

Department of Workforce Development proposes strategies to manage the W-2 caseload and related budget pressures

by Carol W. Medaris
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In response to projections of serious shortfalls in funding for W-2 benefits, the Department of Workforce Development (DWD) is developing strategies to better manage W-2 caseloads. A recent survey of W-2 agencies identified a potential shortfall of \$37.3 million, as reported by the Legislative Fiscal Bureau in a memo to Joint Committee on Finance dated June 30, 2004. The Department has identified an additional \$11.4 million in funds to reduce that shortfall somewhat (report to Contracts and Implementation Committee, June 25, 2004), but it seems clear that some reduction in the caseload will be necessary in the absence of additional funding from the state. How the Department chooses to do this will profoundly affect low-income families seeking financial assistance.

A draft administrator's memo, soon to be published, emphasizes that the primary goal of the program is employment, and that the program's original design was the connection of individuals with appropriate work as soon as possible. In support, the Department has distributed other draft memos and models for discussion, including "Up-Front Workforce Attachment Model" and "Strategies for Improving Community Service Jobs." At the same time, the Department has just issued a final Operations Memo on W-2 Case Closures which is likely to result in additional cases being closed for procedural reasons – not because participants obtained jobs.

The administrator's memo was distributed at the DWD Contracts and Implementation (C and I) Committee meeting on June 25. (C and I is an advisory committee to the Department composed of W-2 agency representatives.) In it the Department sets forth several policies that it wishes to strengthen:

- Up-Front Workforce Attachment, to communicate to applicants when they first apply that they are expected to become employed as quickly as possible, and to W-2 agencies the array of services and job development activities the Department expects them to provide;
- Comprehensive Career Assessment Process, to emphasize the thoroughness with which Financial and Employment Planners (FEPs), should evaluate the individual's interests and capabilities as well as labor market information for both initial placements and the development of longer-term career goals;
- W-2 Employment Position Placements, to structure Community Service Job (CSJ) placements more deliberately and provide greater variety, to align them more closely with the individual's skills and interests and the

potential for long-term, unsubsidized employment, and to intensify employer recruitment and job development;

- Employability Plan Design, to connect the individual quickly with a labor market area that is growing, as well as to advance the participant along a previously identified career path;
- Job retention and Advancement through improved case management after the individual leaves the W-2 program.

To the extent that the Department intends to meet the financial crisis with improved efforts to connect low-income families to good jobs with opportunities for advancement, everybody wins – ultimately money will be saved and low-income families will be helped along their path to becoming self-sustaining. Included among the memo's short-term strategies, however, is providing case closure instructions for nonparticipation and loss of contact, discussed below, which is likely to save money but have no effect on preparing family heads for employment.

A second document, the draft "W-2 Up-Front Workforce Attachment Model," was distributed at the same C and I meeting and sets out the steps that are to occur from the date of application until the date of placement in a work program placement. The process emphasizes immediate attachment to the workforce through these steps:

- On day 1, application day, an explanation that W-2 is a work program and scheduling an appointment with a Resource Specialist (RS);
- On business day 2 or 3, employability screening and assignment to structured job search activities, and scheduling a meeting with the FEP;
- On business day 3 to 5, structured job search with a workforce development professional (which may include labor market training and initial career assessment);
- On business day 5 or 6, determination of eligibility by the FEP, referral of those with severe barriers to W-2 Transitional Placement, of 18-19 year-olds without high school degrees and mothers of infants to appropriate programs, and of others to career planning and intensive job search;
- On business days 5 to 12, career planning and other intensive job search activities provided by a workforce development professional;
- Beginning days 12 or 13, placement occurs either in "job ready" (case management but no cash benefit), or in a CSJ, with continuing career placement and intensive job search activities for up to two additional weeks as well as other appropriate activities.

When presented at the C and I meeting, agency representatives from small counties indicated that all of these functions were often the responsibility of the same person in their agency, and the process was much simplified. Others

indicated that they had already let go some employees that had performed separate functions, for example their resource specialists. Advocates have generally commented that the schedule affords too many opportunities for individuals to be diverted or discouraged from the program, that it would add even more delay in receiving financial help than is the case now, and that it emphasizes process over results.

The Department has indicated that this is intended to be a model only, for agencies to adapt as appropriate, and that it is a work in progress. A very recent draft administrator's memo entitled, "W-2 Up-front Workforce Attachment Process," provides more detail about the core functions of employment screening, assisting with service needs and options, conducting career planning and intensive job search activities, employability planning, and job development.

A third, draft administrator's memo, tentatively entitled "Strategies for Improving Community Services Jobs," was presented to a subcommittee of the C and I committee. It is directed toward aligning CSJ's more closely with an accelerated employability process. The memo is intended to be of greatest interest to agencies with large CSJ caseloads, although all agencies are expected to examine their practices in light of the four focus areas:

- Increased structure and variety in CSJ placement options to be aimed at a variety of target groups with placements of different lengths, activities, and employability objectives, and expanded use of pro-rated CSJs to combine part-time, unsubsidized work with short-term training opportunities or other CSJ activities;
- Improved targeting and planning of CSJ placements, with clear guidelines for determining the type of CSJ in which a participant should be placed, and use of intensive employability evaluations to link the position with the individual's employability plan;
- Intensified case management and monitoring of CSJ participants, as well as FEPs and worksite supervisors, to make sure that participants know the work expected (to be as close as possible to 40 hours per week); that contact between FEPs and participants are frequent and productive; that regular, on-site supervision and evaluation occurs by supervisors who understand the program and participants' goals, with coaching and mentoring as appropriate; and that supervisors, FEPs and participants communicate about participants' performance, progress and needs.
- Closer integration of job search efforts into CSJs so that CSJ participation translates as directly as possible into unsubsidized employment and the CSJ is approached deliberately as a means of networking with prospective employers in a given occupational area and as a means of building a resume and meaningful work history.

Many of these proposals are responsive to the June 2003 MDRC report, "Community Service Jobs in Wisconsin Works: The Milwaukee County

Experience.” The report pointed out a number of serious deficiencies in the program in Milwaukee, where about 80 per cent of W-2 participant families live. Since CSJs are currently the placement in W-2 with the potential of providing the experience and training participants need to move into unsubsidized work, the Department’s proposed reforms are a significant step toward improving participants’ employment opportunities.

The first published memo of the new strategy is “Wisconsin Works (W-2) Case Closures.” Drafted in response to requests by W-2 agencies to collect in one place all the program requirements that, if not cooperated with, may result in case closures, the memo lists the various points at which a case closure may be appropriate.

1. Failure to complete job search. Job search is required, by state law, not only upon application, but throughout one’s participation in W-2 work programs. In addition to the more common activities such as resume preparation, job applications and individual and group job search activities, the memo includes such activities as anger management, interpersonal skills, problem solving and decision-making skills, personal grooming and dress.

(A strong legal argument can be made that this expanded definition of “failure to complete job search” is not authorized – that such failures instead constitute a lack of participation, and should therefore lead to a reduction in benefits similar to other failures to complete work or training hours, rather than a termination from all benefits.)

2. Failure to access other public assistance programs or resources, such as unemployment insurance, worker’s compensation, child support, veterans benefits and Workforce Investment Act programs.

(The Department changed this part of the memo to eliminate SSI and Social Security from the list in response to advocates who pointed out that federal law forbids permitting case closures solely because a person with a disability does not agree with a referral to a program for the disabled.)

3. Verification of information. The individual has seven working days to verify all financial and non-financial information to determine eligibility, and the memo points out the agency responsibility to provide adequate notice of what is required, to assist when the individual cannot produce the required verification, and to process the case using the best information available when all efforts to verify fail.

(Verification from third parties, for example landlords and employers, is a frequent problem, and the decision that a person has tried in “good faith” to obtain information is highly discretionary. In addition, the memo at this point fails to make absolutely clear that assistance cannot be denied when the information sought, for example documentation of a medical condition, is not for a required eligibility factor.)

4. Employability plan expiration, which may occur when a participant fails to keep an appointment or return a mailed employability plan without good cause.

(Similar to the verification process, the good cause decision is highly discretionary.)

5. Report changes within 10 days of circumstances that may affect eligibility.

(This would then bring up the requirement to verify within seven days again.)

6. Declining W-2. Participants must be given a form to sign.

(Participants don’t always understand the importance of the document or the options available to them.)

7. Loss of contact with the agency, defined as no contact between the FEP and participant for at least 30 consecutive days, during which time the agency must make repeated attempts to contact the participant: at home, assigned worksite, or the site of other assigned activities; and through a variety of means, for example home visits, phone calls, and letters.

(“Loss of contact” has been a problematic area for participants in the past. The Department, in response to advocates, has greatly clarified the meaning and added specific steps which must be taken before someone may be terminated for this reason.)

At the beginning of the Case Closure memo, the Department sets forth three steps that agencies must take prior to finding a failure to cooperate with program requirements:

1. initiating action to uncover why the participant has not completed the required activity in the event unidentified barriers exist;
2. taking steps to address the barriers that may have caused the noncooperation; and

3. applying payment reductions or strikes as appropriate prior to determining ineligibility. (Three strikes cause participant ineligibility for that particular work program.)

These procedures recognize that there is a substantial risk of participants being terminated not because they refuse to participate but because they fail to understand the requirements or are unable to comply with them. In addition to studies showing that persons with barriers are particularly at risk of sanctions, the Department has been the subject of two complaints to the federal Office of Civil Rights detailing ways the W-2 program fails to properly serve persons with disabilities. Improper sanctions have been one subject of these complaints.

The Case Closure memo also provides some very good examples of actions agencies may take to fulfill these initial requirements. The problem with the Department's presentation here, however, is that examples that would seem to be absolute prerequisites to terminations are left totally up to local agency discretion. For example, in deciding why a participant has failed to cooperate, agency policy may, but need not, require questioning participants -- prior to terminating benefits -- as to why they haven't been cooperating with follow-up to make sure that all possible reasons are explored; agency policy may, but need not, require providing the participant with information on how to cooperate and the penalty for continuing non-cooperation; agency policy may, but need not require reviewing the history of the case to determine if any issues identified earlier may still be a factor affecting cooperation; and agency policy may, but need not, require reviewing the employability plan to make sure that activities assigned are appropriate to the person's particular needs, skills, family circumstances, and identified disabilities and barriers. Clearly these procedures should be required in all cases prior to termination.

This OPS Memo on Case Closures is, then, the Department's first published document to be distributed to local W-2 agencies in support of their new strategy "to manage the W-2 caseload and related budget pressures." In this memo, the Department not only sets forth all the reasons and procedures for terminating benefits, but it also allows a significant amount of agency discretion about how to determine whether a person is really refusing to comply or whether he or she cannot comply -- the "can't or won't" issue. And, it is far easier, less costly and less labor intensive to terminate families from assistance than it is to prepare them for self-sustaining jobs -- especially those with significant barriers to employment who form a substantial proportion of the current caseload.

Unless the Department changes the tone set by this initial memo and makes sure local agencies have sufficient resources for better career assessments, more job development, greatly improved CSJ opportunities, and a closer matching of job opportunities with individuals' skills and interests, there is a substantial risk that more cases will close in the future for "process" reasons rather than because participants are finding good, family-sustaining employment.