

A W-2 Overview ¹

Wisconsin Works (W-2) was enacted in 1996 and was implemented statewide in September 1997. It replaced the Aid to Families with Dependent Children (AFDC) with a nonentitlement program, which was founded on the premise that all able-bodied parents should work.

W-2 Eligibility

The W-2 program serves families with incomes up to 115 percent of the federal poverty level (FPL), although meeting that income limit does not guarantee eligibility for cash assistance, and many with less income are denied assistance. Eligible applicants must be a custodial parents age 18 or older and have made a good-faith effort to obtain employment. In general, a parent's receipt of W-2 services is limited to a lifetime total of 60 months, consecutive or nonconsecutive, although extensions are permitted under certain circumstances.

In contrast to the former AFDC program, the benefit is not determined by family size or reduced on the basis of other income. Instead, the type of employment placement and the number of hours worked during the month determine the monthly cash benefit.

Types of Employment Positions

The program requires the majority of participants to work in unsubsidized employment, including self-employment and entrepreneurial activities, or in placements subsidized by government. Recipients of subsidized jobs must search for unsubsidized employment with the assistance of caseworkers known as "financial employment planners" throughout their W-2 participation. Three types of subsidized "W-2 employment positions" exist:

- **Community service jobs (CSJ)** are subsidized employment intended to give participants work experience and training to assist their progression into unsubsidized employment or a trial job.² These positions must serve a useful public purpose or their costs must be partially offset by project revenues. Participants receive a maximum monthly grant of \$673 for up to 30 hours of work and not more than 10 hours of classes or training per week. The grant must be reduced by \$5.15 per hour for work or training missed without good cause. A particular CSJ placement is limited to a six-month maximum, although a three-month extension may be permitted.
- **Transitional placements (W2T)** are intended for persons who are incapacitated, needed at home because of the incapacity of a spouse or dependent child, or otherwise unable to perform a CSJ. These participants may receive a maximum monthly grant of \$628 for up to 28 hours of assigned activities (that may include physical rehabilitation, counseling, alcohol and other drug abuse treatment) and not more than 12 hours of training and educational activities per week. The grant must be reduced by \$5.15 per hour for required activities missed without good cause.
- **Trial jobs** are subsidized positions offering on-the-job training and work experience that are expected to result in permanent employment. Wages are established in a contract between the W-2 agency and the employer must meet minimum wage requirements. The wage subsidy

¹ Much of this overview is excerpted from Wisconsin Legislative Reference Bureau's *Wisconsin Works (W-2): A Brief Description*, written in May 1996, although we have updated it to reflect a few program changes and nine years of experience with the program's implementation.

² Advocates have frequently charged that CSJ placements are "make work" and not helping participants achieve private-sector jobs.



cannot exceed \$300 per month. Employment in a particular trial job is limited to a three-month maximum, although a three-month extension may be permitted. These placements have experienced limited use throughout the history of the program.

Participation in any of the three subsidized categories is generally limited to 24 months per placement type, but case-by-case extensions are possible. Table 1 shows the number of persons placed in the each category for one or more months in 2005. The percentages show the portion of total subsidized placements in each category.

Table 1. Subsidized Placements in 2005 (Unduplicated Count)^a

	Community Service Jobs		Transitional Placements		Trial Jobs	
	<i>Number Placed</i>	<i>% of Total Subsidized Placements</i>	<i>Number Placed</i>	<i>% of Total Subsidized Placements</i>	<i>Number Placed</i>	<i>% of Total Subsidized Placements</i>
Milwaukee	8,028	57.5	5,839	41.8	92	0.7
Balance of State	1,190	34.6	2,223	64.6	28	0.8
Total	9,175	53.0	8,003	46.3	120	0.7

^a Data are from the unduplicated participation statistics on the DWD website for CY 2005. The totals for Milwaukee and the “balance of state” exceed the statewide totals because some families moved and were served in more than one county, but they were just counted once in the state total.

Other Elements of W-2 and Related Programs

Caretakers of Newborn Infants: Participants who meet the other W-2 eligibility requirements and are the custodial parent of a newborn may receive a monthly grant of \$673 and be exempt from the work requirement until the infant is 12 weeks old (which is the minimum length of an exemption prescribed by the federal law). They are counted in the W-2 cash assistance caseload.

Child Care Subsidies: Though the child care subsidy program, Wisconsin Shares, is not technically part of W-2, it was a key element in the 1997 legislation creating W-2. Families with incomes up to 185 percent the FPL are eligible for the program and may remain in the program until their income exceeds 200 percent of the FPL. Child care subsidies may be provided for children age 12 and younger (or under age 19 for children with disabilities). All recipients are required to pay a portion of their child care costs, up to 12 percent of income. Persons participating in approved training or educational programs may receive child care subsidies only if they are also working at least part-time or are under age 20 and trying to complete a high school education.

Kinship Care: A relative who is providing custodial care and maintenance for a child may be eligible for kinship care payments of \$215 per month if certain conditions are met. The definition of a “kinship care relative” includes a stepparent, brother, sister, stepbrother, stepsister, first cousin, nephew, niece, aunt, uncle, or persons denoted by the prefix “grand,” “great,” or “great-great.” Counties determine eligibility and decide whether the placement is in the best interest of the child, whether the child would otherwise risk being placed in state custody, and whether the parent passes a criminal background check.

Caretaker Supplement: The Supplemental Security Income (SSI) caretaker supplement is paid to recipients of SSI benefits who have dependent children. The caretaker supplement caseload averaged 6,263 in 2004 and currently costs approximately \$30 million per year. Payments are \$250 per month for the first child, and \$150 for each additional child.