

INFORMATIONAL BRIEF

W-2 and Temporary Assistance to Needy Families (TANF) What Changes are Proposed and What do They Mean?

What is TANF and How Does It Relate to W-2?

Wisconsin's W-2 program is often confused with the Federal Temporary Assistance for Needy Families (TANF) block grant which authorizes states to engage in a variety of programs serving low-income families. The W-2 program in Wisconsin is only one part of Wisconsin's TANF effort, and it is the primary tool aimed specifically at ending the dependency of needy families on government programs by promoting job preparation and work.

In Wisconsin, TANF funds are also used for other programs such as Wisconsin Shares (child care subsidies so parents can work), emergency assistance for low-income families facing homelessness or other crises, the Earned Income Tax Credit (a successful anti-poverty credit for low-income families), and program grants for Boys and Girls Clubs throughout the state.

Federal TANF funds and Child Care Block Grant funds are combined with state dollars to fund a range of programs for low-income families, including W-2, Wisconsin Shares, and a number of related services.

Does an Increase in TANF Spending Mean an Increase in W-2 Spending?

No. As noted, increasing the total appropriations of TANF and related funds does not mean there is an increase in W-2. For example, the 2009-11 Executive Budget includes an additional \$20 million/year in child care subsidies (to maintain the current FY 2009 level after it was increased in the Feb. 2009 budget repair bill). This increase, which is funded primarily from a boost in the Child Care Block Grant, has in some cases been mistakenly characterized as an increase in W-2 spending.

Thanks in part to the fact that federal TANF block grants to states have been frozen since the inception

of W-2, state spending for W-2 has declined precipitously in recent years. W-2 contract expenditures are divided into three areas: administration, services, and benefits. From the 2000-2001 contract period to the 2008-2009 contract period, total W-2 contract expenditures dropped by 47 percent.

What is in the 2009-11 Executive Budget Related to W-2 Expenditures?

Despite the on-going recession and rapidly rising unemployment rate, the 2009-11 Executive Budget does not increase W-2 spending for administration or services. Spending for benefits is increased slightly to account for two programmatic changes noted below, but not in response to greater demand for the program stemming from the economic downturn.

What Program Changes are Included in the 2009-11 Budget?

There are a number of changes proposed:

- **Modifying Provisions for Women Without Dependent Children and in At-Risk Pregnancies**

Under current provisions, pregnant women who are otherwise eligible for W-2 but do not already have dependent children may receive employment training and job search assistance but not a cash benefit. The proposal modifies this provision to allow women who are told by their doctors that they cannot work due to the at-risk nature of their pregnancy to receive a cash benefit during that portion of their pregnancy. This change has been proposed on a number of occasions in the past but has not been included in final budgets. A total of \$1.4 million over the biennium is allocated for this change.

- **Extension of the Caretaker of a Newborn Infant (CNI) Benefit in Select Cases**

Under current provisions, a parent of an infant 12 weeks old or less who meets the eligibility requirements of W-2 can receive a cash benefit. The proposal allows for a benefit to be received until the child reaches 26 weeks only in situations where the parent had already been participating in the W-2 employment position for at least 3 months prior to receiving the CNI grant. This also has been proposed in the past but not included in the final budget. \$2 million in benefits is allocated for this change over the biennium.

- **Modification of the Time Limit for Receipt of Assistance & Categorical Time Limits**

Under current provisions, Wisconsin's limit for receipt of assistance has been the same as the federal limit, meaning that an individual can receive benefits for no more than 5 years during their lifetime. However, when initiating W-2, Wisconsin created categories for work (i.e. community service job, trial job, or a transitional job placement) with shorter time limits for those categories, generally limiting placement in any one category to no more than 24 months.

Based on what has been learned since its inception about the population enrolled in W-2, the Executive Budget proposal simply removes the categorical limitations to provide more flexibility to respond to the individual participant's circumstances and job readiness level. The bill retains Wisconsin's five-year limit, while slightly changing what benefits count toward the limit, in order to conform to federal law.

- **Modification of Maximum Hours for Subsidized Employment Activities**

Under current provisions, W-2 allows agencies to limit the number of hours participants may engage in certain types of activities. For example, an individual working in a community service placement may be required to work up to 30 hours per week and to participate in educational or training activities for up to 10 hours per week, for a total of 40 hours. Participants in other categories may have similar restrictions, including those in technical college programs (25 hours/work and 15 hours/education and training).

The Executive Budget streamlines these disparate limits by simply requiring a maximum of 40 hours per week for all activities, allowing agencies more flexibility to serve participants and help them connect to a rapidly changing labor market, for example promoting more training to meet the demands for higher skills and credentials than most W-2 participants have.

- **Changes to W-2 Sanctions**

Under current provisions participants may be sanctioned for a variety of reasons. For example, refusing to participate three times in any employment/placement component means that individual is deemed ineligible for that specific category/component. They remain eligible to participate in the other categories unless/until they also fail to participate three times in that component.

The Executive Budget modifies these provisions by requiring that when a W-2 participant refuses to participate in a prescribed activity they would be deemed ineligible for W-2 for three months. The Department of Children and Families is charged to promulgate rules to implement this change, including provisions for a "conciliation period" during which the participant may continue if they fully cooperate. The Budget also requires agencies to be more proactive with participants in rectifying deficiencies before any sanction that could result in a 20% benefit reduction or termination is implemented.

- **Removal of W-2 Agency Administrative Requirements**

Under current provisions created at the inception of W-2, W-2 agencies are required to establish a community steering committee and a children's service network aimed at allowing for community and expert input to W-2 agencies regarding their administration of W-2.

In reviewing the limited impact of these provisions, the Executive Budget removes these requirements as being an unnecessary administrative burden, with attendant costs, for W-2 providers.

- **Elimination of the "Learnfare" Requirement**

Under current provisions, children age 6 through 17 of parents in W-2 are subject to Learnfare school attendance requirements. These requirements go beyond the simple notion that the children must be in school and place a number of administrative requirements on parents, W-2 agencies, and county departments of human and social services. For example, W-2 agencies are required to verify enrollment, and if they are unable to do so the parent is deemed ineligible for a W-2 employment position, and there are financial sanctions that stem from a student not meeting the enrollment requirements.

In the absence of data indicating that these requirements have been effective in modifying the attendance of students of current W-2 participants, the Executive Budget removes them as being unnecessary administrative burdens on agencies and potentially harmful to other children in the family.