Wisconsin Welfare Employment Experiments:
An Evaluation of the WEJT and CWEP Programs

September 1993
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by

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September 1993
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INTRODUCTION

This evaluation provides a detailed study of the implementation of Wisconsin welfare employment programs, traces the allocations and expenditures of programs by county from 1987 through 1990, and assesses the impact of county welfare employment programs two and three years after their implementation. The first part of the evaluation report provides a history of the creation and funding of welfare employment programs in Wisconsin. Chapter One describes the workfare and comprehensive employment and training models developed in the mid-1980s and passed by the state Legislature. Decisions to emphasize the role of the income maintenance unit and transfer administrative control from the state employment service are examined in the context of earlier state "WIN" programs. Chapter Two provides a discussion of the expansion of these programs and the federal government's role in providing waivers for Social Security Act experiments. The decisions of the state Department of Health and Social Services in selecting and implementing pilot programs under the 1986 welfare employment program initiatives are discussed in Chapter Three. The delays in starting up the program and political pressures to expand the program before the pilots were implemented and evaluated created a large fund of public monies dedicated to welfare employment programs. Chapter Four provides a description of legislative appropriations and expenses and surpluses accrued during the first four bienniums of the programs. State formulas for distributing WEJT, CWEP and JOBS monies are presented along with the spending figures (total and per capita) by county for 1987, 1988, 1989 and 1990.

The second section of the evaluation report presents descriptions of the Wisconsin Work Experience and Job Training (WEJT) Program and the Community Work Experience Program (CWEP) as they were implemented in the counties. Chapter Five provides a description of the WEJT programs, Chapter Six examines the use of "workfare" in the CWEP counties, and Chapter Seven compares the Job Service WIN/WEOP model with county WEJT and CWEP programs. The Work Supplementation/Grant Diversion Program received little use in the state, as detailed in Chapter Eight. Chapter Nine completes the program description by detailing the county welfare workers' role in implementing Wisconsin welfare employment programs.

The findings of the evaluation are presented in part three. Chapter Ten provides a description of the methodology approved for the evaluation by the state Department of Health and Social Services and details the data sources used for the study. The evaluation tested the impact of WEJT and CWEP programs for 31 counties. Chapter Eleven provides the hypothesis testing of the program impacts on program participants in Rock County where AFDC clients were randomly assigned to experimental and control groups. Chapter Twelve presents the evaluation findings for 29 counties implementing WEJT and CWEP programs in 1987 and 1988, using comparison counties with no program or with Job Service WIN/WEOP programs. The limitations of the data available for Racine County, which was expected to test program impacts for a voluntary population, are presented in Chapter Thirteen.
In addition to county level analysis, the evaluation tested the overall impact of Wisconsin's welfare employment programs and waiver experiments using econometric models consistent with the federal waiver requirements for the state. This analysis is presented in Chapter Fourteen. The statewide impacts of the federal waiver experiments for the medical assistance extension and earned income disregard experiments are provided in Chapter Fifteen. Finally, state officials' calculations of welfare costs and savings are described in Chapter Sixteen, along with the evaluation findings of these costs and savings using the methods prescribed in the federal waiver.

Commonly Used Abbreviations

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<th>Abbreviation</th>
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<td>AFDC</td>
<td>Aid to Families with Dependent Children</td>
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<td>AFDC-R</td>
<td>Aid to Families with Dependent Children - Regular (one-parent) cases</td>
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<tr>
<td>AFDC-U</td>
<td>Aid to Families with Dependent Children - Unemployed Parent (two-parent) cases</td>
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<td>CWEP</td>
<td>Community Work Experience Program, commonly known as &quot;Workfare&quot;</td>
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<td>DHHS</td>
<td>U.S. Department of Health and Human Services</td>
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<td>DHSS</td>
<td>Wisconsin Department of Health and Social Services</td>
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<td>DILHR</td>
<td>Wisconsin Department of Industry, Labor and Human Relations</td>
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<td>ESP</td>
<td>Employment Search Program</td>
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<td>GPR</td>
<td>state General Purpose Revenues</td>
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<td>IM</td>
<td>income maintenance</td>
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<td>JOBS</td>
<td>federal Job Opportunities and Basic Skills Training Program of the Family Support Act of 1988</td>
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<td>JTPA</td>
<td>federal Job Training Partnership Act of 1982</td>
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<td>MA</td>
<td>Medical Assistance</td>
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<tr>
<td>OBRA</td>
<td>federal Omnibus Budget Reconciliation Act of 1981</td>
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<td>OJT</td>
<td>on-the-job training</td>
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<tr>
<td>VTAE</td>
<td>Wisconsin Vocational, Technical and Adult Education (community college) system</td>
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<td>WEJIT</td>
<td>Wisconsin Work Experience and Job Training Program</td>
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<tr>
<td>WEOP</td>
<td>Wisconsin Employment Opportunities Program, also referred to as WIN/WEOP</td>
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<td>WIN</td>
<td>Work Incentive Program</td>
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Chapter One

HISTORY OF WISCONSIN WELFARE EMPLOYMENT PROGRAMS

The federal program of Aid to Dependent Children, later known as Aid to Families with Dependent Children (AFDC), began in 1935 as part of the Social Security Act. The original legislation was devised to provide financial assistance to widowed mothers so that they would not have to work outside the home. A Report of the Committee on Economic Security, submitted to President Franklin Roosevelt in 1935, stated this intention:

... to release from the wage-earning role the person whose natural function is to give her children the physical and affectionate guardianship necessary not alone to keep them from falling into social misfortune, but more affirmatively to rear them into citizens capable of contributing to society.¹

Although proposed as a temporary relief program, the number of families receiving AFDC increased dramatically over the next half century.

Federal Welfare to Work Legislation²

Beginning in the 1960s when AFDC eligibility was extended to two-parent families with an unemployed parent (AFDC-UP), the direction of welfare policy shifted from programs that simply distributed aid to ones that actively attempted to reintegrate welfare recipients, and particularly male caseheads, into the labor force. A study by the Congressional Budget Office attributes three major factors for the emphasis in the 1960s on work programs for welfare recipients. First, the creation of AFDC-UP placed unemployed fathers on the welfare rolls, and these men were viewed as able and expected to work. Secondly, the 1960s saw a tremendous increase in the number of families receiving AFDC and governmental costs for the AFDC program. And, finally, the Congressional Budget Office suggests that societal attitudes toward women in the labor force had changed, with mothers of school-age children increasingly employed or expected to be employed to supplement the family income.³

Amendments to the Social Security Act in 1962 placed more emphasis on provision of social services and work programs. States were encouraged by 50 percent federal matching funds to establish community work programs with little training involved. Further efforts to redirect welfare policy occurred with Title V of the Economic Opportunity Act of 1963. This legislation established federally supported Work Experience and Training demonstration projects that stressed vocational training, day care supportive services, education and work experience programs for men receiving AFDC-UP and for out-of-school dependent teens.

In 1968 the Work Incentive Program (WIN) was created through a series of amendments to the Social Security Act. Considered the centerpiece of federal welfare employment training policy, the WIN amendments were intended to assist AFDC recipients in obtaining employment with sufficient earnings to end their need for welfare benefits. Detailed federal regulations

² Congressional Budget Office.
³ Congressional Budget Office.
dictated WIN’s program design and operation, with WIN administered jointly at the federal level by the Department of Labor and the Department of Health, Education and Welfare, and at the state level by the welfare department and the state employment agency. Rather than immediately providing clients with job search activities, the WIN program in its early years stressed classroom training and supportive services for client volunteers. Incentives were introduced to encourage AFDC recipients to seek employment, including the concept of a "$30 and 1/3 income disregard." Under this provision, the first thirty dollars and 1/3 of the remaining amount of any earnings of employed AFDC recipients were "disregarded" when calculating their AFDC benefit levels. The $30 and 1/3 policy increased the income for employed AFDC recipients but also enabled more working poor families to qualify for AFDC.

During the early 1970s the federal government shifted WIN’s program emphasis away from classroom training to direct job placement. The 1971 Talmadge amendments mandated that one third of WIN funds be earmarked for on-the-job training and public service employment and required all adults on AFDC to participate in the revised WIN program (often called "WIN II") unless they were exempted for a specified "good cause" reason. (The most common exemption allowed for parents with children under the age of six.) The mandatory features of WIN II also led to the development of administrative procedures for determining compliance, administering sanctions, and fair hearings.

Beginning in 1975 WIN II was redesigned and began to shift back to its original focus on a combined use of employment search, long-term training, and supportive services. To emphasize the importance of work, "WIN II Redesign" participants were required to register with the local employment service, and the state employment service was positioned in a dominant administrative role. During this period a number of innovations in the employment search program component were developed, including the "Job Club" concept.

In the early 1980s major changes occurred in federal welfare employment and training programs. The Reagan Administration proposed that a national workfare program replace the WIN II Redesign. Instead, Congress continued the WIN program, but expanded the program options available to states. Under the Omnibus Budget Reconciliation Act (OBRA) passed by Congress in 1981 and the 1982 Tax Equality and Fiscal Responsibility Act (TEFRA), states were allowed to require AFDC recipients to participate in

1. Community Work Experience Programs (CWEP) or workfare programs;

2. Work Supplementation programs, intended to provide private sector on-the-job training, using the AFDC grant to subsidize up to six months of employer costs for hiring AFDC recipients;

3. WIN Demonstration programs which eliminated the controversial dual administrative structure required under WIN, increased state flexibility in program design, and reduced federal reporting requirements. "WIN Demo" programs required approval at the federal level from the Family
Support Administration in the Department of Health and Human Services and were administered at the state level by the agency responsible for the AFDC program.

4. an employment search component for up to 16 weeks in the first year and 8 weeks a year thereafter, which under TEFRA could be made mandatory.

While these four new options permitted increased flexibility of programs for AFDC clients, the Reagan Administration reduced federal support for WIN dramatically. Between 1980 and 1987 federal WIN monies were cut from $395 million to $133 million. Under the federal legislation, states were required to operate a WIN or WIN Demo program, financed 90 percent by the federal government up to a fixed amount. States also had the option of creating Community Work Experience Programs, Job Search or Work Supplementation programs supported with an unlimited amount of federal funding, but at a lower 50 percent federal match. Not surprisingly, most states used their WIN or WIN Demo allocation at the 90 percent federal reimbursement level and made little use of federal funding allowed under the lower matching rate. States could, however, mix funds and program emphasis.

Federal government funding formulas for welfare employment program experiments during this period of dramatic cuts in WIN funding resulted in many states limiting their programs to job search rather than longer term and more expensive human capital training options aimed at improving client skills and removing barriers to employment. Few state programs offered training and remedial education programs and some programs began to exclude participants with little prior work history or severe educational deficiencies. As the federal government reduced its WIN allocations, states relied increasingly upon federal Job Training Partnership Act program appropriations for more expensive training options for welfare recipients.

Early Wisconsin Welfare Employment Programs -- WIN and WIN Demo/WEOP

Wisconsin began operating a Work Incentive Program (WIN) for AFDC recipients in Milwaukee in 1968. Wisconsin's WIN Program evolved from a voluntary client program to a mandatory approach with heavy emphasis on job placement and was operated jointly by the Department of Health and Social Services (DHSS) and the Department of Industry, Labor and Human Relations (DILHR), with a separate administrative unit within each department. DILHR was responsible for the employment and training of clients through its Job Service Offices located in each county and received approximately 80 percent of the funding, while DHSS provided social services and day care through county departments of social services. When the budget for WIN was cut by one-third in late 1981, DHSS disbanded its separate administrative unit completely, eliminating the role of welfare social services in the counties. Job Service employment services under WIN were scaled back to the largest 27 counties, where 70 percent of the AFDC population was concentrated. In 1986, given additional federal cuts in WIN funding, Wisconsin reduced the number of counties in the WIN program to 22 and limited its
welfare employment program to primarily job search activities with little funding available for training, education or supportive services. Under this arrangement, DHSS essentially abandoned its role in WIN; all supervisory personnel, staff and support staff were located in Job Service, which also maintained the management information system and staff support. Until 1987 the WIN program was operated solely by Job Service which provided job search assistance, and assumed responsibility for child care payments previously handled by county departments of social services. With limited funds for employment training and supportive services, DHSS had no operational role in welfare employment programs.

In 1983 under Democratic Governor Anthony Earl, the State of Wisconsin applied for and received federal approval to operate a WIN Demonstration program, called the Wisconsin Employment Opportunities Program (WEOP). The Department of Health and Social Services, the federally designated state agency responsible for the program, chose not to administer the "WIN Demo" and instead signed a sole-source agreement with Job Service to operate the program, with DHSS serving as a conduit for the funds. Wisconsin did not request permission to operate either Community Work Experience Program (CWEP) or Work Supplementation programs as part of its "WIN Demo" proposal, but placed the focus of WEOP on employment search, as did most states.

Wisconsin's "WIN Demo" project began on September 30, 1983, utilizing unspent DILHR funds for start-up costs. Under the program AFDC clients were immediately referred to a job search component, except when there was an obvious need for assessment of the client's employability. The state's rationale for this approach was that WEOP should begin with the least costly methods for obtaining employment and that clients should be exposed to the employment market before any other actions were taken. During the first years of WEOP, registration in the program was not mandatory for AFDC recipients. However, beginning in June 1986, WEOP registration became a condition of eligibility for receiving AFDC. Noncompliance with the WEOP requirements could result in the client being sanctioned, that is, having the family's AFDC benefits reduced.

Early Role of the Department of Industry, Labor and Human Relations (DILHR)

The Wisconsin Department of Industry, Labor and Human Relations (DILHR) operated three major employment and training programs, in addition to its responsibility for operation of the state unemployment compensation system.

1. Job Service's Labor Market Exchange Program was funded through the federal Wagner-Peyser Act operated in local offices throughout the state to match employer hiring needs with those of job seekers.

2. The Job Training Partnership Act (JTPA) program which replaced the Comprehensive Employment and Training Act was operated by DILHR's Employment & Training Policy Division and administered through
seventeen independent locally controlled service delivery areas. A substantial portion of JTPA funds were earmarked to address the employment needs of the welfare population.

3. The WEOP welfare employment program was operated by Job Service with federal funds passed through from DHSS.

By the mid-1980s Wisconsin employment and training programs for persons of all income levels were spread out over 40 programs administered by twelve departments within the state and federal governments, with over half of these funds in the Department of Industry, Labor and Human Relations. State programs reflected the wide array of federal initiatives which had evolved since the 1930s. However, concern over federal budget cuts forced state officials to consider coordinating these often unrelated and overlapping systems to increase program effectiveness through policies which encouraged cooperation.

Beginning in 1981 substantial and continuing reductions in federal Wagner-Peyser funding for Job Service coupled with similar cuts to the WIN program jeopardized DILHR’s ability to maintain county offices throughout the state, and categorical aids such as WIN/WEOP monies became an increasingly important source of funding for Job Service. In 1982 DHSS Secretary Donald Percy of DHSS and DILHR Secretary Lowell Jackson agreed to shift WIN/WEOP funding and program emphasis, giving over the WIN program to Job Service and disbanding the DHSS role. Job Service chose to shift the emphasis of the WIN/WEOP program to a lean labor exchange program comprised mostly of a job search component for individuals in 27 counties rather than the more extensive range of services previously provided under the joint DHSS/DILHR program. The Job Service WIN/WEOP staff was reduced by two-thirds, from 300 to 100 employees. The impact of this decision, precipitated almost entirely by federal budget cuts, would be the major argument used in 1986 and 1987 to shift administrative and programmatic control of the AFDC welfare employment programs back from DILHR to DHSS.

Federal funding cuts continued into the mid-1980s, forcing additional reductions in positions allocated for Job Service. In 1985 alone, Wagner-Peyser reductions resulted in the elimination of 38 positions in central and local offices. As losses in WIN and Wagner-Peyser monies threatened the ability of Job Service to maintain the quality of WIN/WEOP programming, Job Service grew increasingly dependent on WIN/WEOP funding to maintain its system of statewide offices. Some policy makers in both DILHR and DHSS remained uncomfortable with the limited focus of WIN/WEOP, the lack of intensive services, and a program model involving little client contact or case management.

State plans to broaden the WIN/WEOP program were severely curtailed in Fiscal Year 1986 by further Reagan Administration reductions in WIN funding. The federal budget for that year included significant cuts in the funding available for "WIN Demo" programs. Consequently, beginning in May 1986, Wisconsin reduced the number of active "WIN Demo" programs from 29 to 22 counties and one tribal reservation. Federal cuts also forced
WIN/WEOP to primarily emphasize employment search programs with little money remaining for training options or supportive services.

Political Context for the Wisconsin Work Experience and Job Training (WEJT) Program

As welfare reform became an issue of national and state interest, members of both political parties began portraying welfare as a barrier to independence for AFDC clients. Federal policy initiatives emphasizing workfare became increasingly popular, particularly with the introduction of 1981 OBRA legislation allowing states to require AFDC participants to work off their grants through labor in public service projects. This approach required recipients to work the number of hours required to "earn" their AFDC grant at minimum wage. Many states initiated programs under the rubric of workfare. However, throughout the early 1980s few AFDC participants were actually required to work off their grants in these so-called workfare programs. A General Accounting Office report suggested that states, in response to public opinion and political pressure, created workfare programs which gave the impression that welfare recipients were being compelled to work, but in most programs job search was the only required activity, with the controversial workfare component playing only a minor role. Furthermore, problems of programs "creaming" the best AFDC clients for workfare through use of screening and exemptions raised serious questions about the workfare program's effectiveness in targeting the long-term welfare dependent population. The workfare concept was also criticized as unfair by opponents because of its perceived punitive nature, requirement that participants work at wages below those of regular employees, and placement of welfare clients in jobs considered "make work" or demeaning. Several studies of workfare participants suggested, however, that many clients supported community service work.

In Wisconsin by the time workfare had become a major policy issue in 1985, WIN/WEOP continued its evolution into an under-funded program unable to deal with the increasing number of AFDC recipients required to participate in the program. For over twenty years state policies attempting to address the increasing AFDC welfare caseload revolved around the WIN program with changes in emphasis largely dictated by federal policy. As the WIN program evolved, the state shifted its program emphasis increasingly toward a mandatory work search requirement in which Job Service was the primary program provider, focusing its employment assistance efforts on individual job search activities, job clubs and structured job search. Investments in strategies to address barriers to employment through education and social services were largely abandoned given federal budget cuts to the WIN program. However, the absence of human capital investment strategies and lack of resources frustrated state policy makers as increasing numbers of recipients overloaded the Job Service system. Large numbers of recipients expected to work were reported unserved in "hold status" or "unassigned status" (i.e. enrolled, but not receiving the required services).

DHSS administrators, who had largely abandoned their role as active participants in the WIN effort through creation of a Job Service-run WEOP program, now found themselves facing a renewed political interest in fixing the "welfare mess." The political climate in Wisconsin...
preceding the creation of the Work Experience and Job Training Program was influenced by an increasing public concern about rising AFDC caseloads, conjecture about the effect of Wisconsin's high AFDC benefit rates on welfare migration from other states, and concerns about overall inadequacy of the AFDC system as a contributing factor to dissolution of the family.

Within DHSS responsibility for WIN rested in the income maintenance unit, but key administrators in that unit showed little interest in operating or assuming control over the WIN/WEOP system. However, Division of Policy and Budget staff began formulating new policy options in response to renewed political interest in welfare reform. Peter Tropman, then director of the DHSS Division of Policy and Budget, his staff and selected staff from the income maintenance section introduced a framework for legislative initiatives. This framework was designed to undo the "monolithic" WIN/WEOP model, replace it with a program providing more intensive training and supportive services, reassert the local county role in the operation and delivery of social services, and move programmatic and financial control from Job Service to DHSS.

The establishment of the Work Experience and Job Training legislation in 1986 marked a significant milestone in Wisconsin's political approach to welfare policy through the institution of a mandatory work requirement for AFDC recipients. Among key legislative players in welfare reform, Senator Joseph Strohl (D-Racine) was particularly vocal regarding the need to institute changes in the state welfare system. Strohl was the primary author of the WEJT enabling legislation, proponent of its expansion, advocate of workfare, and was credited with developing the original WEJT program with DHSS. Representative Thomas Loftus (D-Sun Prairie) and Institute for Research on Poverty staff at the University of Wisconsin worked closely with DHSS Policy and Budget staff on a Child Support Assurance Program designed to provide incentives for single parent low-wage workers to work more hours through wage supplements and to insure better collection of child support payments. Representative Joseph Andrea (D-Kenosha) promoted AFDC benefit cuts as a way to address concerns raised about welfare migration resulting from relatively high Wisconsin AFDC benefit levels.

While the initial WEJT legislation was largely credited to the leadership of DHSS and Senator Strohl, it represented a significant compromise among competing political perspectives on welfare and workfare requirements. WEJT was introduced in the summer of 1985, when the Wisconsin State Legislature passed Wisconsin Act 29, the biennial budget for 1985-87, which authorized a total of $6.3 million for the development of a new employment and training program. Act 29 directed the Department of Health and Social Services to develop a WEJT plan and submit it to the Legislature by September 1985.

The DHSS Plan for WEJT

On September 17, 1985, DHSS Secretary Linda Reivitz forwarded guidelines for the new employment and training plan to legislative leaders Fred Risser (D-Madison) and Loftus. Reivitz detailed how the department would use the $6.3 million allocated for employment job
training to develop programs which would result in a "250% increase in the number of AFDC recipients engaged in on-the-job training and work experience placements .... so that an additional 18,000 Wisconsin AFDC recipients will have access to the employment and training services they need to move from public assistance to unsubsidized employment." The Legislature's appropriation would result, according to Reivitz, "in opportunities for some 12,000 clients to be served in work programs and some 6,000 to be served through vocational training and education activities during the 1985-87 biennium."12

The department plan noted that the San Diego Search and Work Demonstration Program, the Massachusetts Employment and Training Choice Program, and WIN/WEOP had been studied in developing the Wisconsin initiative. According to Reivitz, the Wisconsin WEOP program had some shortfalls, particularly its lack of funds necessary to serve many of its enrollees, and she expressed the department's frustration with WIN/WEOP.

The primary problem faced by Wisconsin is that it lacks the resources and program capacity to meet the demand for work programs and education and training programs, and to provide the necessary support services to allow participation. WEOP is unable to serve all 48,000 who are enrolled each year (20,000 of which are new registrants) and provide them with an adequate number and range of work placements and training opportunities.

At any one time, approximately 40% of the WEOP caseload is an "unassigned status," which means they are in between scheduled activities or are not receiving services. This large number of eligible but inactive recipients is an indication that the demand for services far exceeds the funds available to provide them.13

Reivitz noted that the new WEJT initiative "... builds on those parts of our existing [WEOP] program which are working well, expands services which are currently insufficient in meeting needs, and incorporates new approaches in targeting groups with special needs."14 The target groups identified in the DHSS plan were long-term welfare recipients, youth deemed "at-risk" of becoming long-term welfare dependents, and families with two unemployed parents. Special programs were also planned for Native Americans and clients in need of bilingual education. Other highlights of the plan included an increase in on-the-job training and work experience placements, state funding of county administrative costs for Community Work Experience Programs, increased money for vocational and remedial education, expansion of the "Economic Self-Sufficiency Initiative" for at-risk youth, and funding of WEOP programs for two previously unserved counties. The proposal also included an emphasis on coordination of services with the federal Job Training Partnership Act, the VTAE (Vocational, Technical and Adult Education) community college system, and county social services departments in order to expand use of existing resources to an additional 2,000 clients. The Work Experience and Job Training Program package stressed reallocation of proposed AFDC grant increases into the WEJT program and a 12-month extension of medicaid assistance for employed recipients. The workfare
compromise promoted training first and a workfare requirement for recipients who had not found employment after training and job search.

From the beginning, DILHR administration and staff viewed the WEJT initiative with skepticism and caution. While Reivitz's promises of increased services and training seemed exaggerated in the eyes of DILHR staff, it was important to Job Service to become an active participant in the design and implementation of the new program in order to position itself to remain the primary delivery system. Helene Nelson, Deputy Director of DILHR in 1986, had formerly served as deputy at DHSS and used her contacts there to play the key role in negotiations with DILHR. Within DILHR Nelson pushed for consolidation of Job Service and JTPA to provide services more effectively and to reduce unnecessary duplication—a concept later to be implemented as Job Centers. This theme of coordinated services, leveraging services from existing programs and more effective delivery systems through case management remained a major policy initiative and one of considerable controversy within DILHR. In fact, it would take over five years for the Job Center concept to move beyond the pilot stage.

As Nelson continued to meet with DHSS through the summer of 1985, DILHR staff expected that the funds for WEJT would flow to Job Service. Although staff at DHSS had advanced the concepts of pilots and expansion of services through the counties rather than Job Service, these ideas had not yet been approved by DHSS management. Throughout the fall, DILHR participated in DHSS discussions on the design of the WEJT initiative as part of the DHSS Employment and Training Task Force. In these meetings DHSS staff indicated that the WEJT legislation was the "result of practicality, politics and good public policy" and that DHSS wanted "efficient and speedy program implementation with more immediate program results."

However, after the DHSS WEJT plan was provided to the Legislature in September, DILHR began to understand that the new monies for WEJT might not be going to Job Service as they had anticipated. DILHR staff came to realize how deep-seated the frustrations of DHSS staff were regarding Job Service's operations of the WIN/WEOP program and the implication this might have for funding and management of the WEJT program. When DHSS indicated that most of the new money would not go directly to Job Service but would be let out through a competitive RFP process in order to insure the best possible services for clients. Nelson warned, "If DHSS simply 'RFP'd' these monies to a variety of groups for a variety of purposes, we would regress, rather than progress, towards the Governor's goal of a well-integrated delivery system. In some areas, the resources proposed may not be sufficient to achieve the intended results."

In October 1985, the Legislature began debate on the new program. Senate Bill 361, authorizing the new program, was introduced on October 3, 1985, with thirteen state senators listed as sponsors and thirteen representatives listed as cosponsors. In a letter to the Legislature Governor Earl threw his support behind the Senate WEJT proposal, calling the DHSS plan a fair yet tough approach. Earl stated his support of welfare work programs, a concession from his earlier position, arguing, "The Department plan ... assures through the development of standards and model programs that community work experience jobs are fair-work, not just workfare..."
SB 361 authorized DHSS to administer a work experience, job search and employment training project, provide supportive services including child care and transportation reimbursement, and reimburse counties for the administrative costs of operating a Community Work Experience Program. Following hearings in the Senate and Assembly, a number of amendments were considered in the Senate, including changes in the level of state reimbursement for county CWEP administrative costs, creation of a county-level CWEP council, provision for sanctioning AFDC clients who failed to comply with CWEP regulations, and restrictions on types of government jobs that could be used as CWEP placements. Only thirteen days after its introduction in the Senate, an amended WEJT bill passed by a unanimous vote.

Soon after receiving SB 361 from the Senate, the Assembly voted to create an Assembly Select Committee on Work Incentives. It was this committee, chaired by Representative John Antaramian (D-Kenosha), which put together the detailed WEJT plan passed by the Legislature and which advanced most of the elements of subsequent welfare reform initiatives. The Antaramian Committee studied the current WIN/WEOP program and the WEJT program as outlined in SB 361. For its deliberations, the committee requested a more detailed proposal from DHSS for an employment and training program for AFDC recipients. The result was the DHSS "Vision Paper" that was presented to the committee at its first meeting on November 21, 1985.

The DHSS "Vision Paper"

In its "Vision Paper" the Department of Health and Social Services presented its plan to resume the role DHSS had previously performed under WIN by providing social services (drug and alcohol treatment, mental health, parenting skills, day care and transportation) through case management designed to provide personalized, intensive services to clients and better employment placements than existed under WIN/WEOP. Under WIN, social workers in each county social service unit provided social services to prepare clients for employment search and training. The new DHSS expectation was that county departments of social service would once again assume responsibility for providing the continuum of services offered under WIN II and thereby dismantling the "monolithic" WIN/WEOP model operated by Job Service.

A controversial addition to previous WIN models was the requirement that participants work in a Community Work Experience Program for 16 weeks if they did not find employment after completing the job search or training components. This requirement was the first formal position DHSS had taken on workfare as the department redesigned its employment and training programs. CWEP placements, the department posited, would "be used to enhance skills and complement training already completed." For most AFDC recipients, participation in the new program would be mandatory. However, clients with children under the age of six or spouses of mandatory participants would be exempt from the program, although they could volunteer to participate. To aid the compliance of mandatory participants, supportive services such as day care and transportation would be available.
It is clear that many of the recommendations from the "Vision Paper" emerged because of growing concerns in DHSS with the WIN/WEOP program. The paper noted,

Despite the Department’s efforts, problems continue to exist in meeting the needs of persons who want to make the transition from welfare to work. We have a number of tools or strategies, but not enough openings for everyone to participate.

We have fallen short on case management to help clients develop training and employment goals and make realistic plans for a working future. We have not been able to provide sufficient child care to allow all who want to work to do so. . . . The program that the Department envisions for the future is a statewide program available to all AFDC recipients and addresses the deficiencies of the current program.22

Rather than establish an underfunded statewide program, DHSS recommended using the $6.3 million earmarked by the Legislature for the Work Experience and Job Training Program to develop a small number of pilot programs which could be gradually expanded until statewide implementation was achieved in six to ten years. The program promised a comprehensive approach including a range of job search activities, education and training options. The "Vision Paper" reiterated DHSS dissatisfaction with Job Service’s administration of WIN/WEOP, centering on the limited focus of the WEOP program which resulted in many participants languishing in an "unassigned" status or being abandoned when unsuccessful at some stage of the process. Under the new program, DHSS promised, "Participants will not be placed in an ‘unassigned status’ for long periods of time or abandoned when unsuccessful at some stage of the process."23 Antaramian’s committee also heard detailed testimony about client dissatisfaction with the WIN/WEOP program.

A February 1986 DHSS Division of Policy and Budget document, "Report on Job Search Activity in the WEOP," examined the impact of DILHR’s WEOP decisions and provided arguments for returning the system to its original design. The DHSS report observed that prior to December 1984, WIN/WEOP job search consisted of a very staff intensive, supervised group job search. The 1985 revisions replaced this process with minimal staff contact with clients during an initial four-hour orientation, after which clients were expected to search for jobs on their own during a two-phase process. Phase I required clients to make 2 to 4 documented employer contacts per week for eight weeks, followed by Phase II which required an intensive 8-week group job search (Job Club) similar to the approach used previous to December 1984. If the client had not found a job after completion of Phase II, an in-depth assessment or staff interview was required. The intent of this approach was to use the 8-week individual job search as an intensive screening and assessment mechanism designed to focus intensive staff resources on the more difficult-to-place clients unable to secure employment on their own. DHSS found, however, that less than half of the clients who had not obtained employment progressed to the required Phase II. While most of the clients who did not proceed to Phase II had legitimate reasons (leaving AFDC, enrolling in another component), according to the report, "... a number of other enrollees did not continue to Phase II due to local WIN/WEOP staff not ensuring that
enrollees progressed through the JSA system. The DHSS report concluded that the original Job Search Activity (JSA) worked slightly better than the new approach and recommended keeping Phase I, adding a self-assessment up front, and placing women and minorities with severe educational deficiencies and no recent work history immediately in Phase II. To prevent clients from falling into "hold" status or not reaching Phase II service levels, DHSS recommended that a case management system be implemented to track the movement of each client through the system.

DILHR’s Response: The DILHR "Vision"

DILHR’s response to the county-based WEJT proposal was to stress the need for a detailed administrative plan, something notably lacking in the DHSS "Vision Paper." DILHR’s drafted response stated, "We believe the effectiveness of this effort will be guaranteed only by careful design of program elements, within an overall delivery system that is well coordinated. The potential for lack of coordination, and correspondingly the potential for significant achievements in coordination are great." The DILHR response offered quite a different vision from that of DHSS. DILHR proposed operation of WEJT programs at the JTPA Service Delivery Area (SDA) level rather than by county, well-defined case management roles, requirements for utilization of leveraged services before use of state GPR (General Purpose Revenues), Job Service as the presumptive deliverer of job search functions, and performance-based contracting. Finally, DILHR emphasized, "It is absolutely essential to implement statewide a uniform information system for operational and MIS [management information system] purposes…. A standard and sophisticated information system is necessary to achieve our goals of free client movement among agencies and our mutual responsibility for client success and overall program performance."

DILHR policy makers hoped to create a single integrated delivery system by retaining welfare employment and training programs operated by Job Service and taking control of the Job Training Partnership Act program from the Governor’s Employment and Training Office. As outlined in the department’s November 1985 policy paper, "An Overview of Wisconsin Employment and Training System," the DILHR vision saw the seventeen JTPA Service Delivery Areas throughout the state as the administrative and jurisdictional focus of a coordinated effort involving Job Service, the welfare employment program, JTPA, and the VTAE system. Incorporation of the $126 million Job Training Partnership Act program into DILHR was promoted as a cost-effective strategy to promote coordination of a maze of overlapping federal initiatives. Welfare employment programs were seen as a part of this overall vision of using the seventeen SDA’s under JTPA rather than the 72 counties as the basis for implementation. The DILHR argued, "Professional employment service approaches and efficient service delivery mechanisms are more likely to be feasible for areas of this size." DILHR Secretary Howard Bellman in testimony before the Antaramian Committee stressed the importance of not creating new county-based bureaucracies, stating, "72 ways to do something seems counterproductive to our way of thinking. There are work experience programs now in Job Service, as there is the expertise." DILHR administrators saw the need for a well-developed and coordinated state
strategy for moving clients from AFDC to employment, and identified "four key case management points where the state should specify expectations for coordination or linkage: initial referral to the program, registration and case review, the employability assessment and plan, and a later checkpoint for individuals who are not succeeding in these established programs."29

In January 1986, the tenor of the debate between DHSS and DILHR was changed when both departments were confronted with the threat of $2 million (18%) federal cutbacks in the WIN program along with Gramm-Rudman cuts expected in March 1986, with further cuts anticipated in Fiscal Year 1986. In response to the budget cuts, DILHR's position shifted dramatically to one of preserving WEOP at all costs and eliminating the DHSS-proposed pilot WEJT projects. By contrast, DHSS's response was to propose a shifting of program emphasis to maximize federal support available for the mix of WEJT services. DHSS proposed utilization of unused carryover funds from the previous year, use of in-kind funds rather than state GPR (General Purpose Revenue) to match federal dollars for WIN Demo services, leveraging of Title XX day care for WEJT participants, and adoption of the federal 50/50 match option under Title VI A for CWEP, work supplement, and job search as allowed under OBRA legislation. State GPR saved by the use of in-kind funds for WIN Demo would be applied to the 50 percent federal match available for Title VI A programs.

Major policy differences between the DHSS and DILHR visions reflected the changing institutional perspectives of policy makers rather than recommendations of program staff in the bureaus and divisions that would be responsible for WEJT's implementation. The DHSS "Vision" advanced by the Policy and Budget Division suggested that the income maintenance unit assume control of the WEJT program, linking the AFDC application and check writing unit directly with the employment program's expectation to require work and training in return for receipt of AFDC. This was a dramatic shift in policy from the department's operation of WIN, when social workers in the Division of Community Services had control of the WIN program at the state level and county social workers assumed provision of social service for clients. According to state policy officials, limited funding for social services made it expedient to recommend that administration of the program be transferred to the check writers at the state and local levels, even though these units had no experience operating welfare employment programs.30

Creating a new system of delivery to replace the Job Service WIN/WEOP model and to return the administration of the program to DHSS would prove particularly difficult since the department had not run its portion of the WIN program at a state or county level since 1981 and the staff in charge of the income maintenance section did not appear interested in operating the program in 1986. The DHSS solution advanced was to use WEJT funds to increase the level of service and training and to seek out new service providers at the county department of social services level to replace Job Service's lock on the method of delivery. A continuum of services would be provided through a comprehensive case management system beginning at the income maintenance unit when a family first applied for AFDC and continuing until employment was secured. As proposed, it was a system remarkably similar to the WIN program operated by DHSS and DILHR prior to 1981.
On February 12, 1986, Nelson and Tropman sent a joint memo to the Antaramian Committee agreeing to the funding and program changes discussed by the committee and informing the committee that the federal funding reductions for the WIN/WEOP program and decisions of the committee would likely result in five to seven of the smallest WEOP counties being eliminated from the program.31

DILHR had lost the "Vision" battle. The DHSS county-based system, similar to the old WIN program, would prevail over the SDA/JTPA model which would have placed DILHR in the primary role in operation of the AFDC employment and training program. The new pilot programs would operate in five counties in 1987 chosen by DHSS, and WIN/WEOP would be eliminated in seven counties in 1986-87. While the Job Service model would remain in place over the next three years, the process of phasing out DILHR's control of these programs began.

Role of the Income Maintenance Unit

A key element in the "Visions" model promoted by the DHSS Policy and Budget staff was the need to change the role of the income maintenance unit at the state and local level so that it was closely tied to the welfare employment and training system. Some policy makers argued that the way AFDC recipients were treated by income maintenance workers who focused efforts solely on calculating checks sent the wrong message to AFDC recipients and new applicants. Instead, under WEJT the income maintenance unit would send a new message by immediately presenting AFDC applicants with a plan for economic independence and an expectation that recipients participate in education and training programs. When social services were required, these services would be provided with continued emphasis on keeping the client involved in a continuum of services until economic independence was achieved.

The Job Service model was no longer seen as sufficient. According to one DHSS administrator, "What was needed was a continuum of service from 'A' to 'Z' with Job Service fitting in starting with 'F.'" Giving counties the lead responsibility for early and continued case management of clients was to result in a system which presented AFDC clients with the expectation and requirement that they work toward employment. This would counter the perception that income maintenance check-writing unit encouraged dependency.

While the "Vision" within DHSS Policy and Budget identified a restructured role for the income maintenance (IM) unit, this role was not detailed in the legislation nor was it well received in the IM unit. The previous WIN model placed responsibility for the so-called "'A' to 'E'" services in the hands of social workers in the Division of Community Services. Once DHSS abandoned this role in 1982 because of decreasing funds available for social services, county and state social work staff never reassumed this role. At the same time the AFDC entitlement program protected the IM unit from these kinds of budget cuts. The increasing resources spent on income maintenance together with diminishing funding for social services encouraged policy makers to emphasize the role of IM in the administration of employment and training programs for the AFDC population. Changing income maintenance would be one of
the most difficult challenges of the implementation process, as DHSS struggled to create a new system to provide the needed social service, day care, transportation and training.

The Approved WEJT Legislation

The WEJT legislative initiative represented a compromise between Andrea's position and that of legislators who favored a less extreme approach. Senator Strohl and Senator Timothy Cullen (D-Janesville) initiated a compromise which would freeze AFDC benefit levels, use the savings to invest in employment and training programs, and create a workfare requirement. The benefit freeze coupled with new programs was presented as a deterrent to further welfare caseload increases and alleged welfare migration from other states. The presentations of Senator Strohl and Representative Loftus to the Antaramian Committee on November 21, 1985 explained this intent of the legislation from their perspectives. Loftus asserted that,

This initiative began with the controversy with the 3% benefit increase in AFDC grants. The grants increase was reduced to 2% with the remaining 1% going for employment and training. These funds are not viewed as one time funds but ongoing, therefore this committee has a golden opportunity to "make a difference." An acceptable societal goal is to have working in the private sector as many AFDC recipients as possible.33

Senator Strohl argued for the workfare portion of the bill.

Workfare is the most controversial portion of the bill. $1 million is set aside for pilots in 5-10 counties for CWEP. The remainder of funds is for expansion and enhancement of current WEOP program. Workfare is good for three reasons: (1) Even though specific work skills are not learned - becoming acclimated to the world of work and learning good work habits are useful. (2) There are some public service jobs that are not being done and will never be done given low priorities and funding (i.e. conservation). (3) Given the high in-migration of AFDC recipients in southeastern Wisconsin, Workfare may act as a deterrent and limit the influx of people.34

Antaramian's committee crafted a Substitute Amendment to SB 361 which incorporated the more detailed DHSS recommendations for the WEJT program. This amendment, which was approved by the committee on March 5, 1986, required that the Work Experience and Job Training Program be run as a pilot project beginning by January 1, 1987. DHSS was directed to select two or more counties to participate from those counties currently running a WIN/WEOP program. One county was required to give priority to AFDC recipients who volunteered for participation while other counties would serve mandatory clients. If more than two counties were chosen as WEJT pilots, at least one county was to be selected from rural counties in which a WIN/WEOP program did not currently exist.
The Assembly substitute amendment delineated the specific activities to be included in WEJT, added clarifications and restrictions on CWEP participation, and provided child care and medical assistance. To increase jobs available to welfare recipients, the amendment also required state agencies and private businesses which benefited from state-funded loans or grants to post notification of employment openings with DILHR and the local private industry council. Several amendments recommended by the Committee on Children and Human Services failed to receive Assembly floor support, including attempts to increase the voluntary nature of Community Work Experience Programs and to place restrictions on CWEP jobs to prevent displacement of unionized jobs. Assembly amendments which passed on the floor along with the full substitute amendment required DHSS to award contracts through competitive bids or competitive sealed proposals and deleted the requirement that the wage supplement be an hourly amount based on the income of the participant.

After rejecting several proposed amendments, the Senate approved the Assembly bill intact, and on April 21, 1986, Governor Tony Earl signed the legislation to become 1985 Wisconsin Act 285. The final form of the legislation required programs to include the following activities:

1. Enrollment, assessment and job search, including registration and case review, remedial education, independent job search, group job search and employability assessment;

2. Subsidized employment, including on-the-job training, grant diversion and work skills experience;

3. Job training, including vocational skills training, Private Industry Council job training programs under JTPA, youth employment programs and other classroom programs;

4. A Community Work Experience Program, or Workfare;

5. Evaluation of the employment status of participants 30 days and 180 days following the start of employment.

A critical component of the legislation was the provision of supportive services. Program participants could receive reimbursement for licensed or certified child care and transportation expenses. To help recipients in their transition off AFDC, Act 285 also provided funds for child care for up to one year after participants left AFDC.

The WEJT program was to begin implementation in two or more counties by January 1, 1987. Two of these counties were to be WIN/WEOP counties with one county giving priority to voluntary participants while the other required mandatory participation. If a third county were chosen for a WEJT pilot, it would have to be a non-WEOP rural county. Also, at least one of the counties could implement the Child Support Supplement Program approved in 1985.
Wisconsin Act 29. State and federal law already allowed counties to establish a "CWEP only" program that required only a work experience component. However, no Wisconsin county had chosen to implement this option. Act 285 required all WEJT pilot programs to include a public or non-profit work experience component, and Act 285 revised the funding arrangements for CWEP so that WEJT counties paid only 5 percent of administrative costs with the state paying 45 percent, along with the federal 50 percent match.

CWEP worksite participation was allowed for thirty-two hours per week for a maximum of sixteen weeks. The CWEP component was required of participants who had completed other elements of the program but failed to obtain employment. Prior to program implementation, counties participating in a CWEP program were required to establish a CWEP council, whose duty it was to monitor the CWEP. The CWEP council was to be composed of representatives from county government, a local school district, organized labor, private industry, a program operator, and either an AFDC recipient or representative of a recipient advocacy agency. The law required participation of all AFDC recipients with children who were over six years of age as well as the primary wage earner in an AFDC-U household. Any person who completed WEJT training or job search and remained unemployed would be required to participate in CWEP. Failure to participate or cooperate with program requirements would result in the loss of a portion of the client’s AFDC grant.

The legislation required both 30 day and 180 day follow-up of clients placed in jobs to insure outcome measures for the projects and to discourage placements in short-term jobs. The law also established a deadline for completion of an evaluation of the WEJT pilots, specifying:

The department shall submit a report evaluating the effectiveness of the pilot program established under this subsection and containing its findings and recommendations on which components of the pilot program under this subsection should be implemented statewide to the presiding officer of each house of the legislature by July 1988. [49.50(7j)(g)]

The law explicitly stated the importance of studying the effectiveness of the pilot projects as a basis for implemented a statewide WEJT program. The "statement of purpose" for the act read,

The purpose of the work experience and job training pilot program is to provide recipients of aid to families with dependent children with more comprehensive and intensive employment services than are currently available. The goal of the pilot program is to determine the features of an effective and efficient statewide program which can be implemented when fiscal resources become available. [emphasis added]
Endnotes


7. DILHR, "An Overview."

8. Bradley R. Shiller, "Workfare: An Update," paper prepared for the Working Seminar on the Family and American Welfare Policy at the American Enterprise Institute, September 23, 1986; General Accounting Office, Work and Welfare. Shiller examined reports from 13 states with workfare programs in the mid-1980s and found that they enrolled only 58,000 clients out of an average welfare caseload of over 2.5 million families. Shiller also noted that not all of the CWEP participants were actually placed in jobs.


12. Linda Reivitz to Fred Risser and Thomas Loftus, DHSS, September 17, 1985.


23. DHSS, "Vision," p. 3.


27. DILHR, "First DILHR Reactions," p. 3.

28. Howard Bellman testimony before the Assembly Select Committee on Work Incentives, December 5, 1985.


32. Peter Tropman interview.

33. Presentation of Thomas Loftus to the Assembly Select Committee on Work Incentives, November 21, 1985.

34. Presentation of Joseph Strohl to the Assembly Select Committee on Work Incentives, November 21, 1985.

35. The comparison of Assembly Substitute Amendment 1 with SB 381 comes from a Wisconsin Legislative Council Staff Memorandum to the members of the Work Incentives Committee, dated March 6, 1986.