



**MEMO**

**TO: Members, Joint Legislative Audit Committee**  
**FROM: Kristin Settle**  
**DATE: Wednesday April 27, 2005**  
**RE: Results of Audit Bureau findings on W-2 program**

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**Good afternoon. I am here today to talk to you about education and training, two things highlighted in the W-2 audit as being deficient in nature. As you are well aware, the recent audit highlighted a significant number of problems, both financially and structurally, which indicate the programs many failures.**

**Simply stated: W-2 was a bad idea. W-2 has not lived up to its primary objective of getting people out of poverty, and has functioned as though the goal was to just get them off welfare. Sweeping reform changes instituted in 1997 and again in 2003 have not been re-evaluated to determine their effectiveness. Neglect on behalf of the DWD, and a defunct interest on behalf of the Administration has left thousands of Wisconsin workers poor, uneducated, and unable to provide for themselves and their families. It is time to reform the reforms.**

**The sooner we get W-2 participants working in steady, long-term, productive occupations, the better Wisconsin will be. The goal should be permanent, well-paying employment for all people who want to work. This can be accomplished through more adequate and appropriate training opportunities within W-2. Remember – getting people off of welfare does not mean they are out of poverty.**

**Given the analysis by the Audit Bureau, we find the need for the following changes within W-2:**

- **Allow education and training to count as work activity** If “Student” counts as an occupation in other sectors of the economy, it should count as an occupation in the W-2 program.
- **Create job training programs that do not require a GED, or make it possible for apprenticeship students to obtain one while learning their trade** The new Park East developments, as well as continued sprawl and construction throughout the state provide an opportunity for W-2 employees to participate in the workforce. However, these apprenticeships are hard, and often take years to complete. Current W-2 structures make it impossible for someone to learn a trade and continue to fill W-2 requirements.
- **Require agencies to develop a certain number of trial jobs** And make a serious effort to get local businesses involved to ensure that these jobs and training programs are effective in preparing someone for that job.
- **Develop basic skills training beyond computer training** These may include soft skills, or skills such as financial management, how to interview for a job, or even balancing career and family responsibilities.

- **Conduct standardized assessments** The experience of someone trying to apply for W-2 can be daunting and disheartening. It is crucial that uniform application procedures be in place to determine who is eligible and how the program can be best suited for them. In addition, the application process should include a safety net, for the applicants who never make it back to the W-2 centers. Someone applying in Milwaukee should have the same experience as someone applying in Madison or Green Bay, and it should be a welcoming, encouraging experience.
- **Focus on making it easier for workers to complete program** Getting state assistance should not be harder than getting a job in the first place. Service agencies should develop ways to ensure participants are getting all the benefits they can from the program. This would involve restructuring the way cases are managed, and the way the program is operated as a whole. Too many people are falling through the cracks.
- **Develop the proposed wage-paying Trial Jobs Plus tier to make W-2 placements wages instead of grants** Currently, W-2 placements are classified as ‘grants’ instead of ‘wages’. This has several implications. First, workers enrolled in W-2 have to work for their benefits, but they do not receive the same rewards as a typical employee. They do not get social security credits, they are not eligible for unemployment compensation, and they cannot get earned income tax credits for their efforts. W-2 participants may do the exact same work as a non-W-2 employee, however, they are treated differently. This would appear to be in violation of the fair labor standards issues that require workers be treated equally. Furthermore, in the existing system, W-2 participants have displaced county workers and other union employees. Reclassifying Community Service Job benefits to wages would provide a new measure of fairness to the current system.
- **Eliminate the job ready category** Most workers that would be able to complete job training successfully get put into the job ready category within W-2, which means they are not eligible for any income support while enrolling in training. This is just another means to get people off the rolls, without really solving their problems.

**People often come onto welfare as a last resort. They face many barriers, some physical and some circumstantial. It is in the best interest of the state to ensure that they are properly evaluated, and given every opportunity to improve their situation on a permanent basis. Building human capital is the single greatest investment the state can make in its future. But like many investments, it takes time, resources, and commitment to get a return. Offering unproductive education programs and job training that trains you for no real job is ineffective and irresponsible.**

**As we all learned in school, there is nothing wrong with admitting you have made a mistake, and getting a ‘do-over.’ Rather than continue to insist the W-2 reforms were appropriate and working, perhaps the DWD and the Administration should admit they have ignored this program, that it isn’t working, and that they are going to devote the time, talent, and resources needed to ensure a proper ‘do-over.’**

**Thank you.**