



Budget Briefs

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WISCONSIN WORKS (W-2) MODIFICATIONS

The biennial state budget act (1999 Wisconsin Act 9), passed by the legislature and signed by Governor Tommy Thompson on October 27, 1999, modifies Wisconsin Works (W-2), the state's public assistance program, by broadening eligibility for child care subsidies, allowing additional education for job retention, and making certain administrative changes.

CHILD CARE SUBSIDIES

Income and Asset Calculations. Since its inception, W-2 has offered child care subsidies to participants who met certain income and asset requirements. Act 9 increases the maximum gross income a family may have for initial eligibility from 165% to 185% of the federal poverty level. (In 1999, the higher figure of 185% of the federal poverty level translates to a range of \$20,461 for a family of two to \$51,763 for a family of eight.) Families already receiving subsidies may retain their eligibility if their income does not exceed 200% of poverty.

Under Act 9, the income of self-employed persons, including farmers, would be redefined to arrive at a net income calculation that allows deductions for specific business expenses. Previously, eligibility for W-2 child care subsidies was based on gross income and did not allow for the subtraction of any business expenses.

Act 9 repeals a provision that excluded families whose assets exceeded \$2,500 from eligibility for care subsidies. It also excludes child support from the definition of gross income for calculating eligibility.

Disabled Children. Child care subsidies are now available for disabled children ages 13 through 18, if the child is physically or mentally incapable of caring for himself or herself. Previously, Wisconsin was one of four states that did not provide a child care subsidy for these children.

Copayments. Effective March 1, 2000, the maximum copayment is reduced from 16% to 12% of the family's gross income. Individuals who move from W-2 subsidized employment to an unsubsidized job, will pay the same copayment for the first month on the new job. For 18- and 19-year-old individuals attending high school or pursuing a general educational development (GED) certificate, the amount is limited to the minimum copayment prescribed for each type of child care.

Families that need care for less than 20 hours per week will be assessed a lower copayment. Formerly, the copayment was the same payment for everyone regardless of how many hours the children spent in child care.

ALLOWABLE EDUCATIONAL ACTIVITIES

Child care subsidies may be available for W-2 participants enrolled in the Wisconsin Technical College System if the recipient's W-2 agency in consultation with its community service

committee and the technical college board determines the course of study is likely to lead to or maintain employment. To be allowed to attend technical college for up to 15 hours, the W-2 participant may be required to work 25 hours per week. (Previously, the requirement had been a maximum of a 30-hour work week with 10 hours of education.) The participant must have full-time standing in the program and maintain a 2.0 grade point average or its equivalent. Attendance is limited to a maximum of two years.

A W-2 participant or an individual working in unsubsidized employment regardless of duration of employment is also eligible for a child care subsidy if participating in a technical college or a basic education program, including English as a second language, literacy tutoring, or a course of study to obtain a GED, if the W-2 agency determines it would improve employability.

W-2 ADMINISTRATIVE DUTIES

Information to W-2 Participants. In answer to concerns about information communicated to applicants, Act 9 requires all W-2 agencies to provide to every person who requests assistance a one-page description of all benefits and services the agency provides. The Department of Workforce Development (DWD) is directed to develop by December 1, 1999, a description which the individual agencies may use.

Performance Bonuses for W-2 Agencies. According to Act 9, when DWD requests contract proposals from W-2 agencies for the period January 1, 2000, through December 31, 2001, it must specify that a portion of each W-2 agency's contract will be withheld and later awarded to the agency as a performance bonus, based on standards established by DWD. DWD is required by Act 9 to base its performance bonus calculation on the following criteria: placement of W-2 participants in unsubsidized employment and whether the placement is part-time or full-time; job retention rate; wages and benefits earned by former W-2 participants; appropriate implementation of W-2; and customer satisfaction.

Community Reinvestment. In conjunction with W-2 agency contracts, Act 9 also directs that a portion of each W-2 agency contract be set aside for community reinvestment projects, as determined by criteria developed by DWD for the use of these funds.

FOR ADDITIONAL INFORMATION

For a copy of 1999 Wisconsin Act 9, go to the Wisconsin Legislature's Internet website at: <http://www.legis.state.wi.us/billtext/acts/99acts.html> or contact the Legislative Reference Bureau at (608) 266-0342. For further information on Wisconsin Works, contact the Department of Workforce Development's Division of Economic Support at (608) 266-3035.