



State of Wisconsin \ LEGISLATIVE AUDIT BUREAU

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DATE: February 5, 2004

TO: Senator Carol A. Roessler and  
Representative Suzanne Jeskewitz, Co-chairpersons  
Joint Legislative Audit Committee

FROM: Janice Mueller *Janice Mueller*  
State Auditor

SUBJECT: Proposed Audit of the Wisconsin Works (W-2) Program—Background  
Information

At your request, we have gathered some background information the Joint Legislative Audit Committee may find useful in considering requests from Senator Darling regarding administration of the W-2 program and from Senator Panzer asking for a related audit of state funds provided to Opportunities Industrialization Center of Greater Milwaukee (OIC-GM), a W-2 agency serving Milwaukee County residents.

The W-2 program was created by 1995 Wisconsin Act 289 to help participants achieve economic self-sufficiency through employment. W-2 participants, who are primarily women with dependent children, are not automatically entitled to cash benefits as they would have been under Aid to Families with Dependent Children. Instead, they earn wages or receive cash grants and other program services based on their employment status. The program is administered at the state level by the Department of Workforce Development (DWD) and, for the two-year contract period beginning January 1, 2004, by 69 local agencies.

In fiscal year (FY) 2003-04, the budget for W-2 services provided by local agencies is \$145.2 million, which includes \$21.2 million to fund administrative costs. Program funding is provided by state general purpose revenue and federal Temporary Assistance for Needy Families block grant funds. In November 2003, a total of 14,857 individuals participated in the W-2 program statewide.

The total number of W-2 participants receiving cash assistance increased from 6,810 in November 1999 to 11,552 in November 2003. Participants placed in community service jobs and those who stay at home caring for infants until the infants are 12 weeks old receive \$673 per month. Participants in transitional placements, which provide work and training for participants who are unable to perform independent, self-sustaining work or work associated with community service jobs, receive \$628 per month.

The Legislative Audit Bureau completed a comprehensive review of the W-2 program in April 2001. Since that time, W-2 caseloads have grown, especially among those receiving cash benefits. In addition, the number of local administrative agencies has declined, including in

Milwaukee County, where the number of administrative agencies has been reduced from five to three. Concerns about the program have been raised based on rising caseloads, changes in local program administration, and questions about the extent to which deficiencies identified in prior legislative audits have been addressed. In addition, concerns have been raised about reported financial irregularities related to expenditures made by OIC-GM, one of the largest providers of W-2 services in the state.

An audit of the W-2 program could include:

- a review of state and local W-2 agency administrative costs, including the level and appropriateness of these expenditures;
- a review of W-2 agencies' spending of state and federal funds, including funds provided to these agencies apart from the W-2 program;
- an analysis of participant caseloads, including the extent to which the program has been successful in limiting cash assistance caseloads by helping former participants to maintain their employment;
- an analysis of the cost and effectiveness of training and other services provided to participants identified as having the greatest barriers to employment, including the types and amounts of services received by W-2 participants;
- a review of program sanctions, including corrective action DWD has taken with W-2 agencies and the extent to which DWD has been successful in reducing the inappropriate sanctioning of W-2 participants;
- an analysis of the effects of time limits placed on participants' receipt of cash assistance; and
- an assessment of DWD's progress in implementing the Legislative Audit Bureau's prior recommendations to improve program management, including improving oversight of contractor spending.

If you have any additional questions regarding this request, please contact me.

JM/PS/bm

cc: Senator Robert Cowles  
Senator Albert Darling  
Senator Jeffrey Plale  
Senator Julie Lassa

Representative Samantha Kerkman  
Representative Dean Kaufert  
Representative David Cullen  
Representative Mark Pocan

Senator Mary Panzer

Roberta Gassman, Secretary  
Department of Workforce Development