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Governor Scott Walker
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**Testimony of Secretary Eloise Anderson
Department of Children and Families
Joint Committee on Finance Agency Briefing
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Good Morning Co-chairs Nygren and Darling and members of the Committee,

Thank you for the opportunity to appear before the Joint Committee on Finance. It is a pleasure to be here today to discuss Governor Walker's 2017-19 biennial budget. Today I will highlight the major aspects of the budget that relate to the Department of Children and Families (DCF).

The Department of Children and Families houses three program divisions - Family and Economic Security, Safety and Permanence, and Early Care and Education; one direct services division - Milwaukee Child Protective Services; and one support division - Management Services.

DCF receives its funding from a variety of sources. The two largest revenue streams come from federal funding and general program revenue (GPR). For the 2017-19 biennium, the Governor's budget for DCF is comprised of \$1,434,430,000 (55.12%) in federal funding, \$925,712,200 (35.57%) in GPR funding, and \$242,092,800 (9.3%) in funding from other sources.

In total, the Governor has recommended a 0.77% increase in GPR, and an overall funding increase of 1.07% for the Department during the biennium.

ADMINISTRATION GOALS

When Governor Walker took office, Wisconsin faced one of the biggest budget deficits in state history. Over the past six years, he has initiated a series of common sense reforms that resulted in Wisconsin receiving a significant reform dividend. The reform dividend can be seen throughout our state with citizens paying lower taxes, an unemployment rate at a seventeen year low of 3.7 percent, Wisconsin now ranking as one of the best states for business, and more efficient state and local governments. Now, Governor Walker is proposing a biennial budget that allows Wisconsin to use that reform dividend to responsibly invest in our greatest priorities. As we move forward, it is our job to ensure Wisconsin works for everyone by helping all citizens gain the job skills that lead to long-term, family-sustaining employment; that our children have access to quality early childhood education, so they may succeed in school and beyond; that our assistance programs reward work and are designed to help the truly needy get back on their feet, but serve as a trampoline and not a hammock; and that all Wisconsinites benefit from a more efficient and accountable government. The Department of Children and Families' budget adheres to these priorities.

WISCONSIN WORKS FOR EVERYONE

In 1996, Governor Tommy Thompson signed the Wisconsin Works (W-2) program into law. With this groundbreaking piece of legislation, our state led the nation in reforming a welfare system that was harmful to individuals and destructive to families. By emphasizing the dignity of work, Wisconsin's reforms offered people an opportunity to break the cycle of dependence in which many low income families had become trapped.

Now, Governor Scott Walker is continuing Wisconsin's great tradition of innovation and leadership by offering a package of welfare reforms that address the challenges of the people striving to better their lives in the Twenty-First century. The Wisconsin Works for Everyone plan includes a substantial increase in the investment the state makes in job and skills training for the unemployed and underemployed, the implementation of new approaches that reduce the barriers to work, and create extra incentives for businesses to open the door to work for all of our citizens. By removing barriers to employment and rewarding work we can help keep Wisconsin working and winning.

Another key aspect of the Wisconsin Works for Everyone plan is to make certain that all our children have a clear and defined path to achieve success in school and beyond. Making sure that we have the safeguards in place to secure children's opportunities to learn is a critical investment in the development of our future workforce and long term economic health of our state. By prioritizing education, especially in those important early years of a child's brain development, we can bolster student success throughout Wisconsin.

Governor Walker's plan sits in perfect alignment with the Department's mission to promote the economic and social well-being of Wisconsin's children and families by protecting children, strengthening families and building communities. DCF strongly supports the Governor's Wisconsin Works for Everyone plan and are proud that his budget requests allow us to play a key role in its implementation.

REWARDING WORK

Wisconsin Works – W2/Transitional Jobs

Under Governor Walker's leadership, DCF has recommitted to ensuring the W-2 program remains true to its original intent; helping people find jobs, gaining the skills needed to prosper, and maintaining long term employment. In 2013, DCF reformed the way in which W-2 agencies were awarded contracts and the dividend from this reform has been substantial. Currently, the number of people in Milwaukee receiving W-2 services is at an all-time low, and we are approaching the same level of success statewide.

In helping more people find work in less time, and at a lower cost to taxpayers, DCF is spurring job growth and improving opportunities through effective job training and work skills development. However, there is still room for improvement. It is our goal to see that everyone who is capable of working has employment. To do this we must continue to remove barriers to work and ensure that people in our programs are ready to take the jobs that are available. Your continued investment in the wise management of the W-2 program, coupled with the courage to make more needed reforms, even if unpopular, will help ensure that Wisconsin works for everyone.

There are some individuals who have significant barriers to employment and need more than traditional employment services can offer. Whether due to a complete lack of work history, status as a

former foster youth, or being an ex-offender, skills training and work search services are often not enough to convince a prospective employer to offer that all important first opportunity. For these individuals a subsidized, transitional job allows an employer to say “yes”, without taking on much risk.

Launched with funding provided in the last biennium, the Transitional Jobs (TJ) program was begun in Beloit, Racine and some of Wisconsin’s most impoverished rural areas. Based upon the highly successful Transform Milwaukee Jobs program, the TJ program identifies and serves the people having the hardest time getting an opportunity to work. After initial hard and soft work skills training, the program funds up to 6 months subsidized employment with a partner business, who in return for the state’s investment promises to teach and mentor the employee. It is a win-win proposition. The employer gains access to needed labor at a reduced cost, while the employee gets the real world work experience needed to transition to self-sustaining, unsubsidized employment.

Governor Walker understands the quiet dignity that can be gained through employment and believes that all Wisconsinites deserve that first or even second chance to offer their unique contributions through work. This is why he is investing an additional \$1 million dollars in FY 19 to additional rural counties.

Child Care Benefit Cliff

Today, many hard working parents in Wisconsin are faced with the dilemma of turning down an opportunity to advance their career and better support their family in order to remain eligible for their Wisconsin Share’s child care subsidy. Known as the Child Care Benefit Cliff, this eligibility structure within Wisconsin Shares serves as a disincentive for people to take a promotion or accept a higher paying job. This flies in the face of our belief that we should be rewarding work, not punishing it.

High quality, stable early learning experiences lay the foundation for a child’s success in school. Research shows that the vast majority of a person’s brain development takes place during the first five years of life. For Wisconsin to have the workforce we need to continue to grow our economy well into the future, our children must start learning before kindergarten. Eliminating the child care cliff is a step in the right direction.

The Governor has requested \$1,798, 600 in FY 19 for Wisconsin Shares subsidy increases to mitigate the Child Care Cliff and allow families currently receiving the subsidy to continue to receive it even if their income rises above the 200% of federal poverty level that currently is the program cut off.

Gov. Walker’s proposal rewards parents for their hard work and makes a powerful investment in Wisconsin’s children. By ensuring that parents receiving Wisconsin Shares can continue to afford high quality child care as they move up the career ladder, he is also ensuring that our government assistance programs never keep a family trapped in a cycle of dependence.

Child Support

In a perfect world, a child is raised in a stable and loving two-parent home, with both parents contributing equally to their growth. However, many Wisconsin children experience a vastly different reality. When a relationship dissolves, the Wisconsin Child Support system plays a vital role in ensuring that children receive the financial and emotional support needed to grow and thrive. However, many low income non-custodial parents experience obstacles in meeting their financial obligations to support their children as they bounce between unemployment and underemployment.

In his 2017-2019 biennial budget, Governor Walker has requested \$412,500 in FY 18 and \$553,600 in FY 19 to make changes to child support that reward work and allow non-custodial parents to play a more meaningful role in their children's lives.

Based upon the early success of the promising Supporting Parents Supporting Kids (SPSK) pilot in Brown and Kenosha Counties, the Governor is proposing piloting the program in five-counties in FY 19. Through the use of job programs and training, education, case management, and specialized child support services, the SPSK program assists non-custodial parents with a support order obtain the skills needed to find gainful employment, and live up to their child support orders. At the same time, the weekly classes and training sessions help guide clients with parenting tools and how to interact with their children. This innovative new program engages non-custodial parents using a non-traditional, non-confrontational approach to help them learn the importance of supporting their children and rewards their efforts to stay current on their child support payments.

Earned Income Tax Credit

Work is the best anti-poverty program ever invented. Yet, most assistance programs developed by government penalize low-income working people, instead of rewarding them. The earned income tax credit (EITC), however, encourages employment by ensuring that the dollars that a qualifying individual earns go farther. This is why Governor Walker is proposing improving Wisconsin's Earned Income Tax Credits for targeted populations.

Youth who have aged-out of foster care can face incredible challenges as they try to transition to adulthood. These young people often struggle with finding a job, paying rent, and attaining any level of success. Discouraged and overwhelmed, many of these youth simply give up on themselves. By creating a new refundable tax credit that bolsters the earnings of former foster youth between the ages of 18 and 20, Governor Walker is not only helping to protect this vulnerable population, he is helping show them that work can be a realistic path to prosperity. Under his plan, the EITC for former foster youth would be equal to 125% of the amount of the federal earned income tax credit for childless adults. He has also proposed a similar EITC for youth who had been receiving Supplemental Security Income (SSI) and are attempting to enter the workforce.

The budget also rewards work by establishing a state (EITC) for noncustodial parents who are meeting their obligated levels of child support payments. Significant research has shown that the EITC is one possible approach that can be taken to boost work participation and assist low to moderate-income working families. Under the Governor's proposal the Wisconsin EITC for non-custodial parents would equal 7.5% of the federal EITC for filers with one dependent child.

Drug Testing and Treatment

Wisconsin is currently in the midst of a devastating drug epidemic. Fueled by the increased availability of heroin and methamphetamine, and the growth in prescription opioid abuse, more Wisconsinites died last year of a drug overdose than in traffic accidents. Continuing to allow people struggling with addiction to remain unidentified so they may get the help needed to prevent further tragedy would be a societal failure of the greatest magnitude.

The W-2 program was designed to help low-income parents better provide for their families by gaining the skills needed to succeed in the workforce. Drug screening, testing and offering treatment to those who need it, at the front end of the work training process, ensures that participants are ready to take a job upon completion of their training. It also helps those who seek treatment build the capacity to provide a safe, nurturing and secure environment for their children.

In 2015, Governor Walker approved rules requiring able-bodied, non-custodial parents who are applying for certain W-2 services to submit to a drug screen, take a drug test if identified as a probable user and enroll in a treatment program if they test positive, as a condition of enrollment. Expanding this requirement to all new W-2 participants, excluding those in non-subsidized services and women caring for a newborn or who have an at-risk pregnancy, is a common sense way to ensure the best interests of the entire family are being served.

STUDENT SUCCESS

Governor Walker understands that the key to Wisconsin's future rests with our children. Yet, despite Wisconsin having one of the highest graduation rates in the country, employers throughout the state say that many of the graduates do not have the necessary skills to perform today's high-tech jobs. In order to continue to be a state that has the stable, family supporting jobs families need, we must transform education in Wisconsin.

Investment in Early Learning

Research shows investment into quality early childhood education yields returns of \$8 to \$16 for every \$1 spent. Helping children succeed from day one, leads to adults who are more productive and less likely to need public services. This in turn leads to significant overall cost savings to taxpayers. Investing in efforts to ensure that all of our children have access to a quality early childhood education is a key component of the Governor's budget.

The Governor's budget request represents a substantial increase in the investment Wisconsin is making in early learning. He has called for \$11,927,800 in FY 18 and \$26,027,800 in FY 19 to help ensure that children have a stable and positive early education experience. These changes include 12 – month authorizations for families who are determined eligible for Wisconsin Shares and allowing families who lose a job to remain eligible for care for a three month period so they may look for new employment.

Preventing Early Absenteeism

Investing in the early stages of a child's education only leads to greater student success if children are in school on a regular basis. Recent research shows that students who missed 10 percent of the school year, or about 18 days, had considerably lower grades and were substantially more likely to drop-out than their peers. If we are going to realize our goal of giving every student the best possible opportunity to achieve academically, schools must develop a plan to identify the early warning signs of chronic absenteeism and establish interventions to that get them back in the classroom.

Part of Governor Walker's budget provides \$500,000 in FY 19 to create a performance-based grant program to assist public elementary schools with high rates of chronic absenteeism in the early grades. Schools that are funded in year one would only be funded in subsequent years, if they are able to show a year-to-year reduction in the number of children who are chronically absent.

We also understand that schools won't be able to achieve the success we need in reducing chronic absenteeism without parents playing their part. The Wisconsin Learnfare program was designed to ensure that the teenage children of parents receiving public assistance were going to school. However, the Learnfare design has contained a fundamental flaw; its enforcement mechanisms were attached to school enrollment and not actual school attendance. Parents quickly learned that as long as they had their children enrolled in school, whether or not they were seated in their desks everyday had no impact on their benefits. In order to give schools the support they will need in lowering their levels of chronic

absenteeism, Governor Walker has proposed changing the design of the Learnfare program to allow for sanctions to be based on school attendance rather than enrollment.

Families and Schools Together (FAST)

Based on national statistics one in ten Wisconsin children has a serious mental illness. The situation is even worse for children in our poorest neighborhoods with one in five children suffering from the debilitating effects of mental health issues. Left untreated, these issues represent a ticking time bomb for our children, families and communities.

In order to address this serious issue, Governor Walker understands that we have to think out of the box and be willing to try new approaches. In his budget request the Governor is calling for \$250,000 investment in both FY 18 and 19 to pilot the evidence based Families and Schools Together (FAST) program in five Milwaukee elementary schools serving high-risk families. The FAST program has received international acclaim for its results in improving the quality of children's lives, increasing social supports for families, boosting children's academic achievement, and reducing the risk of long-term negative outcomes.

Reducing Summer Melt

According to the American Association of School Counselors many high school seniors who have been accepted to college drop out before the first day of their freshman year. This phenomenon, known as "Summer Melt", occurs to students intending to begin a post-secondary education because "an alarming number will find themselves in uncharted waters and without the support and guidance needed to navigate complicated tasks and steps necessary to start college on time." This phenomenon is especially prevalent for low-income students.

The Governor's proposal for DCF includes \$118,800 GPR funding in FY 19 to partner with the Department of Public Instruction (DPI) to establish a two-year pilot program to test the effectiveness and scalability of a text-message based intervention program aimed at increasing the number of high school seniors who have expressed an intention of attending a post-secondary institution, successfully transitioning into their new academic endeavors. If Wisconsin is to attract and retain the types of businesses that provide long-term, high-paying career options for our citizens, we must find better ways to remove the barriers that young people who want to pursue a post-secondary education face in beginning their journey.

WISCONSIN WORKING

For Wisconsin to be working at its peak potential, we must take the necessary steps to ensure that families are safe and supported. The Governor's budget focuses on protecting the most vulnerable in our communities, especially those who have been victims of child abuse or neglect, domestic abuse, or sex trafficking. It also looks to the future, with a keen eye placed upon improving long-term outcomes for all victims of adverse childhood experiences, and people who have been involved with either the youth justice or adult justice systems and are at risk of returning without appropriate intervention. Additionally, as a major influencer in our communities we have a responsibility to be sure that we are promoting positive messages about how people can achieve the greatest success, move from government dependence to independence, and realize the American Dream. The Governor is proposing a first of its kind initiative to teach young people about the Success Sequence, so they have the information needed to make positive choices regarding school, work and parenthood.

Children and Families Allocation and Foster Care and Kinship Care Rate Increase

Driven by the heroin, methamphetamine, and prescription drug epidemics sweeping Wisconsin, our children are increasingly at risk. In 2011 the number of referrals to Wisconsin's county and tribal child welfare agencies was 64,132. By 2015 that number had jumped 15% to 75,864. Even more concerning is the number of children who have had to be removed from their homes due to safety concerns. In five years we have witnessed a 14% increase from 2,698 to 3,123. This drug fueled attack on Wisconsin's families is threatening our children's well-being and straining the resources of our county run child welfare system. In Wisconsin, child welfare is a shared responsibility between counties and the state. Governor Walker is committed in helping our county partners weather this storm by increasing the level of funding to the counties by \$5,000,000 annually to support their efforts to keep our children safe.

The Governor recognizes that the cost of caring for a child has risen for everyone. In order to keep up with the cost of providing children placed in out of home care with a safe, loving and stable home, Governor Walker has requested an additional \$284,200 in FY 18 and \$855,900 in FY 19 to support a 2.5% increase in the rate paid to Foster Parents, and an additional \$577,100 in FY 18 and \$1,306,200 to fund a similar increase for relatives who provide kinship care.

Home Visiting

The Wisconsin Family Foundations Home Visiting Program (FFHV) is a joint effort between the Department of Children and Families (DCF) and the Department of Health Services (DHS) aimed at improving outcomes for children born into at-risk communities and reducing the instances of child abuse and neglect in Wisconsin. FFHV is different from many other child welfare programs because it takes a preventative approach instead of a reactionary approach. Instead of waiting for a report of suspected child abuse or neglect, FFHV identifies at-risk communities through a comprehensive needs assessment to make services available to families in an effort to prevent child abuse or neglect before it occurs. Other primary goals for home visiting include improving maternal and child health and ensuring that the child is ready to learn when s/he gets to school. Governor Walker recognizes the importance of supporting proven programs that can prevent child maltreatment, so he is requesting an increase of \$3,900,000 in FY 18 and FY 19.

Fostering Futures – Connections Count Program

Many of the parents of the children who become involved with child welfare were themselves victims of abuse and neglect. This is the "Cycle of Harm" that weaves its way through generations; destroying lives, families and communities alike. The Department of Children and Families has worked closely with First Lady Tonette Walker to end the cycle of harm by implementing trauma informed practices into services that treat the whole family and improve efforts to prevent trauma before it occurs.

To support this effort, Governor Walker is building upon the commitment he made in the last biennial budget to the Fostering Futures initiative by expanding the level of support for the trauma-informed Connections Count program by \$200,000 in FY 19. Following a similar model to the Nurses Home-Visiting Program, Connections Count connects vulnerable families with children aged 0-5 with trusted members of the community who can offer guidance, identify the family's needs, and connects them with formal and informal community assistance. Evidence confirms that connectedness to other adults is a protective and supportive factor that builds resilience, helps individuals who have experienced trauma heal, and helps prevent parents from exposing their children to abuse and neglect.

Services for Victims of Sex Trafficking

Human trafficking is the world's fastest growing criminal activity, estimated by the United Nations to be a \$32 billion-a-year global enterprise and Wisconsin has been identified as a hub of human trafficking by advocates for those who have suffered from the exploitation of traffickers. In 2015, Wisconsin created the Human Trafficking Task Force to work with existing local and regional entities to better coordinate prevention, training, data collection and service delivery options.

In recognition of these efforts, the Governor recommends maintaining the level of funding at \$2,000,000 in FY 18 to provide treatment options for victims of sex trafficking and increase the level of funding to \$4,000,000 in FY 19 in order to expand services to more locations. Senate Bill 618, signed into law by Governor Walker in April, 2016, mandated that all county child protective services agencies investigate all cases of suspected child sex trafficking. It is vital that we support our child welfare agencies in their efforts to protect this especially vulnerable population by increasing the funding to needed to properly staff these additional cases.

The Governor's proposal would also modify current law to expand exclusive jurisdiction of juvenile courts to include any children who have been trafficked or a child who is at substantial risk of becoming trafficked.

Offender Reentry

For Wisconsin to be working for everyone, everyone must have the opportunity to work. Yet in the state's most populous city, less than fifty percent of African-American males have jobs and more than half of all black men in their thirties have served time in prison. This is more than a coincidence. People with a criminal record often have difficulty finding jobs, locating a place to live and experience significant issues in trying to reconnect with their families and other traditional support networks. In one of Milwaukee's poorest communities, there was a fifty percent recidivism rate for ex-offenders between the ages of 25 and 34.

Governor Walker supports providing \$187,500 in FY 2018 in TANF funding and \$250,000 in FY 2019 for a five-year offender reentry demonstration project that focuses on fathers returning from prison to certain neighborhoods in Milwaukee. This effort is aimed at promoting healthy families, and reducing the need for future public assistance, by offering employment training, counseling, and encouraging fathers to embrace their responsibilities as a parent and provider.

Employment Services for Homeless Grants

In 2016, the Wisconsin Coalition Against Homelessness estimated that there are twenty thousand Wisconsinites who are homeless on any given night. How can people be productive, contributing members of our communities if they are worried about simply having a roof over their head? Not to mention the fact that many homeless people are dealing with severe emotional and psychological trauma, further impeding their ability to get back on their feet.

Governor Walker is committed to providing the comprehensive and holistic assistance this particular population requires by providing \$500,000 in annual TANF funding to the Department of Administration to run a program that provides intensive case management services to homeless families. These services will also provide financial management, employment training and opportunities, school continuation support and efforts to enroll unemployed or underemployed parents in W-2 or FSET.

ACCOUNTABLE GOVERNMENT