

Wisconsin Works (W-2) Program

Department of Workforce Development

April 2005

Report Highlights ■

W-2's success in helping participants achieve economic self-sufficiency has been mixed.

An increasing number of participants are nearing their lifetime limit of program eligibility.

We identified concerns with DWD's oversight of W-2 agencies.

Service delivery among W-2 agencies statewide is inconsistent.

The Wisconsin Works program, 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 is administered at the state level by the Department of Workforce Development (DWD), and locally through 52 contracts with public and private agencies. It is funded primarily by the federal Temporary Assistance for Needy Families (TANF) program. From September 1997 through June 2004, W-2 expenditures totaled \$1.5 billion. Program services and cash benefits for participants, as well as W-2 agencies' administrative costs, accounted for 76.8 percent of that total.

Concerns were raised about the program's rising caseloads, how W-2 agencies serve participants, and the extent to which DWD has addressed issues we identified in prior reports. Therefore, at the direction of the Joint Legislative Audit Committee, we evaluated:

- trends in expenditures, program caseloads, and services provided to participants;
- the extent to which W-2 has helped participants achieve economic self-sufficiency;
- DWD's management of the program;
- the use of monetary sanctions on participants; and
- funding and policy issues that the Legislature and DWD will need to consider.

Key Facts and Findings

From September 1997 through June 2004, W-2 expenditures totaled \$1.5 billion.

In June 2004, 79.8 percent of the program's 15,539 participants were in Milwaukee County.

Approximately 20.0 percent of former participants earned more than the poverty level in the year after they left W-2.

Returning participants made up 52.3 percent of all subsidized placements in June 2004.

Participants in community service jobs were assigned to work fewer hours in 2004 than in 1998.

W-2 agencies made \$1.3 million in excess payments to 2,500 custodial parents of infants.

Caseload Changes

Participants, who are primarily women with dependent children, are assigned to subsidized or unsubsidized placements based on their level of preparedness for employment. In June 2004, 79.8 percent of the program's 15,539 participants were in Milwaukee County, and 12,539 participants were in subsidized placements.

Participants in subsidized placements who meet work and other program requirements receive cash grants of \$628 or \$673 per month. Services such as job-search assistance, education, and training are also available to them. Participants in unsubsidized placements do not receive cash grants, but they may receive program services.

W-2 increasingly serves participants who are custodial parents of infants. These participants, who are not required to work outside the home, are eligible for monthly cash grants of \$673 until their infants are older than 12 weeks.

The number of new participants who were custodial parents of infants more than doubled from June 1998 to June 2004, increasing from 18.0 to 37.3 percent. W-2 agencies attributed this increase to women in jobs that do not provide fringe benefits using W-2 as a form of paid maternity leave. We found that custodial parents of infants who were never in any other W-2 placement increased from 8.5 percent of all such placements in

1998 to 49.8 percent in the first six months of 2004.

Eligibility Limits

Both state and federal law limit individuals to 60 months of lifetime participation in subsidized placements. However, W-2 agencies may approve extensions to the eligibility limits under certain circumstances.

There were more requests for extensions during the first six months of 2004 than during all of 2003. In June 2004, 6.4 percent of participants had used more than 48 months of their lifetime eligibility, including 346 participants who continued to receive services through extensions after reaching their lifetime limits.

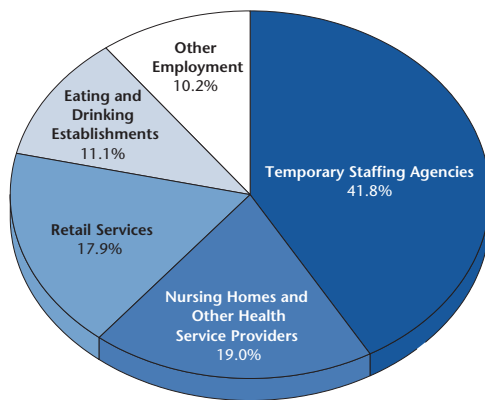
Program Effectiveness

Because W-2 is intended to help participants achieve economic self-sufficiency through employment, we analyzed the extent to which all 9,958 participants who left the program during the last three months of each year from 1999 through 2002 earned more than the federal poverty level. We found:

- approximately 20.0 percent of former participants earned more than the poverty level in the year after they left W-2, while the majority likely did not;
- the percentage of former participants with incomes above the poverty level increased slightly each year from 2000 to 2003; and

- 42.1 percent of those who left W-2 in 1999 earned more than the poverty level in 2003, after the inclusion of several tax credits.

We identified the types of employment obtained by former participants who left the program during the last three months of 2002. The figure shows the types of employers that hired ten or more former participants.



The extent to which former participants subsequently return to subsidized placements provides another indication of how well W-2 has helped participants achieve economic self-sufficiency. Returning participants increased from 38.6 percent of all subsidized placements in June 2000 to 52.3 percent in June 2004.

Improving Program Management

Community service jobs provide work experience and training to those who are able to perform some job duties. Although statutes allow

participants in community service jobs to be assigned to work for up to 30 hours per week, we found the average number of work hours assigned to these participants declined from 26.5 per week in June 1998 to 17.7 per week in June 2004. Moreover, in June 2004 approximately one-fifth of participants in community service jobs were assigned to no work.

We identified other areas needing improved management. For example:

- From September 1997 through June 2004, we estimate that W-2 agencies paid 2,500 custodial parents of infants longer than the statutory maximum 12 weeks, resulting in \$1.3 million in excess payments.
- From January 2000 through February 2004, W-2 agencies erroneously issued approximately \$1.9 million in excess payments to participants who were in both subsidized and unsubsidized placements during the same month.
- From May 2003 through June 2004, only 43.5 percent of participants were screened to identify potential barriers to employment. Agencies are required to offer this screening to all participants, although participants are not required to complete it. Significant variations in agencies' screening rates raise concerns about whether all agency staff explain the benefits of screening and encourage participants to complete it.

Inconsistent Service Delivery

W-2 agencies have provided considerably different types and amounts of services to participants. For example, average monthly expenditures for program services during the 2002-2003 contract period ranged from \$310 per participant by United Migrant Opportunity Services, Inc., a private provider in Milwaukee County, to \$731 per participant by Racine County.

W-2 agencies can impose sanctions, or fines, on participants receiving cash benefits. Participants may be sanctioned \$5.15 for each hour they miss work or fail to participate in training or other required activities without good cause.

From October 1999 through June 2004, agencies imposed \$30.2 million in sanctions. However, sanctions are not applied consistently statewide. During the first six months of 2004, 7 agencies sanctioned more than 20 percent of their participants, while 25 sanctioned less than 10 percent.

Future Considerations

W-2 has successfully helped some participants obtain unsubsidized employment, but it has also faced challenges, including shifts in focus that have caused confusion among W-2 agencies and others, a potential funding shortfall during the 2004-2005 contract period, and contract management issues. As DWD prepares for the next contract, which will begin in January 2006, it will be especially important to address these issues.

Recommendations

We include recommendations for DWD to:

- ☑ report to the Joint Audit Committee by October 1, 2005, on:
 - progress in increasing consistency among W-2 agencies in approving and denying extension decisions (*p. 47*);
 - actions it has taken to ensure W-2 agencies assign participants to appropriate types and hours of activities (*p. 68*);
 - how it plans to ensure custodial parent of infant placements end at the appropriate time (*p. 70*);
 - its suggestions for modifying administrative rule provisions for job access loans (*p. 73*);
 - the results of its review of the barrier screening tool and its plans to ensure participants' barriers are appropriately assessed (*p. 78*); and
 - actions it plans to take in response to its study that found different racial groups are sanctioned at different rates (*p. 96*).
- ☑ ensure W-2 agencies pay the correct cash benefit amounts to participants (*p. 71*);
- ☑ provide guidance to W-2 agencies on recording accurate and complete information about participants' W-2 activities in the electronic case files (*pp. 74 and 81*);
- ☑ either instruct W-2 agencies to comply with statutory provisions relating to drug sanctions, Learnfare program sanctions, and W-2 strikes or recommend statutory changes to eliminate or modify these provisions (*p. 90*); and
- ☑ require W-2 agencies to uniformly report information on fact-finding hearings and comply with hearing decisions within ten days (*pp. 93 and 94*).

In addition, we recommend that DWD:

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Additional Information

[Report 05-6](#) includes a response from the Department Workforce Development Development. Call **(608) 266-2818** or visit our Web site:



www.legis.state.wi.us/lab

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