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WISCONSIN: W-2 services cut back

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MILWAUKEE — Some agencies that run Wisconsin's welfare-to-work effort are cutting services and laying off employees to deal with funding cutbacks as the number of people looking for their help has increased.

The cuts come as Wisconsin is grappling with the loss of thousands of manufacturing jobs and a 9.7 percent unemployment rate in Milwaukee — where the majority of Wisconsin Works, or W-2, participants live. The rate is nearly twice the state average.

"We are really impacting the people who are least able to absorb the impact," said William A. Clay, chief operations officer for Opportunities Industrialization Center of Greater Milwaukee, or OICGM. It administers W-2 in Milwaukee County.

OICGM laid off about 35 people in the last six months because of funding shortages and won't expand its mental health and alcohol and drug services.

W-2 requires adults to work or get job training in exchange for a check and subsidized child care. The agencies also provide other services such as resume writing, support groups and general education classes. W-2 replaced the old welfare entitlement program Aid to Families with Dependent Children in 1997 and served as a national model for welfare reform.

W-2 is funded through state and federal money. Because of the slow economy and increasing caseloads, less of both was available.

Wisconsin had a \$3.2 billion budget deficit and substantially cut funding to many state agencies, including to the Department of Workforce Development, which runs W-2. The state contracts with counties and other agencies to run W-2 locally.

In September, the state cut \$2 million to W-2 agencies for the rest of the year and moved money to Milwaukee agencies with bigger caseloads. It later restored some funding with newly acquired

federal funds after some agencies complained.

In the upcoming contract, the state is reducing total funding for W-2 agencies by another 8 percent. Total caseloads have increased about 17 percent since January 2002.

Also for the first time since W-2 started, the state is eliminating a contingency fund that agencies could use if they ran out of money to pay participants. The state set aside \$20.3 million for the fund in the last two-year budget.

The state encouraged agencies to trim administrative costs and work together in consortiums where possible to save money, DWD Secretary Roberta Gassman said. The cash assistance amounts will not change. Generally, participants are paid \$673 for up to 30 hours per week in a community service job and up to 10 hours a week in education or training.

Pamela Fendt, who researches W-2 for the Center for Economic Development at the University of Wisconsin-Milwaukee, said it's a shame that some services were cut, but what's needed most are the services that keep people housed and fed.

"I think what matters most to the participants is whether they get cash assistance when they need it," Fendt said. "The new budget configuration puts more emphasis on money for benefits. That is an optimistic thing from the low income families point of view."

Dane County recently cut \$1.4 million from the remainder of its current W-2 budget. In the next contract, it's taking a cut of \$4.2 million, a nearly 27 percent reduction.

It's planning to cut many extra services, including parenting support and resume writing, and reduce day-care services, job skills training and high school equivalency training, said Lynn Green, director of Dane County Human Services.

Dane is heading a new consortium in the next contract that also includes Sauk, Dodge and Marquette counties. Those counties will also see their funding cut for 2004-05, but not nearly as much.

Green said the reduction in services that help participants attain and sustain jobs is a step backward toward AFDC.

A five-county consortium in southwestern Wisconsin is taking a 51 percent cut in its funding for the next two-year contract.

"If its half the money you're going to do half the work," said Jon Angeli, Grant County's director of social services. Grant County heads the consortium that also includes Lafayette, Iowa, Richland and Green counties.

Grant County, which alone is taking a 62 percent cut in 2004-05, will have to cancel most of its W-2 support groups, reduce its family support program and eliminate 2.5 positions that focused on job retention and job advancement.

Although the county and its consortium serve a relatively small amount of people, the cuts will affect them in the long run because the county won't have the money to work with the families once they are off cash assistance, Angeli said.

United Migrant Opportunity Services Inc. in Milwaukee will cut \$5 million from its budget. It also will cut two case manager positions.

The state took away part of UMOS's coverage area, so the agency cut 80 positions as of Dec. 31. But spokesman Rod Ritcherson said he expected most to get jobs at the agency that was taking the other area over.

Sharon McBride, 33, who was applying for W-2 assistance and certified nursing classes recently at a UMOS office, was worried the state budget cuts would affect her future.

McBride, a former dancer and single mother of five, recently lost her house and has had financial problems because her 13-year-old son had to be put in a psychological treatment center.

"I'm just trying to set myself up, trying to get some help," she said. "I don't know what's going to come out of it... . I don't know if we'll end up on the street."

Gassman was optimistic about W-2's future but she said it would be a while before things got much better.

"Given how the national economy is rebounding not as quickly as we would like, we're going to have to continue to work incredibly hard with tight resources for a while in this state," she said.