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Wisconsin Works (W-2) Program

The Wisconsin Works program, more commonly known as W-2, was created by 1995 Wisconsin Act 289 to help participants achieve economic self-sufficiency through employment. It took effect statewide in September 1997. W-2 participants, who are primarily women with dependent children, earn wages or receive cash grants and other program services based on their employment status. Through September 2000, program costs—which are funded by state general purpose revenue and federal Temporary Assistance for Needy Families block grant funds—totaled \$710.4 million.

Program participants receive services from counties, private agencies, and tribes under the terms of contracts signed with the Department of Workforce Development (DWD). W-2 participants are assigned to either subsidized or unsubsidized placements, based upon their level of preparedness for employment, and are eligible to receive program services that are intended to assist them in finding or retaining employment, increasing their skills or wages, and overcoming barriers to employment.

The 1999 Incomes of Most Former Participants Were Below the Poverty Level

It was expected that caseloads would decline in the transition from Aid to Families with Dependent Children to W-2, but they did so much faster than had been projected. In three years, the decline was 50.9 percent, from 22,761 in September 1997 to 11,171 in September 2000.

We reviewed the income of all participants who left the program in the first quarter of 1998 and matched this population with those who filed 1999 Wisconsin income tax returns. Of these 2,129 individuals, approximately two-thirds filed tax returns. Their reported incomes averaged \$11,988. When only this income is considered, 33.8 percent of these filers were above the federal poverty level for their respective family size, while 66.2 percent were below it. However, the incomes of many of those who filed 1999 tax returns were enhanced by receipt of state and federal earned income tax credits. If the value of these credits is included, 46.7 percent of former W-2 participants were above the federal poverty level in 1999. Those who did not file tax returns presumably were not required to do so based on their limited incomes, because they were no longer Wisconsin residents, because they became eligible for Supplemental Security Income, or because they were supported by a spouse or other adult in the household.

Participants Are Returning to the Program for Assistance

Despite the significant decline in caseloads, there are indications that at least a portion of former participants are returning to W-2. By July 2000, 26.1 percent of the 2,129 former participants who had left the program during the first three months of 1998 participated again in reopened cases. Of the 555 cases that were reopened, 409, or 73.7 percent, returned in a subsidized job placement; 146, or 26.3 percent, returned in an unsubsidized placement in order to receive case management services.

In July 2000, when Milwaukee County accounted for 85.2 percent of all returning participants statewide, 42.4 percent of all Milwaukee County participants were returning participants. Two years earlier, only 2.7 percent of Milwaukee County participants had been returning participants.

The Number and Amount of Sanctions W-2 Agencies Impose Vary Substantially

W-2 agencies exercise considerable discretion in sanctioning participants' cash benefits if they miss work or fail to

participate in a required activity without good cause. Overall, the percentage of participants sanctioned has decreased from 31.4 percent of the statewide caseload in October 1999 to 21.1 percent in December 2000. However, in Milwaukee County the sanction rate has consistently been approximately 10 percentage points higher than in the balance of the state, and four of the five agencies serving Milwaukee County sanctioned more than 20 percent of participants receiving cash assistance from October 1999 through December 2000.

Although W-2 was designed to provide flexibility in local program administration, the wide variation in the number and amount of sanctions imposed has raised concerns about the equitable treatment of participants. Further, we found several instances of sanctions being inappropriately applied: at least 35 participants who were new mothers were inappropriately sanctioned from July through December 2000 because of errors made by local W-2 agencies. Maximus and Employment Solutions, two private agencies that serve portions of Milwaukee County, issued the largest inappropriate sanctions against new mothers, which amounted to more than one-third of these participants' full monthly benefits of \$673.

A Number of Issues Warrant Legislative Consideration

Developing strategies to increase former W-2 participants' incomes above the poverty level, addressing the needs of returning participants, and responding to a possible downturn in the economy will all be important to ensuring the future success of the W-2 program. In addition, several other issues will warrant legislative consideration: whether to modify proposed performance standards for the next contracts with W-2 agencies; how best to address the needs of participants who are nearing the time limits established for receipt of services; how to ensure all contract funds are spent appropriately; and whether to consolidate contracts in Milwaukee County in order to improve performance and provide administrative efficiencies.

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