsin Act 226, the Legislature passed provisions that prohibited DWD from implementing an underutilization attendance-based reimbursement policy for licensed child care providers. However, these provisions were vetoed by the Governor with the understanding that DWD would discontinue the policy because additional



funding was provided. DWD discontinued the policy on May 17, 2008.

Under 2009 Act 28, a new underutilization policy was enacted. If reimbursement to a child care provider is based on weekly authorized hours of child care, DCF must: (a) track a child's weekly usage of child care authorizations over a six-week period; (b) if the tracked hours show that less than 60% of the authorized hours are used, then reduce the authorized hours of child care to 90% of the maximum number of hours of child care that the child attended during any week of that six-week period; (c) provide written notice of the adjustment to the child's parent, the child care provider, and the applicable child care administrative agency; and (d) provide a grace period of two weeks after the number of authorized hours are reduced before implementation of the reduced payments to the child care provider.

DCF must exclude the following from calculating the child's hourly usage: (a) one week per year of vacation time for the child's provider; (b) one week per year of sick time for the child's provider; (c) two weeks per year of vacation time for the child and his/her parent; and (d) weeks for which the child care administrative agency approved payment to a provider to hold a slot during a parent's temporary break in employment.

*Attendance.* 2009 Wisconsin Act 2 authorized DCF to implement a system to monitor child care attendance through an automated system in licensed child care centers. Provisions of 2009 Act 28 provided additional funding for the automated attendance tracking system (AATS), but the funding was placed in a Joint Committee on Finance appropriation for DCF to access with a detailed plan for the AATS. DCF presented its plan on November 22, 2010. Rather than approve the release of the \$1 million GPR, the Joint Committee on Finance transferred \$1 million FED from the TANF aids appropriation to the TANF operations appropriation to fund the AATS. For the child care providers participating in the AATS, arrival and departure times of children participating in Wisconsin Shares

will automatically be recorded with a biometric finger scan of the child or authorized adult. A pilot of the AATS will take place in 2010-11 and include child care providers in the following counties: Dane, Dodge, Kenosha, Milwaukee, Waukesha, and Washington. In 2011-12, the AATS will be implemented statewide with approximately 600 child care providers participating.

In addition, 2009 Act 28 specifically limited the number of hours that could be authorized for child care under Wisconsin Shares. A child may not receive more than 12 hours of child care per day, unless the parent provides written documentation of work or transportation requirements that exceed 12 hours in a day. If the written documentation is provided, no more than 16 hours per day may be authorized. If the number of authorized hours will be reduced from more than 12 to 12 or fewer hours because the required written documentation is not provided, the parent and child care provider must receive four weeks' notice of the reduction in authorized hours before the hours are actually reduced.

Finally, Act 28 required a child care provider to maintain a written record of the daily hours of attendance of each child for whom a subsidy is provided, including the actual arrival and departure times, for each child for at least three years after the child's last day of attendance, regardless of whether the child care provider is still receiving or eligible to receive payments under the Wisconsin Shares program.

**Criminal History, Background Investigations, and Penalties.** Current law requires DCF, county departments, or child care administrative agencies 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, any person who resides at the site, and any other caregiver at the site between the ages of 12 and 18. The required information includes: (a) a criminal history search from the Department of Justice; (b) information from the registry of nurses aids maintained by DHS; (c) in-

formation maintained by the Department of Regulation and Licensing regarding the status of the person's credentials, if applicable; (d) information maintained by DCF on substantiated reports of child abuse or neglect against the person; (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 for the reasons noted above; and (f) information from the sex offender registry regarding whether the person has committed a sex offense that is a serious crime.

The child care administrative agency, county department, or DCF is directed to request this information on every provider and their employees at least every three months and to request this information from residents and caregivers between the ages of 12 and 18 annually. A child care provider must obtain the same information on employees over the age of 18 annually. Child care providers must also require all caregivers and residents to complete a background information form, provided by DCF, every year. 2009 Wisconsin Act 76 added information from the sex registry as required background information and increased the frequency of these background checks from four years to either three months or annually as described above.

DCF, a child care administrative agency, or a county department will not issue, continue, or renew a license or certification to a provider if: (a) the provider has been convicted or adjudicated delinquent of a serious crime; (b) the provider is the subject of a pending criminal charge or delinquency petition alleging the provider has committed a serious crime; (c) the provider is found to have abused or neglected children or any client or misappropriated the property of a client; or (d) 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 is also prohibited from employing or contracting with a person who will have access to children under the

same conditions.

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. Pursuant to 2009 Act 76, providers, caregivers, and residents cannot be rehabilitated for the purpose of providing child care services if convicted or adjudicated delinquent of a serious crime. A list of these crimes is shown in Appendix B. In addition, Act 76 prohibits only the child care providers (not caregivers or residents) from being rehabilitated for other crimes, listed in Appendix C.

DCF 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 or adjudicated delinquent, at age 12 or older, of a felony or misdemeanor that substantially relates to the care of children or to the operation of a business; (b) is the subject of a pending criminal charge that substantially relates to the care of children; (c) has been determined to have abused or neglected a child; or (d) has violated any provision or rule of the child care subsidy program. 2009 Wisconsin Act 28 added the ability to refuse to pay for convictions related to the operation of a business and for any violation of Wisconsin Shares.

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

In addition, 2009 Act 28 authorized DCF to recoup payments, withhold payments, and impose a forfeiture on a child care provider if the provider submits false, misleading, or irregular information or fails to comply with the terms of the child care subsidy program. The forfeiture amount ranges from \$100 to \$10,000 and is based on the following

factors: (a) seriousness of the violation; (b) extent of the violation; (c) history of prior violations; (d) prior imposition of penalties; and (e) provider willingness to obey program rules.

2009 Wisconsin Act 77 extended these penalties to officers, directors, and employees of child care providers. If any officer, director, or employee of a child care provider that is a corporation, and any member, manager, or employee of a child care provider that is a limited liability company (LLC), who holds at least 20% of the ownership interest of the corporation or LLC and who has control or supervision of or responsibility for operating the child care business may be found personally liable for such amounts if the business, corporation, or LLC is unable to pay the penalty amounts to DCF.

Administrative rules also specify that a child care provider and a parent are jointly and severally liable for an overpayment if the provider and parent collude to violate the child care subsidy program.

2009 Act 76 provides an additional penalty for a parent who violates the provisions or rules of the child care subsidy program. If a recipient or former recipient of a child care subsidy has been found by a court or determined after an administrative hearing to have violated a child care subsidy provision or rule, the individual is ineligible for up to five years, beginning on the date of the judgment or decision, to receive a child care subsidy.

**Other Program Integrity Initiatives.** 2009 Acts 2, 19, and 28, as well as other Department initiatives provided further measures to assist in DCF's fraud detection and prevention activities in the child care subsidy program.

*Act 2.* In addition to the AATS, described above, Act 2 authorized DCF to establish a program integrity unit. Funding was provided for additional staff to review potential fraud in Wisconsin Shares and suspend payments to suspected fraudulent providers.

*Act 19.* Act 19 required certain vehicles that transport children to and from a child care provider to have child safety alarms installed. The penalty is a fine of not more than \$1,000 or imprisonment for not more than one year in the county jail, or both, if the required alarm is not installed, is not properly maintained, or is not in good working order. It is a class I felony (fine not to exceed \$10,000, imprisonment not to exceed three years, six months, or both) to remove, disconnect, tamper with, or otherwise circumvent the operation of the alarm.

*Act 28.* In addition to the changes noted above, Act 28 prohibited DCF from distributing subsidy payments to a provider if the child care services are for an employee who is either the parent of the child or a person who resides with the child, unless the provider is licensed. If the child care provider is licensed, then a maximum of 40% of the children may be a child of or residing with an employee of the provider. However, payments may not be suspended if, within six weeks of exceeding the 40% maximum, the child care provider is able to fill vacant slots or otherwise alter the mix of children being cared for such that the 40% maximum requirement is met.

*DCF Initiatives.* In addition to legislative requirements that strengthened fraud detection and prevention measures, DCF instituted its own initiatives to enhance program integrity in Wisconsin Shares. These initiatives include: (a) monthly "red flag" reports, which highlight indicators that certain child care providers may be participating in fraudulent activity; (b) creation of child care anti-fraud task forces to deal with parents, child care providers, and others who fraudulently receive child care subsidies in Milwaukee County, Racine County, and Kenosha County; (c) a requirement for employees to work during second and third shifts, which account for much of the fraud taking place in Wisconsin Shares; (d) hiring an attorney to staff fair hearings during the appeals process of child care providers appealing the suspension of their licenses; and (e) the establishment of a child care

fraud reporting hot line and a "report child care fraud" form available on the DCF website.

Finally, DCF has created a database of licensed child care providers that is posted on its website, which shows whether the child care provider has had any violations. Act 28 required DCF to also include on its website the specific violation committed and a description of any steps the provider has taken to correct the violation.

### **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. 2009 Wisconsin Act 28 prohibited DCF from transferring any of the TANF block grant to the child care development block grant (CCDBG) in order to reduce the total amount of funding that must be spent on child care quality and availability.

Approximately \$11.4 million annually is budgeted for programs to improve child care quality and availability. The funding is allocated for the following programs:

**Technical Assistance.** Technical assistance expenditures to child care providers totaled \$545,200 in 2009-10 and are budgeted at \$491,000 in 2010-11. Funding in 2009-10 and 2010-11 is provided for: (a) the Registry (a system that documents verified formal and informal education on individuals in the early care and education workforce); (b) the Supporting Families Together Association (SFTA) tribal training and technical assistance; and (c) the SFTA together quality grows pilot project and training on the Wisconsin model early learning standards.

**Resource and Referral Agencies.** Expenditures for Wisconsin's eight hub and three partner child care resource and referral agencies (CCRRs) totaled \$964,300 in 2009-10 and are budgeted at \$1,298,600 in 2010-11. These agencies: (a) connect parents with child care services and consumer education to make informed choices in selecting child care; (b) use a strengthening families philosophy to appropriately support families; (c) provide guidance to parents on child development, early learning, child abuse and neglect prevention, health and wellness and early education, and school-readiness; (d) develop professionals who care for and educate children; (e) deliver training and professional development, conferences, on-site consultation, and networking opportunities; (f) design, implement, and evaluate child care quality improvement initiatives; and (g) collect, analyze, and share data about early child care and education.

**Child Care Scholarships and Stipends.** Expenditures for two programs to attract and retain quality child care workers totaled \$3,714,500 in 2009-10 and are budgeted at \$3,975,000 in 2010-11. Over three-fourths of these funds are expended 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. The remaining funds are expended 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. Ex-

penditures for the CCIC totaled \$92,100 in 2009-10 and are budgeted at \$120,000 in 2010-11.

*Other Expenditures.* Other funding that may count, in part, toward the federal requirement includes DCF administration costs (\$3,159,500 in 2009-10 and \$6,988,000 in 2010-11), child care center licensing activities (\$5,763,900 in 2009-10 and \$6,718,600 in 2010-11), and the quality rating and information system (QRIS) discussed below (\$8,226,000 in 2010-11). The increase in administrative costs is due to the increase in expenditures related to fraud, program integrity, the AATS, and the administration of the QRIS.

**Quality Rating and Information System.** Following a recommendation in 2004 from the Quality Counts for Kids Task Force to establish a child care quality rating system, the Governor introduced a proposal for a rating system in his budget in 2005, 2007, and 2009. The Legislature deleted this provision in both 2005 and 2007.

Under 2009 Wisconsin Act 28, the Legislature deleted funding for the quality rating and information system (QRIS) and required DCF to return to the Joint Committee on Finance with a specific plan under a 14-day passive review process. DCF submitted its plan for the QRIS, called YoungStar, on March 24, 2010. DCF estimated the plan would total \$10.0 million in 2010-11 for: (a) quality assurance monitoring; (b) training and technical assistance; (c) micro-grants; (d) local administration; (e) communication; (f) information technology; (g) state staff; and (h) ongoing evaluation. Tiered reimbursement (increasing the pay for Wisconsin Shares child care providers who rate higher in the QRIS) would be implemented during the 2011-13 biennium.

The Joint Committee on Finance approved \$5.6 million to: (a) fund 3.0 FTE positions to oversee and implement YoungStar; (b) collect data and provide preliminary ratings; (c) increase funding for child care scholarship and stipend programs; and (d) provide immediate training and technical

assistance for the top 10 counties that had the greatest number of Wisconsin Shares providers and two small counties that had the highest proportion of Wisconsin Shares providers.

The Committee also required DCF to: (a) post accredited child care providers on its website; (b) submit quarterly reports to the Committee once YoungStar is fully operational; (c) prepare a five-year sustainability plan for YoungStar and seek approval of this plan from the Committee by November 22, 2010; and (d) at the same time as the five-year plan, submit a request for funds for micro-grants, additional training and technical assistance, and any other expenditures related to YoungStar to fully implement the QRIS.

DCF submitted its five-year plan and request for funds in the amount of \$4,001,500 on November 22, 2010. The Joint Committee on Finance approved both the plan and the release of funds on December 14, 2010, with a few modifications to the plan.

YoungStar is a five-star system. Child care providers will be assigned one star if their licenses or certifications have been revoked, suspended, or denied. One-star providers cannot participate in Wisconsin Shares. Child care providers accredited by several national organizations and by the City of Madison would automatically receive a four- or five-star rating. The remaining child care providers participating in YoungStar would receive a star level based on the number of points earned in the following categories of quality indicators: (a) teacher/director/provider qualifications; (b) learning environment and curriculum; (c) professional practices; and (d) health and wellness. There is an appeals process for child care providers who disagree with the rating. Child care providers must be willing to accept Wisconsin Shares participants in order to participate in YoungStar.

Beginning in 2011-12, child care providers at higher star levels would receive increased reimbursement under Wisconsin Shares. This tiered reimbursement system would be implemented as

follows: (a) one-star providers cannot participate in Wisconsin Shares; (b) two-star providers would receive no increase in the base reimbursement rate; (c) three-star providers would receive a 5% increase to the base rate; (d) four-star providers would receive a 10% increase to the base rate; and (e) five-star providers would receive a 25% increase to the base rate.

Funding for YoungStar would also provide grants, training, and technical assistance to child care providers so that providers would be able to move up to the higher star levels. Ratings will be posted on the DCF website.

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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. Emergency payments may be made within 24 to 96 hours of the approval of the job access loan.

The W-2 agency must determine a minimum monthly repayment amount for each loan, and an

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

2003 Act 33 authorized DWD (now DCF) 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. DCF may also collect delinquent repayments through other legal means.

2005 Act 25 specified that the sole source of funding for job access loans would be job access loan repayments. In addition, repayments may be used to fund administrative costs associated with collecting delinquent job access loan repayments.

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 DCF by rule. Under administrative rules, a W-2 agency must provide, refer, or facili-

tate transportation arrangements to enable participation in W-2 activities. Additional 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 and who is not considered an at-risk pregnant woman de-

scribed above under "W-2 Employment Positions," 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 noncustodial 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 and Fraud**

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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.

2005 Act 25 required W-2 agencies to do all of the following before taking any action against a W-2 participant that would result in a 20% or more reduction in the participant's benefits or in termination of the participant's eligibility to participate in W-2: (a) provide written notice of the proposed action and of the reasons for the proposed action to the W-2 participant; (b) after providing written notice, explain orally in person or by phone, or make reasonable attempts to explain orally in person or by phone, the proposed action and the reasons for the proposed action; and (c) after providing written notice and an oral explanation, allow the W-2 participant reasonable time to rectify the deficiency, failure, or other behavior to avoid the proposed action. 2009 Act 28 modified these provisions to require oral notice first, written notice second, and a reasonable time to rectify the deficiency only if the participant was not already afforded a conciliation period, described below under "Refusal to Participate."

**Refusal to Participate.** 2009 Act 28 modified the sanction for nonparticipation. Rather than making a participant ineligible to participate in a W-2 employment position component if the participant refuses to participate three times in that component, Act 28 makes a participant ineligible to participate in the entire W-2 program for three months for any refusal to participate.

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.

Act 28 also requires DCF to promulgate rules that specify guidelines for determining when a participant, or individual in the participant's W-2 group, who engages in behavior considered to be a refusal is actually demonstrating a refusal to participate. The W-2 agency must: (a) determine whether the failure of the participant or individual to participate is because the participant or individual refuses to participate or is unable to participate; (b) ensure that the services offered to the participant or individual are appropriate for him or her; and (c) determine whether good cause exists for the failure to participate.

If the W-2 agency determines that a participant or individual has refused to participate without good cause, Act 28 requires W-2 agencies to allow the participant or individual a conciliation period during which he or she must participate in all assigned activities unless good cause exists that prevents compliance during the conciliation period.

**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 after 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 main-



taining 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 DCF 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 DCF by rule.

**DCF Review of Financial Eligibility Determinations.** If the W-2 agency's decision involved denial of an application based solely on the determination of financial ineligibility, DCF is required to review the W-2 agency's decision if: (a) the applicant or participant petitions 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 DCF to review the agency's decision. DCF must make a decision as soon as possible and must send a certified copy of its decision to the applicant or participant, county clerk, and W-2 agency. The Department's decision is the final ruling, but may be revoked or modified as conditions change.

Reviews of financial eligibility are referred to and conducted by the Division of Hearings and Appeals in the Department of Administration (DOA).

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

**Corrective Actions.** 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 and Fraud**

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 DCF paid in wage subsidies with respect to that participant while the individual was ineligible to participate.

The W-2 agency, county, or tribal governing body 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, DCF may issue a warrant to a county circuit court clerk that places a lien against any of the person's property. DCF 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.

**Fraud Investigation.** Provisions of 2007 Wisconsin Act 20 authorized counties and tribal governing bodies to establish a program to investigate suspected fraudulent activity by W-2 and child care recipients and to recover any incorrect payments made.

Under Act 20, if a county or tribal governing body established such a program, then the county or tribal governing body was allowed to retain: (a) 50% of all amounts recovered during the first month in which the program recovers any amounts; and (b) 34% of all amounts recovered during the second month in which the program recovers any amounts. All of the amounts recovered after the second month in which the program recovers any amounts were paid to DCF.

DCF was required to use the amounts recovered from incorrect payments to W-2 participants for the W-2 program and to use the amounts recovered from incorrect payments to child care participants for the child care program. The program was intended to encourage counties to establish fraud investigation programs by allowing the counties to retain a portion of initial amounts recovered.

2009 Act 28 modified this program to: (a) allow W-2 agencies to also establish a program to investigate suspected fraudulent activity; (b) allow counties, W-2 agencies, or tribal governing bodies that establish such a program to retain all fraud recoveries received; and (c) require any recoveries received to pay cash benefits to W-2 participants.

**Mandatory Fraud Reporting.** Provisions of 2009 Act 76 require any employee of DCF, a county, or a tribal governing body to immediately report sus-

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

The identity of the employee reporting fraud must remain confidential if it is reasonably possible to do so. Any person who reports suspected fraudulent activity in good faith has immunity from any liability, civil or criminal, that may result. DCF, a county, a tribal governing body, and their employees are prohibited from taking disciplinary action against, or threatening to take disciplinary action against, any person because the person in good faith reported suspected fraudulent activities. Any employee subjected to, or threatened with, disciplinary action is allowed to file an equal rights complaint or a fair employment claim.

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## Other Related Programs

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### FoodShare Wisconsin

FoodShare is Wisconsin's version of the federal supplemental nutrition assistance program (formerly called the "food stamp program"). Eligible households use state-issued debit cards to purchase food from participating retailers. FoodShare benefits are predominantly federally funded, and the state administers the program according to federal laws and regulations

The Department of Health Services (DHS) ensures the proper certification of applicant households, oversees issuance of benefits, maintains program records, submits reports to the federal government, and administers the voluntary FoodShare

employment and training (FSET) program. Individual eligibility determinations, distribution of debit cards, and operation of FSET are generally conducted at the local level.

In order to be eligible for FoodShare, an individual must be a U.S. citizen or qualified legal immigrant, live in the county where the application is made, reside outside an institution that provides meals, and provide all information necessary for determining eligibility, including social security numbers.

In general, federal law sets financial eligibility requirements at gross income below 130% of the FPL and net income below 100% of the FPL. However, households are categorically eligible to receive FoodShare benefits if household income is at or below 200% of the FPL and the household is eligible to receive a TANF-funded benefit or service. All notices of FoodShare eligibility approval or revision include a description of partially TANF-funded "JobNet" employment services, which meets the categorical eligibility criteria for a TANF-funded service.

See Legislative Fiscal Bureau Informational Paper "FoodShare Wisconsin" for additional information on this program.

### **Kinship Care**

TANF funds are budgeted to support monthly payments to certain qualifying individuals who care for relative children. Beginning January 1, 2011, a qualifying caregiver receives \$220 per month (\$215 per month prior to January 1, 2011) per child as a "kinship care" payment. In addition, a relative who has been appointed as a guardian of a child may be eligible to receive "long-term kinship care payments," which are similar to kinship care payments. In counties and tribes other than Milwaukee County, relative caregivers receive these payments from the county or tribe, while caregivers in Milwaukee County receive these payments from DCF, which administers child welfare services in that county. Each calendar year,

DCF allocates funding to counties to support the estimated costs of making these payments.

The state is implementing a new graduated foster care licensing system in the child welfare system. As a result, there will be a shift to try to license kinship care relatives in order to be able to claim additional federal funds. The kinship care program will still apply to relative caregivers who do not become licensed foster parents.

Relatives, which are defined by rule, of minor children are eligible for kinship care payments if the following conditions apply:

1. The relative applies to the county, tribe, or DCF for kinship care payments and, if the placement is court-ordered, applies for a foster home license as well;
2. The county, tribe, or DCF 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;
3. The county, tribe, or DCF 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;
4. The county, tribe, or DCF 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 the kinship care relative makes a statement to that effect; and
5. The relative cooperates with the county, tribe, or DCF in the application process, including applying for other forms of assistance for which the child may be eligible.

There are no financial eligibility requirements individuals must meet to receive kinship care benefits. However, a caregiver who receives an SSI or foster care payment on behalf of a child may not receive a kinship care payment on behalf of the child.

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

### **SSI Caretaker Supplement**

SSI recipients with dependent children receive a supplemental payment in addition to state and federal benefits, referred to as the caretaker supplement. Eligible SSI participants receive \$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 employment positions.

SSI recipients are eligible for the supplement if all 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 child has two custodial parents, each

parent receives state SSI benefits;

3. The parent assigns to the state any right of the parent or of the child to support from any other person;

4. The child meets the eligibility criteria under the former AFDC program; and

5. The child does not receive federal SSI benefits.

See Legislative Fiscal Bureau Informational Paper "Supplemental Security Income" for additional information on this program.

### **BadgerCare Plus**

Federal law requires states to provide medical assistance (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 can also extend coverage to other individuals who do not meet all of the AFDC program requirements. In Wisconsin, most W-2 recipients are eligible for MA benefits because they meet eligibility requirements for BadgerCare Plus.

Legislative Fiscal Bureau Informational Paper "Medical Assistance, BadgerCare Plus, SeniorCare, and Related Programs" provides additional information on these health programs.

### **Learnfare**

Dependent children age six through 17 in a W-2 group that includes a participant in a trial job, subsidized private sector employment position, 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 with-

out an acceptable excuse for part or all of five or more school days during a semester), dropouts, and returning dropouts 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 may be imposed if a child fails to meet the enrollment requirement or does not cooperate with case management services without good cause. According to the administrative rules, the penalty is a reduction in the W-2 participant's cash benefit of \$50 per month per penalty, not to exceed \$150 per month. The penalty is imposed each month until the child complies with the Learnfare requirements.

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

### **Children First**

The children first program provides job training and work experience to noncustodial parents to promote the emotional and financial responsibility that a noncustodial parent has for his or her children. A noncustodial parent who has no current means of meeting a child support obligation may be ordered by the court into the program. A 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 "up to \$200" to "up to \$400" for each participant. Allocations for participating agencies are budgeted at \$400 for each estimated 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 with children 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 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 intending 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; (f) the family is living in a place that is not designed for, or ordinarily used as, a regular sleeping accommodation; or (g) the family has received written or oral notice that they will be removed from their rental housing because of a foreclosure action against the owner.

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

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

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

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

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

Emergency assistance may be provided once in a 12-month period. Prior to 2005 Act 25, emergency assistance in cases of homelessness or impending homelessness not related to domestic violence could 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 the agency's action if: (a) the application for emergency assistance is not acted upon promptly; (b) assistance is partially or wholly denied; (c) the award is modified or canceled; or (d) the reward is insufficient. The person must be given reasonable notice and opportunity for a review, and a decision must be rendered as soon as possible. In addition, the individual may request that DCF review the agency's decision within 14 days of the decision.

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## Miscellaneous Provisions

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### Periodic Earnings Check

DCF is required to periodically review 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 system, 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. The agency is required to notify a W-2 participant when the report has been inspected. The W-2 agency must maintain a record of 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 provides in writing the name of the participant and demonstrates in writing that: (a) the participant is a fugitive felon, is violating a condition of probation, extended supervision, or parole imposed under state or federal law, or has information necessary for the officer to conduct the official duties of the officer; (b) the location or apprehension of the participant under (a) is within the official duties of the officer; and (c) the officer is making the request in the proper exercise of his or her duties under (b). If a law enforcement officer believes, on reasonable grounds, that a warrant has been issued and is outstanding for the arrest of a W-2 participant, the officer may request that an officer be notified when the participant appears to obtain his or her benefits under the W-2 program. Upon such request, a W-2 agency employee who disburses benefits may notify an officer when the participant ap-

pears to obtain W-2 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 employee 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. No W-2 agency may release an address until 21 days after the address has been requested, and the participant must have been notified.

### **W-2 and Child Care Subsidy 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. The more comprehensive report of W-2 by LAB, *Wisconsin Works (W-2) Program*, was released in April, 2005. Finally, a follow-up letter report,



*Financial Management of Selected W-2 Agencies*, was issued in July, 2005.

With a series of newspaper articles in the *Milwaukee Journal Sentinel*, entitled *Cashing in on Kids*, that highlighted fraud in the Wisconsin Shares program, the Joint Legislative Audit Committee requested another comprehensive audit of the Wisconsin Shares program. LAB released an initial letter report on June 12, 2009, *Wisconsin Shares Child Care Subsidy Program*, which identified problems with eligibility determinations, attendance records, and child care rings (providers caring for each other's children). Another letter report, *Matching Addresses of Sex Offenders and Child Care Providers*, was issued on September 23, 2009, which identified several matches between addresses on the sex offender registry and addresses of child care providers. The final audit addressing the effectiveness of Wisconsin Shares, *Child Care Regulation*, was issued in December, 2009.

In addition to the audits conducted by LAB, DCF has 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 DCF.

### **Eligibility for Other Programs**

**Weatherization Assistance.** A W-2 group in which one member is a participant in a trial job, subsidized private sector employment position, community service job, or transitional placement is eligible for assistance under the state weatherization program.

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

**Federal Nutrition Program.** Children receiving

TANF assistance are automatically eligible for free school meals and other child nutrition programs. Women, infants, and children receiving TANF assistance are also eligible for the supplemental nutrition program for women, infants, and children (WIC).

**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 or received W-2 benefits as the custodial parent of an infant or as a pregnant woman in the third trimester of an at-risk pregnancy.

**Cemetery, Funeral, and Burial Costs.** Counties and tribes are required to pay cemetery, funeral, and burial expenses for most individuals who, at the time they died, were receiving W-2, SSI, or MA benefits, and whose estates are insufficient to pay these expenses. The payment for cemetery expenses is the lesser of \$1,000 or the amount not paid by the decedent's estate or by other persons. The payment for funeral and burial expenses is the lesser of \$1,500 or the amount not paid by the decedent's estate or by other persons. Counties and tribes are not required to pay for any cemetery expenses, however, if the total cemetery expenses exceed \$3,500, nor are counties or tribes required to pay for any funeral and burial expenses if the total funeral and burial expenses exceed \$4,500 (\$3,500 prior to January 1, 2011). In addition, counties and tribes are not required to pay for any cemetery, funeral, or burial costs if the request for payment is made more than 12 months after the death of the recipient. DHS reimburses counties and tribes for the cemetery, funeral, and burial expenses they are required to pay under these provisions. Counties

and tribes can also be reimbursed by DHS for cemetery, funeral, and burial expenses they were not required to pay, but only under unusual circumstance as determined by DHS.

### **Other Miscellaneous Provisions**

It is illegal to send or bring a person to a county for the purpose of obtaining W-2 benefits. DCF is required to investigate suspected fraudulent activity on the part of W-2 participants and to conduct activities to reduce payment errors. DCF 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, at-risk pregnant women, child care, and transportation are exempt from every tax, and from execution, garnishment, attachment, and every other process and are inalienable.

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## **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 fourth round of W-2 contracts covered calendar years 2004 and 2005. The fifth round of W-2 contracts covered calendar years 2006 through 2009, as DWD changed the contract period from two years to four years. The current contract period covers three calendar years: 2010 through 2012.

### **Contracting Process**

As a general provision, state law authorizes DCF to award a contract to any person to administer the W-2 program in a geographical area determined by the Department on the basis of a competitive process approved by 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 (now DCF).

2001 Act 16 specified that the competitive process used to award contracts must include cost and prior experience criteria. Based on performance during the 2006-2009 W-2 agency contracts, a total of 19 W-2 agencies earned RFS for the 2010-2012 contracts, of which two relinquished RFS. A total of 24 W-2 agencies did not earn RFS. Based on RFS status, 43 geographic areas were opened to competitive bidding. It should be noted that due to significant changes to the Milwaukee W-2 service delivery structure, all five geographic areas in Milwaukee County were subject to competitive bidding, as well as two county-wide agencies in Milwaukee County, for a total of seven contracts in Milwaukee County. This is discussed in further detail below under "2010-2012 W-2 Agency Contracts."

**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, DCF is required to use a competitive process to award the W-2 contract for that area, regardless of whether the

W-2 agency has met the performance standards required for 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 permanent jobs, 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 medical assistance (MA) are coordinated in a manner that most effectively serves the recipients of those services. In addition, W-2 agencies are required to: (a) determine eligibility for and administer child care assistance if DCF contracts with the W-2 agency to do so; (b) provide, or contract with another person to provide, credit establishment and credit repair assistance after submission of a proposed plan to DCF; (c) provide a single-page description of all benefits and services that may be provided to any individual by a W-2 agency; and (d) perform any other tasks specified by DCF in the W-2 agency contract that the Department determines are necessary for W-2 administration.

W-2 agencies may also establish a nutrition outreach program with the community steering com-

mittee, 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 applied 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. When the W-2 agency is a county agency or county consortium, county staff are able to perform these 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 income maintenance (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 DHS.

**Audits of W-2 Agencies.** W-2 agencies are subject to audit by the Legislative Audit Bureau (LAB). 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 requires 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 informa-

tion 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 determines 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 (now DCF) or an audit sponsored by DWD (now DCF) or by the Legislative Audit Bureau. The 2004-2005 contracts included language that required a W-2 agency to return all payments determined to be disallowed under the contract. The 2006-2009 and 2010-2012 contracts included the same language.

In addition, other financial accountability provisions in the 2010-2012 contracts, which had been implemented in the 2006-2009 contracts, include: (a) the reduction of advance payments to W-2 agencies and the requirement that private agencies receiving advance payments obtain a bond; (b) limitations on advertising, promotional, telecommunication, and legal service costs; (c) more circumstances for which fines and penalties may be assessed; and (d) the requirement that W-2 agencies perform on-site monitoring of their subcontractors at least annually.

**Statement of Economic Interests.** 2005 Act 25 required all W-2 agencies, which are not county departments or tribal governing bodies, to include a statement of economic interests and a \$50 filing fee with the submission of a bid to participate in W-2 under the W-2 agency contracts. The statement of economic interests must include all of the following:

(a) the agency's assets and liabilities; (b) the sources of the agency's income; (c) all of the agency's other clients, as well as a description of the goods or services provided to those clients; and (d) the identity of all of the agency's subsidiaries, affiliates, and parent companies, if any.

If the W-2 agency is not required to submit a bid because it has been awarded RFS, the agency must, before executing the succeeding contract, submit to DCF a statement of economic interests and a \$50 filing fee. All agencies that are required to submit a statement of economic interests must also submit an updated statement and a \$50 filing fee to DCF one year after entering into a contract.

### 2010-2012 W-2 Agency Contracts

Under the current contracts, W-2 is administered at the local level as follows: (a) 37 counties are served by county human/social services agencies; (b) 34 counties outside of Milwaukee County are served by non-county agencies; and (c) six non-county agencies cover five regions in Milwaukee County. There are five for-profit W-2 agencies: Maximus, Public Consulting Group, and Policy Studies, Inc. in Milwaukee County; Arbor Education and Training in Ozaukee, Washington, and Waukesha Counties; and the Kaiser Group in Walworth County. All other non-county agencies are non-profit organizations. Eight tribes operate their own programs as allowed under federal law. Two additional tribes have requested tribal TANF grants (St. Croix and Lac Courte Oreilles). These requests are under review. If approved, the state's TANF grant will be reduced by the amount of the grant awarded directly to the tribes. 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 5 displays the amounts for calendar years 2010 and 2011 for all current W-2 agencies. The amounts for 2012 have not been allocated yet.

The table segregates the amount for cash benefits to recipients, the amount for services, and the

**Table 5: 2010 and 2011 W-2 Agency Contract Amounts\***

W-2 Agency	2010 and 2011 Contract Amounts			
	Benefits	Services	Administration	Total
<b>Counties</b>				
Ashland and Price Consortium	\$279,846	\$179,064	\$68,448	\$527,358
Bayfield	83,997	85,441	25,194	194,632
Burnett	84,176	88,211	25,636	198,023
Crawford	79,981	101,920	26,865	208,766
Capital Consortium (Dane, Dodge, Marquette, and Sauk)	6,862,514	4,251,764	1,650,763	12,765,041
Door	133,987	105,994	27,881	267,862
Dunn	658,221	339,066	144,719	1,142,006
Eau Claire	853,811	440,457	184,736	1,479,004
Fond du Lac	692,296	212,382	110,446	1,015,124
Southwest Consortium (Grant, Green, Iowa, Lafayette, and Richland)	433,999	476,118	134,574	1,044,691
Green Lake	78,785	83,738	24,186	186,709
Iron	75,596	83,197	23,704	182,497
Jefferson	195,999	55,469	35,742	287,210
Kenosha	5,376,646	3,994,524	1,327,021	10,698,191
La Crosse	543,296	276,878	117,097	937,271
Oconto	81,007	209,112	41,792	331,911
Outagamie and Calumet Consortium	1,703,374	595,957	252,198	2,551,529
Pepin	77,939	83,941	24,092	185,972
Polk	197,133	169,611	52,383	419,127
Racine	3,847,047	1,495,955	669,416	6,012,418
Rock	2,109,682	1,154,652	477,804	3,742,138
Sawyer and Washburn Consortium (until 5/31/10)	30,597	13,514	2,237	46,348
Lakeshore Consortium (Sheboygan and Manitowoc)	1,274,284	695,822	276,187	2,246,293
Taylor	81,284	85,074	24,819	191,177
Waupaca	463,168	137,332	74,558	675,058
Winnebago	1,657,874	631,346	300,372	2,589,592
PAW Consortium (Portage, Adams, and Wood)	1,929,302	1,061,115	386,193	3,376,610
<b>Non-County</b>				
Milwaukee CMA Maximus (NW, SW) until 3/31/10	3,901,988	1,863,763	216,568	5,982,319
Milwaukee CMA UMOs (SE, C) until 3/31/10	4,946,300	1,791,826	473,701	7,211,827
Milwaukee CMA YWCA (NE) until 3/31/10	1,223,126	638,043	120,400	1,981,569
Milwaukee JDPA Maximus (SW) until 3/31/10	0	338,237	56,894	395,131
Milwaukee JDPA PSI (NW, NE) until 3/31/10	0	1,069,111	115,396	1,184,507
Milwaukee JDPA UMOs (SE, C) until 3/31/10	0	966,824	88,174	1,054,998
Milwaukee EAA SDC beginning 4/1/10	9,065,442	11,422,128	3,339,182	23,826,752
Milwaukee WEA UMOs (SE) beginning 4/1/10	12,618,789	9,406,758	1,527,866	23,553,413
Milwaukee WEA Maximus (SW, C) beginning 4/1/10	30,557,288	24,005,560	3,137,060	57,699,908
Milwaukee WEA YWCA (NE) beginning 4/1/10	8,921,928	6,629,557	1,212,955	16,764,440
Milwaukee WEA PSI (NW) beginning 4/1/10	15,799,817	9,955,763	1,975,772	27,731,352
Milwaukee SSIA PCG (NW, NE, C)	5,126,827	2,569,771	507,163	8,203,761
Milwaukee SSIA UMOs (SW, SE)	2,836,050	1,420,793	278,653	4,535,496
Arbor Education & Training (Ozaukee, Washington, and Waukesha)	2,280,612	1,424,521	496,052	4,201,185
Kaiser Group Walworth	580,868	386,511	142,319	1,109,698
Forward Service Corp. (Brown, Florence, Forest, Kewaunee, Langlade, Lincoln, Marathon, Marinette, Menominee, Oneida, Shawano, Vilas, and Waushara)	4,357,132	2,470,028	978,952	7,806,112
Workforce Connections Inc. (Buffalo, Columbia, Douglas, Jackson, Juneau, Monroe, Pierce, Sawyer, St. Croix, Trempealeau, Vernon, and Washburn)	2,231,464	1,955,858	501,542	4,688,864
Workforce Resource Inc. (Barron, Chippewa, Clark, and Rusk)	<u>1,594,381</u>	<u>889,229</u>	<u>259,950</u>	<u>2,743,560</u>
<b>Total</b>	<b>\$135,927,853</b>	<b>\$96,311,935</b>	<b>\$21,937,662</b>	<b>\$254,177,450</b>

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

Source: Department of Children and Families

amount for administration. The initial 2009 Act 28 amount of funding for each non-Milwaukee W-2 agency during the 2010-2012 W-2 contracts was based primarily on projected caseloads. However, additional modifications were made to the allocations, including: (a) an assumption of a minimum of five paid cases and a minimum allocation of \$170,000 for each geographic area; and (b) 1% of services funding was based on emergency assistance applications. Administrative expenses were generally established at 13% of the total contract amount.

Under the 2010-2012 W-2 agency contracts, Milwaukee County is divided into five regions: (a) northwest (NW); (b) northeast (NE); (c) central (C); (d) southwest (SW); and (e) southeast (SE). In addition, contract agencies have been divided into three types, based on the area of specialization: (a) a county-wide eligibility and assessment agency (EAA); (b) W-2 employment agencies (WEA); and (c) SSI/SSDI advocacy agencies (SSIA).

The EAA: (a) performs initial eligibility; (b) conducts screening and assessment; (c) develops the initial employability plan; (d) makes the initial placement (including determining who is appropriate for SSI/SSDI advocacy); (e) issues job access loans and administers the emergency assistance program in Milwaukee County; and (f) oversees the caretaker of infant and pregnant women caseload. The WEAs generally pay cash benefits, oversee employment placements, and provide ongoing case management, employment and training, and other support services. The SSIA is responsible for the case management of W-2 participants who are determined to have a reasonable chance of obtaining SSI or SSDI. As indicated in Table 5, four W-2 agencies serve as WEAs for all five Milwaukee regions [Maximus, United Migrant Opportunity Services (UMOS), YWCA, and Policy Studies Inc. (PSI)], one W-2 agency serves as the EAA for all five Milwaukee regions [Social Development Commission (SDC)], and two W-2 agencies serve as the SSIA [UMOS and Public Consulting Group]. Administrative expenses total 14.0% of the total EAA contract amount and 6.2% of the total contract amount for the WEAs and the SSIA.

Under the 2006-2009 W-2 agency contracts, there were also three types of agencies in Milwaukee County: case management agencies, job development and placement agencies, and an SSI advocacy agency. The delivery of services by these three agency types was replaced in the 2010-2012 contracts with the EEA, WEAs, and the SSIA. However, the switch in the delivery of services in Milwaukee County did not take place until April 1, 2010, as shown in Table 5.

Also shown in the table, the current contracts total \$254.2 million, including \$135.9 million for benefits, \$96.3 million for services, and \$21.9 million for administration. This represents a \$61.9 million increase (32%) from the \$192.3 million expended for the 2008 and 2009 allocations of the 2006-2009 W-2 agency contracts.

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

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.

In addition to the statutorily-required criteria, the 2010-2012 contracts require agencies to meet additional minimum standards of performance. W-2 agencies are awarded points for meeting certain benchmarks under the performance standards. DCF intends to allow W-2 agencies to use the points accumulated towards the agency's proposal for the next set of W-2 agency contracts in lieu of the usual right of first selection process.

The 2010-2012 W-2 agency contracts also include a provision for non-Milwaukee W-2 agencies and Milwaukee WEAs to earn incentive funds based on placement and wage outcomes. DCF withholds a minimum of \$1 million from the W-2 services allocation from the contract allotment for these agencies and then requires these agencies to earn the withheld funds through program placement and wage outcomes.

Appendix D to this paper provides a summary of the calendar year 2010, 2011, and 2012 contract performance standards and the incentive standards.

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

Under current law, DCF may either award a contract on the basis of a competitive process approved by DOA or award a contract to a W-2 agency if that agency has met 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, DCF must administer the program in that area. However, the Secretary of DOA is authorized to waive the normal state procurement requirements with respect to a contract entered into by DCF for the administration of W-2 under certain conditions.

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

DCF indicates that the timeline for the next set of contracts has not yet been determined. In addition, the contract period and the provisions to be contained in the next set of contracts have not yet been determined. DCF indicates that the next contract period could be based on an extension of the existing contracts, modifications to the existing contracts for one or any number of years, or modifications to the program such that new contracts and timelines would be necessary. As noted above, the next round of W-2 agency contracts will be awarded to all W-2 agencies on a competitive basis, with points awarded to overall W-2 agency ratings based on performance measures, rather than using the right of first selection process.

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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 DCF, segregated funding from low-income public benefits, and other program revenues. During the 2009-11 biennium, the federal American Recovery and Reinvestment Act (ARRA) provided additional one-time federal monies under the TANF emergency fund (created under ARRA), and child care funding.

Wisconsin's annual TANF block grant allocation from the federal government is \$318.2 million. Under federal law, a tribal organization in a state may elect to operate a separate tribal public assistance program. For a tribe that submits an acceptable plan, the federal government will provide funding to the tribe and reduce the state's TANF block grant by an equivalent amount. After accounting for the eight separate tribal programs (Bad River, Forest County Potawatomi, Red Cliff, Mole Lake Sokaogon, Lac du Flambeau, Stockbridge-Munsee Mohican, Oneida, and Menominee), Wisconsin's TANF block grant is estimated at \$314.5 million in 2010-11. Two additional tribes (St. Croix and Lac Court Oreilles) have requested their own TANF tribal grants. DCF anticipates that approval of these requests could reduce the state's annual TANF block grant by approximately \$1 million.

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 \$158.5 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 E.

## 2009-11 Revenues and Expenditures

Table 6 shows actual and budgeted revenues and expenditures for W-2 and other economic support programs for the 2009-11 biennium. The 2009-10 figures include budgeted amounts, which reflect 2009 Wisconsin Act 28, and estimates of actual expenditures in that year as provided by DCF.

The figures for 2010-11 are budgeted amounts, which reflect 2009 Wisconsin Act 28, more recent expenditure estimates and reallocations, and more recent revenue estimates. 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 2009-10 are now estimated at \$731.0 million compared to the budgeted amount of \$687.6 million. Revenues are estimated at \$702.9 million for 2010-11.

*State Funding.* State funding included \$209.0 million (\$194.4 million GPR, \$5.5 million PR, and \$9.1 million SEG) in 2009-10, and is estimated at \$162.0 million (\$147.0 million GPR, \$5.9 million PR, and \$9.1 million SEG) for 2010-11. 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. The segregated revenue was established in 2003 Act 33, which created an annual appropriation funded from segregated low-income public bene-

fits funding, beginning in 2004-05.

*Federal Funding.* Federal funding totaled \$522.0 million in 2009-10 and \$540.8 million in 2010-11, which includes the TANF block grant (\$314.5 million annually), the child care development block grant (\$86.8 million in 2009-10 and \$86.1 million in 2010-11), TANF and CCDBG fraud recoveries (\$5.8 million in 2009-10 and \$2.5 million in 2010-11), TANF contingency funds (\$15.7 million annually), TANF emergency funds under ARRA (\$50.5 million in 2009-10 and \$6.0 million in 2010-11), and carryover funds from the prior year (\$48.7 million in 2009-10 and \$116.0 million in 2010-11).

**Public Assistance Expenditures.** Funding for W-2 and other economic support programs is allocated in 2009-11 as shown in the following paragraphs. In some cases in which more funds were spent than were budgeted in 2009-10 (such as the W-2 program, child care licensing, and kinship care), the additional funds came from programs with underspending in that year and from additional revenue.

*W-2 Subsidized Employment Benefits.* Budgeted expenditures include \$49.1 million in 2009-10 and \$70.5 million in 2010-11 for wage subsidies and cash grants for participants in W-2 trial jobs, subsidized private sector employment positions, community service jobs, transitional placements, custodial parents of newborn infants, and at-risk pregnant women. Actual expenditures for subsidized employment benefits in 2009-10 were \$61.7 million.

*Administration and Services.* Funding of \$8.2 million in 2009-10 and \$11.4 million in 2010-11 is 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 2009-10 were \$11.2 million.

Funding of \$38.5 million in 2009-10 and \$48.9 million in 2010-11 is budgeted for non-cash services



**Table 6: TANF-Related Revenues and Expenditures**

	2009-10 Budget	2009-10 Actual	2010-11 Budget
<b>Revenues</b>			
State General Purpose Revenue	\$194,214,900	\$194,359,400	\$146,982,600
Program Revenue in DCF	298,900	298,700	293,900
TANF Block Grant	314,499,400	314,499,400	314,499,400
TANF Contingency Fund	15,725,000	15,725,000	15,725,000
TANF Emergency Fund	23,463,100	50,505,300	6,000,000
Child Care Block Grant	86,266,600	86,791,600	86,126,500
TANF and CCDBG Recoveries	2,500,000	5,759,500	2,530,000
Public Benefits Funding	9,139,700	9,139,700	9,139,700
Child Support Collections	6,127,800	5,214,300	5,594,900
Carryover from Prior Year	<u>35,315,700</u>	<u>48,664,300</u>	<u>115,978,800</u>
Total Available	\$687,551,100	\$730,957,200	\$702,870,800
<b>Expenditures</b>			
<b>W-2 Agency Contract Allocations</b>			
Subsidized Employment Benefits Administration	\$49,139,400	\$61,658,500	\$70,516,600
Services	8,247,000	11,247,700	11,370,400
Transitional Jobs	38,471,500	43,552,900	48,905,600
	0	0	17,151,500
<b>Child Care</b>			
Direct Child Care Subsidies	384,987,600	336,344,400	341,000,000
Child Care State Administration	2,770,800	3,159,500	8,263,500
Quality Care for Quality Kids	5,384,600	5,316,000	14,539,000
Child care Licensing	5,763,900	9,249,400	6,718,600
<b>Other Benefits</b>			
Kinship Care Benefits and Assessments	24,435,000	27,384,300	23,018,200
Caretaker Supplement for Children of SSI Recipients	29,899,800	35,857,800	29,933,200
Emergency Assistance	6,500,000	6,015,000	6,000,000
<b>Child Support Related to W-2</b>			
Children First	1,140,000	1,153,300	1,140,000
<b>Administrative Support</b>			
State Administration	15,635,000	11,976,300	15,740,800
Fraud Prevention/Program Integrity	605,500	1,052,100	605,500
<b>Grant Programs</b>			
Grants to Boys and Girls Clubs of America	350,000	270,500	350,000
Summer Food Program	0	0	300,000
<b>Expenditures in Other Programs</b>			
Earned Income Tax Credit	25,904,900	25,904,900	6,664,200
SSBG Transfer to DHFS/Community Aids	13,420,500	13,420,500	14,837,300
Child Welfare Safety Services	6,350,300	5,193,300	6,350,300
Child Welfare Information System	1,350,900	1,651,200	1,350,900
Child Welfare Prevention Services	1,489,600	1,703,000	1,489,600
<b>Repayment of Federal Funds</b>			
AFDC Overpayment	<u>13,183,900</u>	<u>12,867,800</u>	<u>0</u>
Total Expenditures	\$635,030,200	\$614,978,400	\$626,245,200
Ending Balance	\$52,520,900	\$115,978,800	\$76,625,600

Source: Based on information available from the Department of Children and Families as of December, 2010.

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 2009-10 were \$43.6 million.

Total budgeted expenditures in 2009-10 for benefits, administration, and services were \$95.9 million. Actual expenditures for administration, services, and benefits totaled \$116.5 million in 2009-10. Total budgeted expenditures in 2010-11 for benefits, administration, and services are \$130.8 million.

For the 2009-11 biennium, funding is budgeted for the last six months of the 2006-2009 W-2 agency contracts (July 1, 2009, through December 31, 2009) and for the first 18 months of the 2010-2012 W-2 agency contracts (January 1, 2010, through June 30, 2011). The last 18 months of the 2010-2012 W-2 agency contracts will be funded in the 2011-13 biennial budget.

*Transitional Jobs.* 2009 Act 28 created a pilot project that offers transitional jobs to low-income adults. Costs for this two-year pilot project are expected to total \$17.2 million annually, beginning in 2010-11.

*Child Care Program.* The child care program provides funds for subsidies, programs to improve child care quality and availability, and child care licensing as described below. The total amount budgeted for the child care program is \$398.9 million in 2009-10 and \$370.5 million in 2010-11.

(a) *Child Care Subsidies.* A total of \$385.0 million in 2009-10 and \$341.0 million in 2010-11 is budgeted for child care subsidies. Actual subsidies for 2009-10 totaled \$336.3 million.

(b) *Child Care State Administration.* A total of \$2.8 million in 2009-10 and \$8.3 million in 2010-11 is budgeted for state administration of the child care program, including fraud detection and prevention activities. Actual expenditures for state administration of the child care program for 2009-10 totaled

\$3.2 million.

(c) *Quality Care for Quality Kids.* A total of \$5.4 million in 2009-10 and \$14.5 million in 2010-11 is budgeted for programs to improve child care quality and availability, including the quality rating and improvement system, called YoungStar. These funds are for activities designed to increase the capacity and quality of child care providers in the state. A more thorough description of programs funded under this program is included in the Indirect Child Care Services section of this paper. Actual expenditures totaled \$5.3 million in 2009-10.

(d) *Child Care Licensing.* Funds totaling \$5.8 million in 2009-10 and \$6.7 million in 2010-11 are budgeted to license and monitor family and group child care facilities. Actual expenditures in 2009-10 totaled \$9.2 million.

*Kinship Care.* Budgeted expenditures for kinship care were \$24.4 million in 2009-10 compared to actual expenditures of \$27.4 million. For 2010-11, budgeted expenditures total \$23.0 million for the \$220 monthly benefit (\$215 per month prior to January 1, 2011) and for assessments and background investigations of kinship care relatives.

*Caretaker Supplement Program.* Prior to 2006-07 the caretaker supplement program had been funded by TANF and GPR. Beginning in 2006-07 the program was funded entirely with TANF funds. In the 2009-11 biennium, TANF funds budgeted for benefits and administrative costs were \$29.9 million annually. A total of \$35.9 million TANF was expended in 2009-10 for the caretaker supplement program. The caretaker supplement benefit is \$250 for the first eligible child and \$150 for each additional eligible child.

*Emergency Assistance.* A total of \$6.5 million in 2009-10 and \$6.0 million in 2010-11 was budgeted for the emergency assistance program. Actual expenditures were \$6.0 million in 2009-10. DWD began tracking emergency assistance grants in January, 2002. The number of grants issued in calendar year 2002 totaled 7,820. After 2005 Act 25 allowed

emergency assistance to be provided for homelessness or impending homelessness not related to domestic violence once in a 12-month period, rather than once in a 36-month period under prior law, emergency assistance grants issued increased to 10,970 in CY 2009 and 9,705 for the 9-month period from January through September of 2010.

*Children First.* Budgeted expenditures for the children first employment program for noncustodial parents were \$1.1 million annually. Actual expenditures for 2009-10 were \$1.2 million. A total of 3,944 participants were served in calendar year 2009.

*State Administration.* The budget provided \$15.6 million in 2009-10 and \$15.7 million in 2010-11 for state administration of the W-2 program and other public assistance programs being funded by TANF. Actual expenditures on state administration in 2009-10 were \$12.0 million.

*Boys and Girls Clubs.* Budgeted expenditures included \$350,000 annually for grants to the Boys and Girls Clubs of America. Actual expenditures in 2009-10 totaled \$270,500.

*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 \$129.2 million in 2009-10. TANF funding budgeted for the EITC totals \$25.9 million in 2009-10 and \$6.7 million in 2010-11. The remaining portion of the credit is paid by GPR. Actual TANF expenditures for 2009-10 were \$25.9 million.

*TANF for Community Aids and Children and Family Aids.* Under current federal law, states are allowed to transfer up to 10% of the state's TANF block grant funds to be used to carry out programs under the social services block grant (SSBG). In the past, the transfer amount has varied between 4.25% and 10%. These TANF funds are distributed to counties through community aids and children and family aids. A total of \$13.4 million (4.27%) of the TANF block grant was budgeted for the SSBG in

2009-10 to be used for community aids and children and family aids. Due to the implementation of the new graduated foster care licensing system, more funds are needed for licensed foster parents, due to the effort to license relative care-givers, rather than for kinship care providers. As a result, a total of \$14.8 million (4.72%) of the TANF block grant is budgeted for the SSBG in 2010-11. The actual amount transferred in 2009-10 was \$13.4 million.

*Child Welfare Safety Services.* The biennial budget provides \$6.4 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 may include: (a) supervision, observation, basic parenting assistance, social and emotional support, and basic home management; (b) child care; (c) routine and emergency drug and alcohol screening and treatment services; (d) family crisis counseling; (e) routine and emergency mental health services; (f) respite care; (g) housing assistance; and (h) transportation. Families receive services that are appropriate to their specific situations based on the safety plan. In 2009, 764 cases received safety services through BMCW. In 2009-10, TANF expenditures for safety services totaled approximately \$5.2 million.

*Child Welfare Information System.* 2003 Act 33 created a new statutory allocation under the TANF program for the electronic Wisconsin statewide automated child welfare information system (eWISACWIS). Case workers and administrators use eWISACWIS for managing child welfare services, including intake, assessment, eligibility determinations, case management, court processing, financial reporting, and administration.

The budget for eWISACWIS is \$1.5 million annually in TANF funds for the 2009-11 biennium.

In 2009-10, \$1.7 million in TANF funds was spent to support eWISACWIS. 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. DCF provides funding to reduce the incidence of child abuse and neglect in Milwaukee County through two different services: (a) home-visiting services for parents in Milwaukee County; and (b) community-based grants for prevention services. TANF expenditures totaled \$1.7 million in 2009-10.

*AFDC Overpayment Liability.* When the former AFDC program transitioned to the current TANF block grant program, there was confusion about whether the state should continue to pay the federal share of the AFDC overpayment recoveries or whether all AFDC recoveries could be used for the TANF program. All TANF and CCDBG recoveries are retained by the state and used for the TANF program. The state did not pay the federal share until clear program instructions from the federal Administration for Children and Families indicated that the federal share of AFDC recoveries must be paid. As a result, the state owed the federal government the amount of the federal share of AFDC recoveries that it had failed to pay prior to the clarifying program instruction. These funds in the amount of \$12.9 million were paid in 2009-10, which satisfied the state's obligation to the federal government.

**Ending TANF Balance.** Table 6 shows an estimated ending TANF balance of \$76.6 million in 2010-11. However, this is subject to change as the figures for 2010-11 are budgeted amounts.

Table 7 shows the annual ongoing TANF revenues and expenditures based on amounts budgeted in 2010-11 with adjustments to account for

one-time items (TANF contingency funds, TANF emergency funds, and carryover funds). As shown in the table, annual expenditures exceed annual revenues by \$43.9 million.

**Table 7: 2010-11 TANF Structural Deficit**

Annual Revenues	\$565.2
Annual Expenditures	609.1
Structural Deficit	- \$43.9

As noted above, Table 7 is based on budgeted amounts in 2010-11. The TANF structural deficit could be more if actual expenditures exceed the amounts budgeted. On the other hand, if actual expenditures are less than the amounts budgeted, the structural deficit would be lower.

**Program Participation**

Table 8 shows the number of AFDC, W-2, kinship care, and SSI caretaker supplement cases receiving benefits or other services for 1997 through 2010. Table 8 also has a chart showing the change in the number of cases receiving cash benefits from these programs from 1985 to 2010. 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.

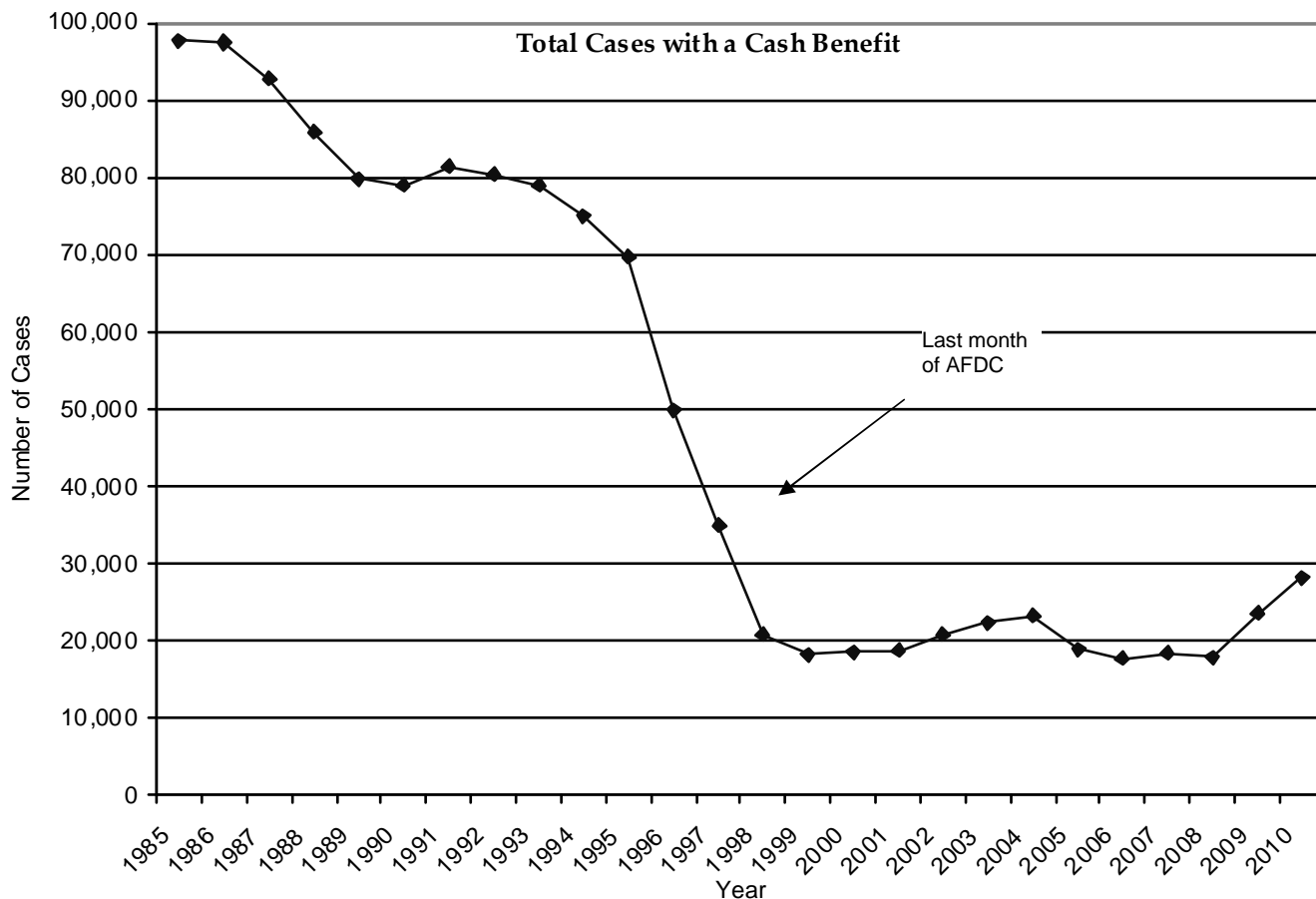
It should be noted that not all of the W-2 paid benefit caseload fits the federal definition of cash assistance. Therefore, although Table 8 shows a total TANF caseload in September, 2010, of 28,324, the total amount reported to the Department of Health and Human Services was 24,435.

**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 employment position and received a cash benefit under one of those W-2 employment positions.

**Table 8: Program Participation**

	Aug. 1997	Sept. 1998	Sept. 1999	Sept. 2000	Sept. 2001	Sept. 2002	Sept. 2003	Sept. 2004	Sept. 2005	Sept. 2006	Sept. 2007	Sept. 2008	Sept. 2009	Sept. 2010
The AFDC Program	34,491	---	---	---	---	---	---	---	---	---	---	---	---	---
The W-2 Program - Total	---	15,241	11,388	11,172	11,796	13,657	14,790	15,849	11,305	10,198	10,376	9,189	10,828	16,850
W-2 Cash Benefit	---	10,047	7,389	6,772	8,062	9,993	11,287	12,013	7,881	6,701	6,706	6,365	8,364	13,599
W-2 Case Management	---	5,194	3,999	4,400	3,734	3,664	3,503	3,836	3,424	3,497	3,670	2,824	2,464	3,251
W-2 Employment Positions														
Transitional Placements	---	2,261	2,452	2,510	2,665	3,335	4,003	4,703	3,513	2,953	2,858	2,543	2,822	3,981
Community Service Jobs	---	6,822	3,899	3,159	4,133	5,325	5,737	5,889	2,951	2,396	2,371	2,229	3,875	7,910
Trial Jobs	---	83	42	25	19	37	18	29	21	13	11	5	9	20
Real Work, Real Pay Pilot	---	---	---	---	---	---	---	---	---	---	---	9	15	---
Caring for a Newborn	---	881	996	1,078	1,245	1,296	1,529	1,392	1,396	1,339	1,466	1,579	1,643	1,652
At-Risk Pregnant Women	---	---	---	---	---	---	---	---	---	---	---	---	---	36
Kinship Care	457	5,163	5,368	6,232	4,893	5,200	5,263	5,188	5,149	5,320	5,581	5,603	8,655	7,770
Caretaker Supplement	---	<u>5,668</u>	<u>5,516</u>	<u>5,576</u>	<u>5,889</u>	<u>5,646</u>	<u>5,925</u>	<u>5,992</u>	<u>5,883</u>	<u>5,744</u>	<u>6,150</u>	<u>6,029</u>	<u>6,607</u>	<u>6,955</u>
Total Cases with a Cash Benefit	34,948	20,878	18,273	18,580	18,844	20,839	22,475	23,193	18,913	17,765	18,437	17,997	23,626	28,324
Percent Change		-40.3%	-12.5%	1.7%	1.4%	10.6%	7.9%	3.2%	-18.5%	-6.1%	3.8%	-2.4%	31.3%	19.9%
Cumulative Change Since 1997		-40.3%	-47.7%	-46.8%	-46.1%	-40.4%	-35.7%	-33.6%	-45.9%	-49.2%	-47.2%	-48.5%	-32.4%	-19.0%

Source: Department of Children and Families



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

**Breakdown into W-2 Employment Positions.**

During the month of September, 2010, DCF reported 16,850 cases receiving a W-2 cash benefit or case management services. Of those, 23.6% were placed in transitional placements, 46.9% were placed in a community service job, 0.1% were placed in a trial job, 9.8% received a benefit as a caretaker of a child under 13 weeks of age, and 0.2% received at-risk pregnancy cash benefits. The remaining 19.3% were receiving case management

services only.

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

*Kinship Care.* Counties began transitioning cases from AFDC to kinship care on January 1, 1997. Beginning April 1, 1997, all new cases were assessed for kinship care eligibility. 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 8,655

in September, 2009, and was at 7,770 in September, 2010.

*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 6,955 in September, 2010.

Historically, Wisconsin's AFDC caseload peaked at over 100,300 in April, 1986, and then began to decline. By 1990, the average monthly number of cases had fallen 19.2% as compared to the average monthly caseload for 1986. From 1991 to 1992 the average monthly number of cases increased slightly before beginning an extended decline. In March 1996, the caseload was 62,900, when the state implemented two significant reforms—the self-sufficiency first and pay-for-performance initiatives. By August, 1997, the caseload had declined 44.4% compared to the March, 1996, caseload. Since the peak caseload in April, 1986, the number of cases receiving cash benefits in Wisconsin has declined by 71.8%.

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 August, 1996, to March, 2010, caseloads declined in every state and territory (data not available in Puerto Rico), resulting in a drop in the caseload over that time period of 64.7% nationwide. As of March, 2010, the number of TANF recipients nationwide was 4.3 million, which represented 1.4% of the population.

It should be noted that it is unclear how many cases nationwide now receive benefits under pro-

grams 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 64.7% 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 September, 2010. Attachment 4 shows the number of W-2 participants in September, 2010, 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 1.9 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 2010. It compares the total W-2 caseload with the number of W-2 cases that also receive medical assistance, FoodShare, or child care services.

### **Child Care Participation**

Child care subsidies have increased from \$127.2 million in 1998-99 to \$348.8 million in 2008-09 and \$315.8 million in 2009-10. These figures do not include expenditures for local administration, on-site child care, and migrant child care. Direct child care subsidies expenditures in Table 6 do include these expenditures.

Table 9 shows the level of growth in the subsidy program by comparing data for fiscal years 1998-99 through 2009-10. As reflected in the table, until 2008-09, the growth is due primarily to the increase in child care caseloads, although the average family subsidy amount had also increased. The table shows that program growth has begun to de-

cline, beginning in 2009-10. The decline is primarily due to the initiatives to detect and prevent fraudulent activities in Wisconsin Shares and to the economic downturn. Finally, the type of child care be-

ing used has remained fairly constant at about 88% of families using more expensive licensed child care, as opposed to certified care.

**Table 9: Child Care Subsidy Growth**

Fiscal Year	Average Monthly Subsidies	Percent Growth	Average Number of Children	Percent Growth	Average Number of Families	Percent Growth	Average Subsidy Per Family	Percent Growth
1998-99*	\$10,597,636		26,763		15,412		\$688	
1999-00	13,006,963	22.7%	31,486	17.6%	17,750	15.2%	733	6.6%
2000-01	18,181,669	39.8	39,520	25.5	22,435	26.4	810	10.6
2001-02	20,875,288	14.8	44,985	13.8	25,769	14.9	810	0.0
2002-03	22,487,129	7.7	48,584	8.0	27,897	8.3	806	-0.5
2003-04	23,485,024	4.4	51,328	5.6	29,496	5.7	796	-1.2
2004-05	24,527,416	4.4	52,341	2.0	30,166	2.3	813	2.1
2005-06	25,995,189	6.0	54,561	4.2	31,183	3.4	834	2.5
2006-07	26,659,373	2.6	56,566	3.7	32,199	3.3	828	-0.7
2007-08	27,824,584	4.4	58,379	3.2	32,820	1.9	848	2.4
2008-09	29,069,562	4.5	59,730	2.3	33,436	1.9	869	2.5
2009-10	26,319,216	- 9.5	56,720	- 5.0	32,421	- 3.0	812	- 6.6
Total Growth		148.3%		111.9%		110.4%		18.1%

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

Source: Department of Children and Families



## ATTACHMENT 1

### Child Care Copayment Schedule 2010\*

FPL	Gross Monthly Income by Family Size									Weekly Copay Requirement Children in Subsidized Care				
	2	3	4	5	6	7	8	9	10+	1	2	3	4	5+
70%	\$850	\$1,068	\$1,286	\$1,504	\$1,723	\$1,941	\$2,159	\$2,377	\$2,595	\$6	\$10	\$15	\$19	\$25
75	911	1,144	1,378	1,612	1,846	2,079	2,313	2,547	2,781	6	13	18	24	29
80	971	1,221	1,470	1,719	1,969	2,218	2,467	2,717	2,966	8	14	20	26	32
85	1,032	1,297	1,562	1,827	2,092	2,357	2,622	2,886	3,151	12	18	24	29	38
90	1,093	1,373	1,654	1,934	2,215	2,495	2,776	3,056	3,337	14	22	29	36	43
95	1,153	1,450	1,746	2,042	2,338	2,634	2,930	3,226	3,522	18	26	35	43	50
100	1,214	1,526	1,838	2,149	2,461	2,773	3,084	3,396	3,708	20	29	38	48	55
105	1,275	1,602	1,929	2,257	2,584	2,911	3,238	3,566	3,893	23	32	42	50	59
110	1,336	1,678	2,021	2,364	2,707	3,050	3,393	3,735	4,078	26	36	43	53	61
115	1,396	1,755	2,113	2,472	2,830	3,188	3,547	3,905	4,264	29	37	47	56	64
120	1,457	1,831	2,205	2,579	2,953	3,327	3,701	4,075	4,449	32	42	50	58	68
125	1,518	1,907	2,297	2,686	3,076	3,466	3,855	4,245	4,634	36	45	53	63	73
130	1,578	1,984	2,389	2,794	3,199	3,604	4,009	4,415	4,820	37	49	59	69	80
135	1,639	2,060	2,481	2,901	3,322	3,743	4,164	4,584	5,005	41	53	64	76	87
140	1,700	2,136	2,573	3,009	3,445	3,882	4,318	4,754	5,191	43	56	68	79	92
145	1,761	2,212	2,664	3,116	3,568	4,020	4,472	4,924	5,376	47	59	69	82	94
150	1,821	2,289	2,756	3,224	3,691	4,159	4,626	5,094	5,561	50	61	74	85	98
155	1,882	2,365	2,848	3,331	3,814	4,297	4,780	5,264	5,747	52	64	76	88	100
160	1,943	2,441	2,940	3,439	3,937	4,436	4,935	5,433	5,932	56	68	79	92	104
165	2,003	2,518	3,032	3,546	4,060	4,575	5,089	5,603	6,117	57	70	82	93	106
170	2,064	2,594	3,124	3,654	4,183	4,713	5,243	5,773	6,303	58	74	85	98	109
175	2,125	2,670	3,216	3,761	4,306	4,852	5,397	5,943	6,488	60	75	88	101	111
180	2,186	2,747	3,308	3,869	4,430	4,991	5,552	6,113	6,674	62	78	92	104	114
185	2,246	2,823	3,399	3,976	4,553	5,129	5,706	6,282	6,859	64	80	94	106	118
190	2,307	2,899	3,491	4,083	4,676	5,268	5,860	6,452	7,044	65	82	98	108	120
195	2,368	2,975	3,583	4,191	4,799	5,406	6,014	6,622	7,230	68	85	100	111	124
200	2,428	3,052	3,675	4,298	4,922	5,545	6,168	6,792	7,415	69	86	103	114	126

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

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

Source: Department of Children and Families

## ATTACHMENT 2

### 2006-2010 Maximum Child Care Reimbursement Rates

Counties	Licensed Group								Licensed Family								Regularly Certified				Provisionally Certified			
	0 - 2		2 - 3		4 - 5		6+		0 - 2		2 - 3		4 - 5		6+		0 - 2	2 - 3	4 - 5	6+	0 - 2	2 - 3	4 - 5	6+
	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate
Adams	\$98.04	\$2.80	\$90.71	\$2.59	\$90.71	\$2.59	\$90.71	\$2.59	\$110.00	\$3.14	\$110.00	\$3.14	\$110.00	\$3.14	\$104.50	\$2.99	\$2.36	\$2.36	\$2.36	\$2.24	\$1.57	\$1.57	\$1.57	\$1.49
Ashland	145.75	4.16	145.00	4.14	132.00	3.77	130.00	3.71	131.00	3.74	110.00	3.14	110.00	3.14	110.00	3.14	2.81	2.36	2.36	2.36	1.87	1.57	1.57	1.57
Barron	121.00	3.46	110.00	3.14	104.50	2.99	99.00	2.83	115.00	3.29	110.00	3.14	110.00	3.14	110.00	3.14	2.46	2.36	2.36	2.36	1.64	1.57	1.57	1.57
Bayfield	138.00	3.94	125.00	3.57	120.00	3.43	115.43	3.30	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Brown	206.80	5.91	169.40	4.84	148.50	4.24	147.40	4.21	143.00	4.09	132.00	3.77	126.50	3.61	122.10	3.49	3.06	2.83	2.71	2.62	2.04	1.89	1.81	1.74
Buffalo	137.50	3.93	110.00	3.14	110.00	3.14	110.00	3.14	123.75	3.54	110.00	3.14	110.00	3.14	110.00	3.14	2.65	2.36	2.36	2.36	1.77	1.57	1.57	1.57
Burnett	138.00	3.94	126.00	3.60	126.00	3.60	126.00	3.60	126.00	3.60	110.00	3.14	110.00	3.14	110.00	3.14	2.70	2.36	2.36	2.36	1.80	1.57	1.57	1.57
Calumet	181.50	5.19	165.00	4.71	153.00	4.37	143.00	4.09	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Chippewa	162.00	4.63	145.00	4.14	140.00	4.00	130.00	3.71	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Clark	121.00	3.46	115.50	3.30	104.50	2.99	104.50	2.99	111.38	3.18	110.00	3.14	110.00	3.14	110.00	3.14	2.39	2.36	2.36	2.36	1.59	1.57	1.57	1.57
Columbia	162.00	4.63	145.00	4.14	140.00	4.00	130.00	3.71	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Crawford	157.38	4.50	145.00	4.14	126.93	3.63	126.93	3.63	131.00	3.74	110.00	3.14	110.00	3.14	110.00	3.14	2.81	2.36	2.36	2.36	1.87	1.57	1.57	1.57
Dane	232.00	6.63	200.00	5.71	180.00	5.14	175.00	5.00	190.00	5.43	175.50	5.01	165.00	4.71	157.50	4.50	4.07	3.76	3.57	3.38	2.71	2.51	2.36	2.25
Dodge	162.00	4.63	145.00	4.14	140.00	4.00	142.88	4.08	135.00	3.86	125.00	3.57	120.00	3.43	121.50	3.47	2.89	2.68	2.57	2.60	1.93	1.79	1.71	1.74
Door	162.00	4.63	145.00	4.14	140.00	4.00	130.00	3.71	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Douglas	165.00	4.71	156.75	4.48	140.25	4.01	132.00	3.77	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Dunn	143.00	4.09	145.00	4.14	137.50	3.93	121.00	3.46	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Eau Claire	183.43	5.24	171.60	4.90	157.30	4.49	143.00	4.09	165.00	4.71	148.50	4.24	148.50	4.24	148.50	4.24	3.54	3.18	3.18	3.18	2.36	2.12	2.12	2.12
Florence	153.00	4.37	144.00	4.11	135.00	3.86	126.00	3.60	153.00	4.37	153.00	4.37	117.00	3.34	117.00	3.34	3.28	3.28	2.51	2.51	2.19	2.19	1.67	1.67
Fond du Lac	170.50	4.87	152.90	4.37	137.50	3.93	136.13	3.89	137.50	3.93	126.50	3.61	126.50	3.61	124.30	3.55	2.95	2.71	2.71	2.66	1.96	1.81	1.81	1.78
Forest	110.00	3.14	110.00	3.14	110.00	3.14	110.00	3.14	157.50	4.50	135.00	3.86	135.00	3.86	112.50	3.21	3.38	2.89	2.89	2.41	2.25	1.93	1.93	1.61
Grant	129.25	3.69	129.25	3.69	128.25	3.66	123.75	3.54	121.00	3.46	110.00	3.14	110.00	3.14	110.00	3.14	2.59	2.36	2.36	2.36	1.73	1.57	1.57	1.57
Green	171.00	4.89	149.40	4.27	140.00	4.00	130.00	3.71	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Green Lake	160.60	4.59	145.00	4.14	138.60	3.96	130.00	3.71	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Iowa	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Iron	134.75	3.85	123.75	3.54	123.75	3.54	123.75	3.54	135.00	3.86	125.00	3.57	120.00	3.43	120.00	3.43	2.89	2.68	2.57	2.57	1.93	1.79	1.71	1.71
Jackson	154.00	4.40	107.25	3.06	107.25	3.06	116.60	3.33	111.38	3.18	110.00	3.14	99.00	2.83	99.00	2.83	2.39	2.36	2.12	2.12	1.59	1.57	1.41	1.41
Jefferson	181.50	5.19	148.50	4.24	134.20	3.83	136.13	3.89	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Juneau	138.00	3.94	130.50	3.73	126.00	3.60	126.00	3.60	123.75	3.54	110.00	3.14	110.00	3.14	110.00	3.14	2.65	2.36	2.36	2.36	1.77	1.57	1.57	1.57
Kenosha	221.10	6.32	200.00	5.71	176.00	5.03	170.50	4.87	190.00	5.43	175.00	5.00	165.00	4.71	155.00	4.43	4.07	3.75	3.54	3.32	2.71	2.50	2.36	2.21
Kewaunee	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	118.80	3.39	110.00	3.14	110.00	3.14	110.00	3.14	2.55	2.36	2.36	2.36	1.70	1.57	1.57	1.57
La Crosse	170.50	4.87	143.00	4.09	143.00	4.09	140.80	4.02	143.00	4.09	132.00	3.77	126.50	3.61	115.50	3.30	3.06	2.83	2.71	2.48	2.04	1.89	1.81	1.65
Lafayette	121.00	3.46	104.50	2.99	104.50	2.99	104.50	2.99	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Langlade	162.00	4.63	145.00	4.14	140.00	4.00	130.00	3.71	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Lincoln	149.88	4.28	116.88	3.34	105.88	3.03	110.00	3.14	135.00	3.86	125.00	3.57	120.00	3.43	120.00	3.43	2.89	2.68	2.57	2.57	1.93	1.79	1.71	1.71

**ATTACHMENT 2 (continued)**

**2006-2010 Maximum Child Care Reimbursement Rates**

	Licensed Group								Licensed Family								Regularly Certified				Provisionally Certified			
	0 - 2		2 - 3		4 - 5		6+		0 - 2		2 - 3		4 - 5		6+		0 - 2	2 - 3	4 - 5	6+	0 - 2	2 - 3	4 - 5	6+
	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate
Manitowoc	\$165.00	\$4.71	\$148.50	\$4.24	\$148.50	\$4.24	\$145.00	\$4.14	\$148.50	\$4.24	\$135.00	\$3.86	\$135.00	\$3.86	\$130.00	\$3.71	\$3.18	\$2.89	\$2.89	\$2.79	\$2.12	\$1.93	\$1.93	\$1.86
Marathon	189.00	5.40	165.00	4.71	153.00	4.37	148.50	4.24	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Marinette	137.50	3.93	121.00	3.46	121.00	3.46	121.00	3.46	131.00	3.74	115.50	3.30	115.50	3.30	115.50	3.30	2.81	2.48	2.48	2.48	1.87	1.65	1.65	1.65
Marquette	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	121.50	3.47	121.50	3.47	121.50	3.47	2.68	2.60	2.60	2.60	1.79	1.74	1.74	1.74
Menominee	137.50	3.93	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	112.50	3.21	110.00	3.14	110.00	3.14	2.68	2.41	2.36	2.36	1.79	1.61	1.57	1.57
Milwaukee	232.00	6.63	200.00	5.71	180.00	5.14	175.00	5.00	190.00	5.43	175.00	5.00	165.00	4.71	155.00	4.43	4.07	3.75	3.54	3.32	2.71	2.50	2.36	2.21
Monroe	145.20	4.15	128.70	3.68	119.90	3.43	115.50	3.30	131.00	3.74	115.50	3.30	115.50	3.30	110.00	3.14	2.81	2.48	2.48	2.36	1.87	1.65	1.65	1.57
Oconto	144.00	4.11	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Oneida	162.00	4.63	137.50	3.93	121.00	3.46	121.00	3.46	135.00	3.86	115.50	3.30	115.50	3.30	115.50	3.30	2.89	2.48	2.48	2.48	1.93	1.65	1.65	1.65
Outagamie	189.00	5.40	165.00	4.71	153.00	4.37	145.00	4.14	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Ozaukee	195.98	5.60	180.00	5.14	157.50	4.50	145.00	4.14	153.00	4.37	153.00	4.37	148.50	4.24	148.50	4.24	3.28	3.28	3.18	3.18	2.19	2.19	2.12	2.12
Pepin	138.00	3.94	114.84	3.28	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Pierce	162.00	4.63	145.00	4.14	140.00	4.00	130.00	3.71	131.00	3.74	125.00	3.57	120.00	3.43	120.00	3.43	2.81	2.68	2.57	2.57	1.87	1.79	1.71	1.71
Polk	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Portage	189.00	5.40	165.00	4.71	153.00	4.37	145.00	4.14	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Price	126.50	3.61	125.00	3.57	110.00	3.14	110.00	3.14	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Racine	214.50	6.13	187.00	5.34	170.00	4.86	162.80	4.65	181.50	5.19	175.00	5.00	165.00	4.71	155.00	4.43	3.89	3.75	3.54	3.32	2.59	2.50	2.36	2.21
Richland	160.60	4.59	137.50	3.93	137.50	3.93	130.00	3.71	131.00	3.74	110.00	3.14	110.00	3.14	110.00	3.14	2.81	2.36	2.36	2.36	1.87	1.57	1.57	1.57
Rock	192.50	5.50	172.70	4.93	170.50	4.87	154.00	4.40	160.88	4.60	148.50	4.24	148.50	4.24	148.50	4.24	3.45	3.18	3.18	3.18	2.30	2.12	2.12	2.12
Rusk	132.00	3.77	115.50	3.30	115.50	3.30	93.50	2.67	123.75	3.54	110.00	3.14	110.00	3.14	110.00	3.14	2.65	2.36	2.36	2.36	1.77	1.57	1.57	1.57
St. Croix	175.50	5.01	157.50	4.50	144.00	4.11	130.00	3.71	139.50	3.99	126.00	3.60	121.50	3.47	121.50	3.47	2.99	2.70	2.60	2.60	1.99	1.80	1.74	1.74
Sauk	176.00	5.03	143.00	4.09	143.00	4.09	126.50	3.61	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Sawyer	126.50	3.61	104.50	2.99	104.50	2.99	104.50	2.99	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Shawano	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Sheboygan	189.00	5.40	165.00	4.71	143.00	4.09	144.10	4.12	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Taylor	126.50	3.61	125.00	3.57	120.00	3.43	115.00	3.29	110.00	3.14	110.00	3.14	110.00	3.14	110.00	3.14	2.36	2.36	2.36	2.36	1.57	1.57	1.57	1.57
Trempealeau	132.00	3.77	121.00	3.46	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Vernon	138.00	3.94	115.50	3.30	115.50	3.30	115.00	3.29	110.00	3.14	110.00	3.14	110.00	3.14	110.00	3.14	2.36	2.36	2.36	2.36	1.57	1.57	1.57	1.57
Vilas	180.00	5.14	121.00	3.46	110.00	3.14	115.00	3.29	125.00	3.57	111.38	3.18	110.00	3.14	110.00	3.14	2.68	2.39	2.36	2.36	1.79	1.59	1.57	1.57
Walworth	176.00	5.03	154.00	4.40	138.60	3.96	137.50	3.93	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Washburn	138.00	3.94	125.00	3.57	120.00	3.43	110.00	3.14	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Washington	189.00	5.40	165.00	4.71	153.00	4.37	145.00	4.14	150.00	4.29	135.00	3.86	135.00	3.86	130.00	3.71	3.21	2.89	2.89	2.79	2.14	1.93	1.93	1.86
Waukesha	232.00	6.63	200.00	5.71	180.00	5.14	175.00	5.00	190.00	5.43	175.00	5.00	165.00	4.71	155.00	4.43	4.07	3.75	3.54	3.32	2.71	2.50	2.36	2.21
Waupaca	148.50	4.24	145.00	4.14	121.00	3.46	121.00	3.46	121.00	3.46	110.00	3.14	110.00	3.14	104.50	2.99	2.59	2.36	2.36	2.24	1.73	1.57	1.57	1.49
Waushara	138.00	3.94	125.00	3.57	120.00	3.43	115.00	3.29	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57

## ATTACHMENT 2 (continued)

### 2006-2010 Maximum Child Care Reimbursement Rates

	Licensed Group								Licensed Family								Regularly Certified				Provisionally Certified			
	0 - 2		2 - 3		4 - 5		6+		0 - 2		2 - 3		4 - 5		6+		0 - 2	2 - 3	4 - 5	6+	0 - 2	2 - 3	4 - 5	6+
	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Weekly Ceiling	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate	Hourly Rate
Winnebago	\$225.50	\$6.44	\$183.70	\$5.25	\$169.40	\$4.84	\$159.50	\$4.56	\$165.00	\$4.71	\$148.50	\$4.24	\$143.00	\$4.09	\$143.00	\$4.09	\$3.54	\$3.18	\$3.06	\$3.06	\$2.36	\$2.12	\$2.04	\$2.04
Wood	154.00	4.40	137.50	3.93	137.50	3.93	132.00	3.77	137.50	3.93	126.50	3.61	126.50	3.61	126.50	3.61	2.95	2.71	2.71	2.71	1.96	1.81	1.81	1.81
<b>Tribes*</b>																								
Bad River	\$145.75	\$4.16	\$145.00	\$4.14	\$132.00	\$3.77	\$130.00	\$3.71	\$131.00	\$3.74	\$110.00	\$3.14	\$110.00	\$3.14	\$110.00	\$3.14	\$2.81	\$2.36	\$2.36	\$2.36	\$1.87	\$1.57	\$1.57	\$1.57
La Courte Oreilles	126.50	3.61	104.50	2.99	104.50	2.99	104.50	2.99	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Lac du Flambeau	180.00	5.14	121.00	3.46	110.00	3.14	115.00	3.29	125.00	3.57	111.38	3.18	110.00	3.14	110.00	3.14	2.68	2.39	2.36	2.36	1.79	1.59	1.57	1.57
Oneida	206.80	5.91	169.40	4.84	148.50	4.24	147.40	4.21	143.00	4.09	132.00	3.77	126.50	3.61	122.10	3.49	3.06	2.83	2.71	2.62	2.04	1.89	1.81	1.74
Red Cliff	138.00	3.94	125.00	3.57	120.00	3.43	115.43	3.30	125.00	3.57	110.00	3.14	110.00	3.14	110.00	3.14	2.68	2.36	2.36	2.36	1.79	1.57	1.57	1.57
Sokaogon	110.00	3.14	110.00	3.14	110.00	3.14	110.00	3.14	157.50	4.50	135.00	3.86	135.00	3.86	112.50	3.21	3.38	2.89	2.89	2.41	2.25	1.93	1.93	1.61

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

Source: Department of Children and Families

## ATTACHMENT 3

### Subsidized Employment Caseload By Agency September, 2010

Agency	Total Cases	Trial Job	At-Risk Pregnancy	CSJ*	Trans.	Parent of Infant	Agency	Total Cases	Trial Job	At-Risk Pregnancy	CSJ*	Trans.	Parent of Infant
<b>Counties</b>						<b>Milwaukee Agencies</b>							
Adams	29	0	0	7	14	8	Maximus WEA	3,421	0	0	2,462	845	114
Ashland	13	0	0	5	4	4	YWCA WEA	1,117	0	0	774	302	41
Bayfield	6	0	0	4	2	0	UMOS WEA	1,442	6	0	936	459	41
Burnett	4	0	0	1	1	2	PSI WEA	1,887	8	0	1,394	408	77
Calumet	7	0	0	4	3	0	SDC EEA	1,110	0	23	273	382	432
Crawford	5	0	0	2	3	0	PCG SSIA	317	0	0	7	310	0
Dane	649	2	1	247	293	106	UMOS SSIA	197	0	0	0	197	0
Dodge	35	0	0	14	11	10	Subtotal	9,491	14	23	5,846	2,903	705
Door	9	0	0	6	2	1	<b>Other Non-County</b>						
Dunn	47	0	0	29	10	8	Barron	44	0	0	22	15	7
Eau Claire	61	0	0	23	27	11	Brown	282	0	0	153	27	102
Fond du Lac	52	0	0	23	12	17	Buffalo	2	0	0	1	0	1
Grant	10	0	0	8	2	0	Chippewa	31	0	0	13	6	12
Green	13	0	0	1	10	2	Clark	23	0	0	17	5	1
Green Lake	7	0	1	0	3	3	Columbia	39	0	1	18	9	11
Iowa	4	0	0	0	1	3	Douglas	66	1	0	42	9	14
Iron	5	0	0	0	4	1	Florence	2	0	0	0	0	2
Jefferson	14	0	1	1	4	8	Forest	12	0	0	7	4	1
Kenosha	469	0	0	287	117	65	Jackson	18	0	0	7	6	5
La Crosse	56	0	1	23	6	26	Juneau	7	0	0	3	3	1
Lafayette	5	0	0	1	2	2	Kewaunee	11	0	0	7	4	0
Manitowoc	33	0	0	16	8	9	Langlade	20	0	0	8	9	3
Marquette	13	0	0	5	2	6	Lincoln	28	0	0	13	7	8
Oconto	7	0	0	2	1	4	Marathon	113	0	1	61	17	34
Outagamie	132	0	0	78	29	25	Marinette	17	0	1	8	3	5
Pepin	2	0	0	1	1	0	Menominee	29	0	0	22	3	4
Polk	17	2	0	5	6	4	Monroe	41	0	1	24	3	13
Portage	30	0	0	6	12	12	Oneida	17	0	0	8	6	3
Price	2	0	0	1	1	0	Ozaukee	17	0	0	8	4	5
Racine	500	0	4	321	64	111	Pierce	10	0	0	8	0	2
Richland	8	0	0	2	3	3	Rusk	16	0	0	12	3	1
Rock	239	0	0	87	86	66	Sawyer	10	0	0	6	2	2
Sauk	26	0	0	5	10	11	Shawano	43	0	0	29	7	7
Sheboygan	83	0	0	36	14	33	St. Croix	28	0	0	24	2	2
Taylor	1	0	0	0	1	0	Trempealeau	9	0	0	2	2	5
Waupaca	38	1	0	15	8	14	Vernon	1	0	0	0	1	0
Winnebago	222	0	0	132	45	45	Vilas	3	0	0	0	1	2
Wood	100	0	0	46	28	26	Walworth	41	0	0	6	22	13
Subtotal	2,953	5	8	1,444	850	646	Washburn	4	0	0	3	0	1
							Washington	41	0	1	24	9	7
							Waukesha	124	0	0	58	39	27
							Waushara	6	0	0	6	0	0
							Subtotal	1,155	1	5	620	228	301
							Total	13,599	20	36	7,910	3,981	1,652

Source: Department of Children and Families.

\* Community Service Jobs

## ATTACHMENT 4

### **W-2 Participants by Age Including Subsidized Employment and Case Management Cases September, 2010**

Age of W-2 Participant	Number of Participants
Under 20	1,370
20-24	5,690
25-29	3,961
30-34	2,464
35-39	1,599
40 and over	<u>1,766</u>
Total Participants	16,850

Source: Department of Children and Families

## ATTACHMENT 5

### Number of Children in W-2 Assistance Groups September, 2010

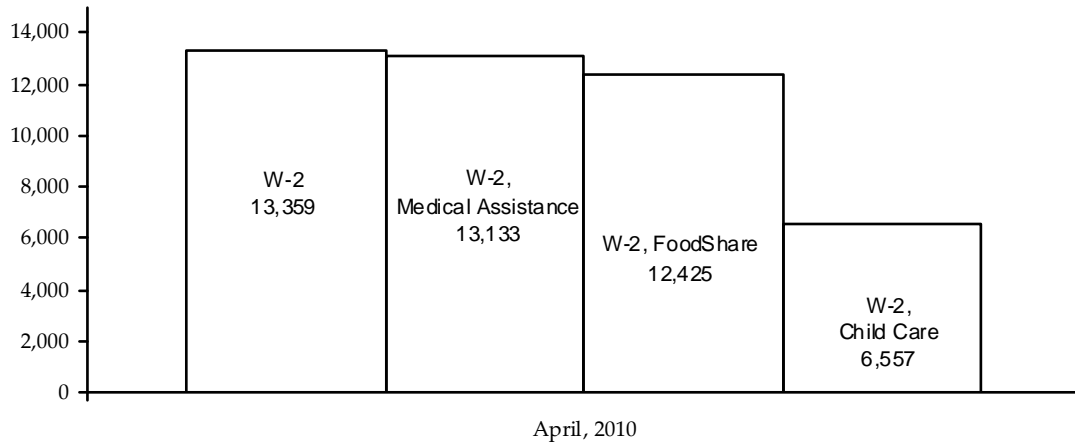
Number of Children	Number of Assistance Groups
0*	170
1	7,833
2	4,858
3	2,453
4 or more	<u>1,536</u>
Total Groups	16,850
Average Number of Children	1.9

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

Source: Department of Children and Families

## ATTACHMENT 6

### Interaction Between W-2 and Other Programs



- Nearly all W-2 participants are also enrolled in medical assistance. The percentage of W-2 participants that were also enrolled in medical assistance in April, 2010, was 98.3%.
- W-2 participants automatically meet the financial eligibility requirements for the FoodShare program. The percentage of W-2 participants that were also receiving FoodShare in April, 2010, was 93.0%.
- About half of W-2 participants are determined eligible for child care subsidies. The percentage of W-2 participants determined eligible for child care subsidies in April, 2010, was 49.1%.

Source: Department of Children and Families



## APPENDIX A

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

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

2. The individual is a U.S. citizen or qualifying alien who is: (a) lawfully admitted to the United States for permanent residence; (b) granted asylum; (c) a refugee; (d) paroled into the U.S. for a period of at least one year; (e) in the U.S. but whose deportation is being withheld; (f) granted conditional entry; (g) an Amerasian immigrant as defined in section 584 of the Foreign Operations, Export Financing and Related Programs Appropriations Act of 1988; (h) a Cuban-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 group cooperate or for a period of six months, whichever is later.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

## APPENDIX B

### **Serious Crimes from which Child Care Providers, Caregivers, and Residents Cannot be Rehabilitated for Reinstatement**

1. Any felony crime against children, except for failure to pay child support and hazing.
2. Substantial or aggravated battery to a spouse.
3. Battery by prisoners, if the victim is a spouse.
4. Battery to a spouse when subject to certain injunctions.
5. First degree intentional homicide.
6. First degree reckless homicide.
7. Felony murder.
8. Second degree intentional homicide.
9. Second degree reckless homicide.
10. Mayhem.
11. First degree sexual assault.
12. Second degree sexual assault.
13. Third degree sexual assault.
14. Reckless injury.
15. Taking hostages.
16. Kidnapping.
17. Endangering safety by use of a dangerous weapon.
18. Disarming a peace officer.
19. Burglary with use of a dangerous weapon or with battery.
20. Robbery with use of a dangerous weapon.

21. Providing false information to, or intentionally withholding information from, DCF, a county department, a contracted agency, a school board, or other entity during the background check process.
22. An offense involving fraudulent activity as a participant in the W-2 program, including as a recipient of a child care subsidy, AFDC, medical assistance, food stamps benefits, supplemental security income payments, payments for the support of children of supplemental security income recipients, or health care benefits under the BadgerCare health care program.
23. Injury or death by providing alcoholic beverages to a minor, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
24. Falsification of proof of age for money or other consideration, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
25. Impersonating an officer to commit, or abet the commission of, a crime, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
26. Manufacturing or rectifying intoxicating liquor, or selling of this liquor, without a permit, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
27. Recovering, using, selling, concealing, or disposing of alcohol or alcoholic liquid derived from denatured alcohol, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
28. Homicide by intoxicated use of vehicle or firearm, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
29. Substantial or aggravated battery, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
30. Battery under special circumstances, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
31. Battery or threat to a judge, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
32. Battery or threat to a Department of Revenue employee, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.

33. Battery or threat to a Department of Commerce or Department of Workforce Development employee, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
34. Injury by intoxicated use of a vehicle, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
35. Operating a vehicle without the owner's consent while possessing a dangerous weapon, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
36. Felony hazing, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
37. Felony operating a vehicle under the influence of an intoxicant or other drug, if the person completed his or her sentence, including probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
38. Felony violation of the uniform controlled substances act, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years.
39. Felony failure to pay child support, if the person completed his or her sentence, including any probation, parole, or extended supervision, or was discharged by the Department of Corrections, within the previous five years, unless the person has paid all arrearages due and is meeting current support obligations.

## APPENDIX C

### Serious Crimes from which Child Care Providers Cannot be Rehabilitated for Reinstatement

1. Unauthorized use of an individual's personal indentifying information or documents.
2. Unauthorized use of an entity's identifying information or documents.
3. Felony forgery.
4. Felony receiving stolen property.
5. Felony fraudulent insurance and employee benefit program claims.
6. Felony receiving a stolen financial transaction card.
7. Felony forgery of a financial transaction card.
8. Felony fraudulent use of a financial transaction card.
9. Felony fraudulent use of a financial transaction card by other persons.
10. Felony factoring prohibited (e.g. prohibiting a person from receiving payment from the issuer of a buyer's financial transaction card if that person did not, or did not agree to, furnish the money, goods, services, or anything else of value represented to be furnished by the transaction record).
11. Felony theft of telecommunications service.
12. Felony theft of commercial mobile service.
13. Felony theft of video service.
14. Felony theft of satellite cable programming.
15. Felony retail theft.
16. Felony offense against computer data and programs.
17. Felony causing interruption in computer services.
18. Felony offense against computers, computer equipment, or supplies.
19. Felony crime against a financial institution.

**APPENDIX D**

**2010-2012 W-2 Agency Contract Performance Standards  
Calendar Years 2010, 2011, and 2012\***

<b>Mandatory Performance Standards</b>	
<b>Measure</b>	<b>Scale</b>
<p><b>Job Entry:</b> Year-to-date percentage of all W-2 participants (excluding case management services for certain populations) who obtain unsubsidized employment or better paying unsubsidized employment expected to last 30 days or longer. In Milwaukee W-2 employment agencies, participants who obtain SSI/SSDI during the period measured or within 30 days of the case closing will be excluded.</p>	<p align="center"><u>Non-Milwaukee W-2 Agencies</u>                      Exceed = 30% or higher/30 points                      Satisfactory = 24% to 29%/24 points                      Needs Improvement = 19% to 29%/19 points                      Fail or Zero Cases = below 19%/0 points</p> <p align="center"><u>Milwaukee W-2 Employment Agencies</u>                      Exceed = 26% (35% in 2011) or higher/30 points                      Satisfactory = 21% (28% in 2011) to 25% (34% in 2011)/24 points                      Needs Improvement = 16% (22% in 2011) to 20% (27% in 2011)/19 points                      Fail or Zero Cases = below 16% (22% in 2011)/0 points</p>
<p><b>Earnings Stabilization:</b> Unduplicated average quarterly wage of all W-2 job entries in the first quarter following the quarter of the entered employment. If multiple employment, highest wage will be used. Scale established per W-2 contract agency's labor market information. Participants who obtain SSI/SSDI are excluded.</p>	<p align="center"><u>Non-Milwaukee W-2 Agencies</u>                      Exceed = 60% or higher/25 points                      Satisfactory = 48% to 59%/20 points                      Needs Improvement = 39% to 47%/16 points                      Fail or Zero Cases = below 39%/0 points</p> <p align="center"><u>Milwaukee W-2 Employment Agencies</u>                      Exceed = 55% or higher/25 points                      Satisfactory = 45% to 54%/20 points                      Needs Improvement = 35% to 44%/16 points                      Fail or Zero Cases = below 35%/0 points</p>
<p><b>Customer Satisfaction:</b> Average of all questions on survey of how W-2 applicants and participants feel about their service experience for all W-2 applicants and participants who have requested or received services from the W-2 agency within the past 30 days.</p>	<p align="center"><u>Non-Milwaukee W-2 Agencies and Milwaukee W-2 Employment Agencies</u>                      Exceed = 7.5 or higher/20 points                      Satisfactory = 7.0 to 7.4/16 points                      Needs Improvement = 6.5 to 6.9/12 points                      Fail or Zero Cases = below 6.5/0 points</p> <p align="center"><u>Milwaukee Eligibility and Assessment and SSI/SSDI Advocacy Agencies</u>                      Exceed = 7.5 or higher/15 points                      Satisfactory = 7.0 to 7.4/12 points                      Needs Improvement = 6.5 to 6.9/9 points                      Fail or Zero Cases = below 6.5/0 points</p>

## Mandatory Performance Standards (continued)

Measure	Scale
<p><b>Success of Job Skills Training:</b> Percentage of participants who successfully complete a job skills training activity and record an entered employment placement during the training or within 90 days of completion of the job skills training activity. Does not include participants who obtain SSI/SSDI within 90 days after the successful completion of job skills.</p>	<p style="text-align: center;"><u>Non-Milwaukee W-2 Agencies</u>                      Exceed = 65% or higher/10 points                      Satisfactory = 52% to 64%/8 points                      Needs Improvement = 42% to 51%/6 points                      Fail or Zero Cases = below 42%/0 points</p> <p style="text-align: center;"><u>Milwaukee W-2 Employment Agencies</u>                      Exceed = 65% or higher/15 points                      Satisfactory = 52% to 64%/12 points                      Needs Improvement = 42% to 51%/9 points                      Fail or Zero Cases = below 42%/0 points</p>
<p><b>SSI/SSDI Receipt:</b> Percentage of W-2 transitional placement participants that have a pending supplemental security income (SSI) or social security disability income (SSDI) application who are then awarded SSI/SSDI within 30 days of W-2 ending.</p>	<p style="text-align: center;"><u>Non-Milwaukee W-2 Agencies</u>                      Exceed = 20% or higher/5 points                      Satisfactory = 15% to 19%/4 points                      Needs Improvement = 10% to 14%/3 points                      Fail or Zero Cases = below 10%/0 points</p> <p style="text-align: center;"><u>Milwaukee SSI/SSDI Advocacy Agencies</u>                      Exceed = 20% or higher/50 points                      Satisfactory = 15% to 19%/40 points                      Needs Improvement = 10% to 14%/32 points                      Fail or Zero Cases = below 10%/0 points</p>
<p><b>Educational Attainment:</b> Percentage of unduplicated participants who achieve a minimum increase of one grade level for participants who are enrolled in: (a) basic education; (b) literacy skills; (c) GED/HSED; (d) job skills; and (e) English as a second language;</p>	<p style="text-align: center;"><u>Non-Milwaukee W-2 Agencies and Milwaukee W-2 Employment Agencies</u>                      Exceed = 40% or higher/10 points                      Satisfactory = 32% to 39%/8 points                      Needs Improvement = 25% to 31%/6 points                      Fail or Zero Cases = below 25%/0 points</p> <p style="text-align: center;"><u>Milwaukee SSI/SSDI Advocacy Agency</u>                      Exceed = 40% or higher/5 points                      Satisfactory = 32% to 39%/4 points                      Needs Improvement = 25% to 31%/3 points                      Fail or Zero Cases = below 25%/0 points</p>
<p><b>Initial FEP Meeting:</b> Percentage of W-2 applicants who request W-2 and meet with FEP no later than third business day following the W-2 request date.</p>	<p style="text-align: center;"><u>Milwaukee Eligibility and Assessment Agency</u>                      Exceed = 80% or higher/20 points                      Satisfactory = 70% to 79%/16 points                      Needs Improvement = 60% to 69%/12 points                      Fail or Zero Cases = below 60%/0 points</p>
<p><b>W-2 Initial Placement:</b> Percentage of W-2 applicants who request W-2, are found eligible, and are placed in a W-2 placement no later than the tenth business day following the request.</p>	<p style="text-align: center;"><u>Milwaukee Eligibility and Assessment Agency</u>                      Exceed = 80% or higher/20 points                      Satisfactory = 70% to 79%/16 points                      Needs Improvement = 60% to 69%/12 points                      Fail or Zero Cases = below 60%/0 points</p>



## Mandatory Performance Standards (continued)

Measure	Scale
<p><b>Formal Assessment:</b> Percentage of W-2 participants, who when placed in a W-2 transitional placement, have a completed formal assessment prior to assignment to the W-2 employment agency or SSI/SSDI advocacy agency.</p>	<p><u>Milwaukee Eligibility and Assessment Agency</u>                      Exceed = 98% or higher/20 points                      Satisfactory = 94% to 97%/16 points                      Needs Improvement = 85% to 93%/12 points                      Fail or Zero Cases = below 85%/0 points</p>
<p><b>Barrier Screening Tool:</b> Completion rate of all W-2 participants of the barrier screening tool before they are transferred to the W-2 employment agency or the SSI/SSDI advocacy agency or within 30 days of the W-2 application date, whichever comes first (the number of participants who completed the tool does not include those who declined the tool).</p>	<p><u>Milwaukee Eligibility and Assessment Agency</u>                      Exceed = 60% or higher/20 points                      Satisfactory = 48% to 59%/16 points                      Needs Improvement = 38% to 47%/12 points                      Fail or Zero Cases = below 38%/0 points</p>
<p><b>Transition Plan:</b> Percentage of W-2 participants who obtain SSI/SSDI while enrolled with the SSI/SSDI advocacy agency and have a completed current transition plan at the time of a W-2 closure.</p>	<p><u>Milwaukee SSI/SSDI Advocacy Agency</u>                      Exceed = 90% or higher/20 points                      Satisfactory = 81% to 89%/16 points                      Needs Improvement = 75% to 80%/12 points                      Fail or Zero Cases = below 75%/0 points</p>
<p><b>Bridge to Caretaker Supplement Program:</b> Percentage of participants who obtain SSI while enrolled with the SSI/SSDI advocacy agency or participants who obtained SSI within 30 days and have a completed caretaker supplement application within 30 days of the SSI/SSDI approval (except W-2 groups with all minor children receiving SSI/SSDI and W-2 groups with adults only receiving SSDI).</p>	<p><u>Milwaukee SSI/SSDI Advocacy Agency</u>                      Exceed = 90% or higher/10 points                      Satisfactory = 81% to 89%/8 points                      Needs Improvement = 75% to 80%/6 points                      Fail or Zero Cases = below 75%/0 points</p>

## Incentive Performance Standards\*\*

Measure	Scale
<p><b>Job Entry for Non-Milwaukee W-2 Agencies:</b> Period 1 is from January 1, 2010, through June 30, 2010. Period 2 is from January 1, 2010, through December 31, 2010. Period 3 is from January 1, 2011, through June 30, 2011.</p> <p><b>Job Entry for Milwaukee W-2 Employment Agencies:</b> Period 1 is from April 1, 2010, through June 30, 2010. Period 2 is from April 1, 2010, through December 31, 2010. Period 3 is from January 1, 2011, through June 30, 2011. The Milwaukee County contracts did not take effect until April 1, 2010.</p> <p>Period 1 is 20% of the incentive funding. Period 2 is 50% of the incentive funding. Period 3 is 30% of the incentive funding.</p> <p>Agencies that meet the "exceed" measurement will be awarded three times more incentive funds than those that meet the "satisfactory" measurement.</p> <p>No agency will be eligible for more than one-third of their base allocation for W-2 services for the relevant time period.</p>	<p style="text-align: center;"><b><u>Non-Milwaukee W-2 Agencies</u></b></p> <p style="text-align: center;"><b><u>Periods 1 and 3</u></b>            Exceed = 15% or higher            Satisfactory = 12% to 14%            Needs Improvement = 9% to 11%            Fail or Zero Cases = below 9%</p> <p style="text-align: center;"><b><u>Period 2</u></b>            Exceed = 30% or higher            Satisfactory = 24% to 29%            Needs Improvement = 19% to 23%            Fail or Zero Cases = below 19%</p> <p style="text-align: center;"><b><u>Milwaukee W-2 Employment Agencies</u></b></p> <p style="text-align: center;"><b><u>Period 1</u></b>            Exceed = 9% or higher            Satisfactory = 7% to 8%            Needs Improvement = 5% to 6%            Fail or Zero Cases = below 5%</p> <p style="text-align: center;"><b><u>Period 2</u></b>            Exceed = 26% or higher            Satisfactory = 21% to 25%            Needs Improvement = 16% to 20%            Fail or Zero Cases = below 16%</p> <p style="text-align: center;"><b><u>Period 3</u></b>            Exceed = 17% or higher            Satisfactory = 14% to 16%            Needs Improvement = 11% to 13%            Fail or Zero Cases = below 11%</p>
<p><b>Earnings Stabilization:</b> Only applies during periods 2 and 3, as described above. Only applies to non-Milwaukee W-2 agencies and Milwaukee W-2 employment agencies.</p>	<p style="text-align: center;">Exceed = 60% or higher            Satisfactory = 48% to 59%            Needs Improvement = 39% to 47%            Fail or Zero Cases = below 39%</p>

\* There are three types of W-2 agencies in Milwaukee County: (a) W-2 employment agencies; (b) eligibility and assessment agency; and (c) SSI/SSDI advocacy agencies.

\*\*A minimum of \$1 million set aside for incentive pool funding. W-2 agencies that meet the "exceed" or "satisfactory" measurement in the time period are eligible to split incentive funding set aside for that time period.

## APPENDIX E

### 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, Forest County Potawatomi, Red Cliff, Mole Lake Sokaogon, Lac du Flambeau, Stockbridge-Munsee Mohican, Oneida, and Menominee), Wisconsin's annual TANF grant is \$314.5 million. Two additional tribes (St. Croix and Lac Courte Oreilles) have requested their own TANF tribal grants. Once approved, DCF anticipates the state's TANF block grant could be reduced by approximately \$1 million.

Congress reauthorized the program through September 30, 2010, by including the reauthorization provision in the federal Deficit Reduction Act of 2005. The TANF block grant was reauthorized at the same funding level. A continuing resolution extended the TANF program until December 3, 2010. Another extension (until September 30, 2011) was included in the federal Claims Resolution Act of 2010. 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 employ-

ment positions to 200% of the federal poverty level for grants to Boys and Girls Clubs of America to provide services to low income, TANF-eligible youth and for child care assistance after meeting the initial threshold of 185%. 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 a work-eligible individual engage in work once the state determines the individual is ready, or after 24 months of receiving TANF assistance, whichever is earlier. A work-eligible individual is defined as an adult (or minor child head-of-household) who receives assistance under TANF or a separate state program or a non-recipient parent living with a child who receives such assistance unless the parent is: (a) a minor parent and not the head-of-household; (b) an alien who is ineligible to receive assistance due to his or her immigration status; or (c) on a case-by-case basis, an SSI recipient. A work-eligible individual does not include a parent providing care for a disabled family member, an individual receiving MOE-funded assistance under an approved tribal TANF program, or, on a case-by-case basis, an SSDI recipient.

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

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

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

Table 10 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.

The percentage credits for work participation rates in Table 10 from FFY 1998 through FFY 2006 are based on caseload reductions that occurred since 1995. Beginning with FFY 2007, the credits are based on caseload reductions that occurred since 2005.

If a state does not comply with the minimum

**Table 10: Worker Participation Rates**

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

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

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

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 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%.

In addition, the federal Deficit Reduction Act of 2005 required states to establish work verification procedures, submit a work verification plan by September 30, 2006, and have the plan approved by September 30, 2007. The plan must include: (a) a description of how a work activity meets the relevant definition, of how the state determines the number of countable hours of participation, and of the documentation the state uses to monitor participation; (b) a description of the state's procedures for identifying all work-eligible individuals; (c) a description of how the state ensures that for each work-eligible individual the state accurately inputs data into the system, properly tracks the hours worked through the system, and accurately reports the hours; (d) a description of the procedures for ensuring the state does not transmit a work-eligible individual's hours of participation in an activity that does not meet a federal definition of a countable work activity; and (e) a description of the internal controls that the state has implemented to ensure a consistent measurement of the work participation rates, including the quality assurance processes and sampling specifications the state uses to monitor adherence to the established work verification procedures.

Failure to establish or comply with work participation verification procedures could result in a grant reduction from 1% to 5%. Failure to submit the required work verification plan could result in a 5% grant reduction. Failure to maintain adequate internal controls to ensure a consistent measurement of work participation could result in a grant reduction from 1% to 5%, depending on the number of years in violation of this requirement. Wisconsin completed its work verification plan on time.

*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 11.

### **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 assistance to all qualified legal immigrants who entered the U.S. prior to August 22, 1996. Qualified legal immigrants are defined as lawful permanent residents, refugees, asylees, those granted parole for more than one year, those whose deportation has been withheld, those considered conditional entrants before 1980, Cuban and Haitian entrants,

and certain victims of domestic violence.

Refugees, asylees, and immigrants who have been granted withholding of deportation, veterans, active duty military personnel, spouses and dependents of veterans or active duty military personnel, Amerasian immigrants, 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 nonqualified immigrants are ineligible for TANF funded assistance.

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

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

*Penalties.* Federal law includes several penalties that may be imposed against the state for failing to meet various requirements of the TANF program. Penalties are generally taken as a percentage of the state's TANF block grant. If the TANF block grant is reduced, the state must expend its own funds in

the following fiscal year to replace the reduction in the grant. If the state fails to expend its own funds, an additional 2% of the block grant plus the amount the state has failed to expend of its own funds may be reduced from the state's block grant. The total reduction in the state's grant may not exceed 25%. If the reduction exceeds 25%, the federal government will continue to apply a penalty in subsequent years until the full amount of the penalty is taken.

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

### **Child-Only Cases**

In some cases, only the child receives assistance. In Wisconsin, this is the case for the kinship care program and the SSI caretaker supplement. Under the federal Deficit Reduction Act of 2005, a non-recipient parent living with a child receiving assistance is a work-eligible individual subject to work participation requirements, unless the parent is: (a) a minor parent who is not a head-of-household; (b) an alien who is ineligible to receive assistance due to his or her immigration status; or (c) an SSI or SSDI recipient, on a case-by-case basis. Formerly, work participation requirements did not apply to child-only cases because the parent did not receive assistance.

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

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Under federal law, a state must spend an

amount of state dollars equal to 75% of historic state expenditures if the state meets federal mandatory work requirements, or 80% if the state does not meet these requirements. Historic state expenditures generally means federal fiscal year 1994 expenditures for the former AFDC and JOBS programs, AFDC-emergency assistance, AFDC-related child care, and at-risk child care. In addition, the MOE requirement may be reduced by the percentage reduction in the state's TANF block grant attributable to tribal programs. The state's annual MOE requirement is \$158.5 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.

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

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



matching fund for the child care development block grant.

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

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

Expenditures for eligible families that count toward MOE may not include expenditures of any federal dollars, state expenditures under the medicaid program, any state funds used to match federal funds or spent as a condition of receiving federal funds, expenditures that a state made in a prior fiscal year, expenditures used to match federal welfare-to-work funds, and expenditures made to replace reductions resulting from penalties. However, matching expenditures for the healthy marriage promotion and responsible fatherhood grant may be counted as MOE.

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

States may spend their MOE funds in three different funding configurations: commingled with TANF funds; segregated from TANF funds but spent on services that are funded with TANF

funds; and through a separate state program. Depending on how the funds are spent, varying federal requirements will apply. These requirements are summarized in Table 11.

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

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

*(c) Separate State Programs.* A state can choose to use a separate state program operated outside of the TANF program. These expenditures are very flexible and are not subject to the general TANF requirements such as work sanctions, time limits, and child support assignment, even if the expenditures would be normally classified as "assistance." However, they must be consistent with the goals of the TANF statute and other MOE requirements. They are also subject to the 15% administrative cap for MOE and case-record reporting requirements.

DCF reported MOE in the amount of \$205.5 million to the federal government for FFY 2010 from the following sources: (a) state funding appropriated in DCF (\$161.2 million); (b) DHS funding for alcohol and other drug abuse programs (\$4.0 million); (c) child support pass-through to W2 participants (\$2.0 million); (d) DCF brighter futures program (\$0.7 million); (e) Department of Revenue earned income tax credit (\$32.8 million), and (e) DCF domestic violence program (\$4.8 million).

**Table 11: Overview of TANF Provisions Under Different Funding Configurations**

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

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## Contingency Fund

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

### Eligibility

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

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

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

### Payments to States

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

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

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

### Maintenance-of-Effort and Match Requirements

In order to receive contingency funds, a state must spend an amount of state dollars equal to 100% of historic state expenditures. In addition, a state must provide matching funds at the state's federal medical assistance percentage applicable for the fiscal year in which funds are awarded.

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

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

The state applied for and received \$62.9 million

in contingency funds in FFY 2009. The state reported \$278.9 million in maintenance-of-effort and matching funds in FFY 2009.

The appropriation for the TANF contingency fund was eliminated under the federal Claims Re-settlement Act of 2010. However, any amounts obligated to be paid from the fund prior to the date of enactment will be paid. Due to this obligations provision, DCF received another \$15,725,000 in TANF contingency funds in 2010-11 before the fund was eliminated.

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### **Emergency Fund**

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The American Recovery and Reinvestment Act of 2009 (ARRA) established a TANF emergency fund of \$5 billion, which set aside a maximum amount that each state could access equal to one-half of the state's TANF block grant. States were only allowed to access these funds until September 30, 2010.

#### **Qualified Expenditures for Reimbursement**

Until September 30, 2010, states could claim emergency funds in an amount equal to 80% of the increased expenditures in the following areas: (a) TANF caseload and basic assistance costs; (b) non-recurrent, short-term benefits; (c) subsidized employment costs; and (d) certain costs of running a summer food service site under the summer food service program. Once claimed, TANF emergency funds can be spent for any TANF-approved purpose. Because TANF emergency funds may only be claimed for these specified expenditures, a state may receive less of these funds than the amount set aside under the federal ARRA if the state does not have sufficient expenditures in one or more of these categories.

#### **Wisconsin's Allocation**

Under the federal ARRA, Wisconsin's maxi-

mum allocation of TANF emergency funds is \$157.2 million (one-half of the \$314.5 million TANF block grant). However, in FFY 2009, the state applied for and was awarded \$62.9 million in TANF contingency funds described above. These contingency funds were deducted from the maximum allocation amount under the TANF emergency fund. Therefore, \$94.3 million remained available to claim for expenditures made for one of the qualified expenditures under the federal ARRA.

#### **Status of TANF Emergency Fund**

The ability to access the TANF emergency funds ended on September 30, 2010. The approved and pending applications from all states exceeded the \$5 billion set aside for the TANF emergency fund. As a result, the federal Administration for Children and Families implemented a queue system to review the applications for payment with the remaining available TANF emergency funds. Those states that submitted their applications first will have their applications reviewed for payment first.

As of November 1, 2010, Wisconsin has received \$50.5 million in TANF emergency funds as reimbursement for qualified expenditures from the \$94.3 million allocated for the state. An additional application for \$7.8 million was submitted on September 1, 2010, and DCF is calculating the qualifying expenditures during September of 2010 for a final application for TANF emergency funds. However, any further amount the state would receive, if any, depends on the ACF determination of payments to other states based on the queue system noted above.

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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 2010 totaled \$86.8 million, which is made up of the following allocations: (a) \$32.3 million in discretionary funds; (b) \$24.5 million in mandatory entitlement funds; (c) \$29.4 million in matching entitlement funds; and (d) \$0.6 million in reallocated awards received in FFY 2009. Under the federal ARRA, the state also received an additional \$30.5 million in FFY 2009 that had no maintenance-of-effort or matching requirements and remain available until expended.

## **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. Department of Health and Human Services, as published in the federal register, the estimated median income for a Wisconsin family of four in FFY 2010 is \$75,111 (85% of which is equal to \$63,844). 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 (\$40,790 for a family of four in 2010), who remain eligible until income exceeds 200% of poverty (\$44,100 for a family of four in 2010).

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 annually.

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