



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

August 4, 2009

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Workforce Development: Governor's Section 13.10 Request for Allocation of Federal Economic Stimulus Funding to the Milwaukee Area Workforce Investment Board -- Agenda Item XIV

REQUEST

The Department of Workforce Development (DWD) requests approval of the allocation of \$1,500,000 in 2009-10 of state discretionary funding received under federal Workforce Investment Act (WIA) provisions of the federal American Recovery and Reinvestment Act of 2009 (ARRA) to the Milwaukee Area Workforce Investment Board (WIB).

BACKGROUND

The ARRA provided a total of \$35,052,273 to DWD in 2008-09 for WIA adult, dislocated worker, and youth services. Total funding was distributed as follows: (a) \$5,183,854 for adult services; (b) \$16,059,607 for dislocated worker services; and (c) \$13,808,812 for youth services. WIA funds are allocated to workforce development boards (WDBs) by formula, based on the level of unemployment and economically disadvantaged individuals. DWD is allocated 5% of WIA funds for administration and 10% of funds for statewide activities, such as the support of job centers. Rapid response funds are used to address unexpected events and emergency situations, such as an unanticipated plant closing.

WIA youth funds are used to provide workforce investment activities for eligible youth seeking assistance in achieving academic and employment success. Adult and dislocated worker funding is used to provide three levels of services -- core, intensive, and training services.

DWD is using \$5.9 million in WIA adult and dislocated worker discretionary funds to fund workforce training initiatives including: (a) opportunity grants to low-wage workers to improve

their work-related skills at technical colleges by earning degrees or certificates that will allow them to obtain better jobs in advanced manufacturing, health care, biotechnology, and other similar sectors; (b) skills jump grants to individuals to complete their basic education and receive job training; (c) emerging industries skills partnership grants to businesses, technical colleges, and workforce development boards to train individuals for employment in emerging industries; (d) funding for manufacturing skill standards certification; (e) funding for a pilot project to develop a standard method for assessing the skills of job seekers, and to certify them as job ready; and (f) funding for Career 101 pilots, that more effectively inform students of career opportunities in high-demand occupations, and assist them in achieving career goals.

DWD is allocating ARRA WIA youth discretionary funding for two demonstration projects. Approximately \$149,000 is allocated for grants to five energy advocate municipalities -- Beloit, Racine, Superior, Green Bay, and Wisconsin Rapids. DWD is conducting a pilot project to help low-income youth obtain employment as energy auditors or in the weatherization industry. DWD has also allocated \$98,500 for grants to all 11 workforce development boards and to the Department of Natural Resources (DNR) for a pilot project to hire low-income youth control invasive species. The project is administered by DNR through a memorandum of understanding (MOU) with DWD. The funds will be used for five paid youth employment positions at each of the WDBs. The individual youth will be employed for 20 hours a week, for up to eight weeks, and will work in areas with boat landings that are known to contain aquatic invasive species. The youth will inform and educate boaters about invasive species removal and inspect watercraft.

As passed by the Legislature, Assembly Bill 75 would have required DWD to make a grant of \$2,000,000 GPR during the 2009-11 biennium to the Milwaukee Area Workforce Investment Board, if, during the biennium, the City of Milwaukee provided a grant of \$1,500,000 to the Board. The Governor partially vetoed the provision to write down the 2009-10 funding to \$500,000, and reduce the amount of the required grant from the City of Milwaukee to \$500,000.

ANALYSIS

As noted, the Governor reduced GPR funding for the Milwaukee WIB through a partial veto in Act 28. In his veto message, the Governor requested that the Secretary of DWD identify federal recovery finds that would be available, and to allocate appropriate federal resources to assist the Board.

The \$1,500,000 in funding for the Milwaukee WIB would be provided from state discretionary funds allocated as part of the WIA, ARRA allocation to the state. DWD estimates that a total \$1.0 million in unobligated ARRA discretionary funds would remain. The City of Milwaukee would be required to provide a match of \$1,500,000.

The Milwaukee WIB would use the additional funds for its summer youth employment program. The summer youth employment program provides paid work experience to eligible youth. Additional program services include tutoring, mentoring, occupational skills training, academic services, supportive services (such as child care and transportation vouchers), leadership

training, and guidance and counseling. To be eligible for participation, a youth must be between ages 18 and 21, and be low-income. The measure of low-income varies by family size. For example a family of three with a family income of \$18,310 would be eligible. In addition, the youth must meet one or more of the following criteria: (a) be deficient in basic literary skills; (b) be a school dropout; (c) be homeless, a runaway, or a foster child; (d) be pregnant or parenting; (e) be an offender; or (f) be an individual who requires additional assistance to complete an educational program, or to secure and hold employment. The additional state funding would permit an estimated 713 individuals to participate in the program. Combined with the matching funds from the City of Milwaukee, a total of 1,426 youths would participate.

Approval of the request would be consistent with the intent of the Legislature in Enrolled AB 75 to provide a total of \$2,000,000 to the Milwaukee Area WIB if the city provides matching funds.

ALTERNATIVES

1. Approve the Department of Workforce Development's request to allocate \$1,500,000 in state WIA youth discretionary funds to the Milwaukee Area Workforce Investment Board.
2. Deny the request.

Prepared by: Ron Shanovich