



STATE SENATOR

Eric Wimberger

DISTRICT 30

Senate Committee on Economic Development and Technical Colleges

Wednesday, September 27, 2023

Testimony on Senate Bill 271

Thank you Chairman Feyen and committee members for allowing me to submit written testimony on Senate Bill 271. This legislation requires the Department of Workforce Development to establish a Commercial Driver Training Grant Program to increase the number of CDL licensed individuals in the state.

Without the dedicated and skilled truck drivers, many important, time-sensitive products and services would come to a halt. Yet it is estimated that by the year 2030, there will be 160,000 job openings for truck drivers in the U.S. Last year, new federal guidelines were put in place which raised the standard for who can offer CDL training. This made it harder for smaller employers who could traditionally train drivers onsite.

Like many other industries who are competing for employees in this job market, any hurdle to enter the career could deter someone from pursuing it. The current tuition cost for these programs is nearly \$4,000. This legislation will help lower the cost of participating in CDL training programs, increase the pool of potential employees for this important industry and continue to make Wisconsin competitive in providing quality, family-sustaining jobs.

Representative Pronschinske and I recently introduced an amendment to update and tailor the program to Wisconsin. The amendment:

- Removes references to appropriations. Funding was set aside in the state budget for this program.
- Narrows the scope of who can receive these grants to trainers with a facility in this state who are training individuals who reside in and will obtain their CDL in this state.
- Removes the program sunset date of July 1, 2025.

Thank you for taking the time to read my testimony.

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Tony Evers, Governor
Amy Pechacek, Secretary

Date: Wednesday, Sept. 27, 2023

To: Chair Feyen, Vice-Chair Stafsholt, and Members of the Senate Committee on Economic Development and Technical Colleges

From: Department of Workforce Development Secretary Amy Pechacek

Written Testimony Regarding SB 271

Relating to: A commercial driver training grant program and making an appropriation

Chair Feyen, Vice-Chair Stafsholt, and committee members, thank you for the opportunity to provide written testimony for information only on SB 271, which requires the Wisconsin Department of Workforce Development (DWD) to establish and administer a grant program for commercial driver's license (CDL) training providers. While DWD favors action to increase CDL training capacity and the number of commercially licensed drivers throughout the state, as currently written, SB 271 does not address rural and northern regional challenges constraining the supply of drivers, does not advance Wisconsin-based training providers, does not identify funding or establish a funding mechanism responsive to the needs of training providers, and could create burdensome record-keeping mandates for businesses.

Wisconsin's economy broke numerous records during 2022 and that trend has continued through 2023. Wisconsin's unemployment rate remains near record lows. The state also posted a new record high number of jobs in August. Wisconsin's labor force participation rate of 65.7% stands 2.9 percentage points above the national rate of 62.8%, and, the state's labor force grew by 57,100 people over the year. At the same time, initial and existing weekly unemployment insurance claims are continuing at seasonal, historic lows. Finally, participation in Registered Apprenticeship and Youth Apprenticeship are running at record highs.

All of these numbers are incredibly positive for Wisconsin, yet we know many employers are feeling anxious about their ability to fill jobs. The reality is we're facing a labor market quantity challenge driven by demographic trends that have been building for decades. Baby Boomers are aging and retiring, and we've seen a gradual rise of employment barriers including lack of access to affordable childcare, transportation, housing, and broadband.

These challenges are not unique to Wisconsin or even our nation. However, what sets Wisconsin apart is our innovative approach to finding workforce solutions and developing homegrown talent. DWD has taken a proactive approach to these challenges by working to remove employment barriers, provide training opportunities, and connect employers with underutilized talent pools.

This approach has been accelerated by the historic leadership of Gov. Tony Evers, who has made an unprecedented investment in people, jobs, and the well-being of our communities through the \$158 million Workforce Solutions Initiative. A total of \$20 million of that funding went toward subsidized employment and skill training opportunities with local employers under the Workforce Advancement Initiative (WAI) in partnership with Wisconsin's 11 workforce development boards. Since inception, WAI has helped more than 3,500 participants connect with services, employment, and training, including commercial driver's license (CDL) training. Due to its ongoing success, Gov. Evers proposed an additional \$26.5 million for WAI in his 2023-25 Executive Budget. In recognition of the shortage of commercial driver's licensed individuals, the governor's proposed budget specifically required DWD to award local CDL grants.

DWD favors providing CDL grants that expand the capacity for training and increase the number of workers with commercial driver's licenses in the state of Wisconsin. However, a close review of SB 271 raises significant concerns that merit additional consideration. These concerns fall into four primary areas:

- I. The bill does not address rural or northern regional challenges constraining the supply of drivers.
 - a. SB 271 would support only CDL training providers, not trainees. The bill does not require that any of the grant funding awarded to training providers be used to offset the cost to trainees.
 - b. In some parts of the state, such as the Milwaukee area, there are not enough training providers to meet the demand for CDL training. However, often in more rural and northern parts of the state, there are not enough trainees. As written, the bill does not reduce the cost barrier for constituents to participate in a CDL training program.
- II. The bill does not advance Wisconsin-based training providers.
 - a. The bill, as currently written, does not limit the eligibility of training providers to the state of Wisconsin, therefore, any CDL training provider in the U.S. is allowed to apply and be considered for a grant.
 - b. Currently, there are more than 30,000 training entities listed in the Training Provider Registry (TPR), of which just over 600 listed have locations in Wisconsin.
 - c. Grant administration activities such as reviewing applications for completeness, executing grant agreements between awardees and DWD, verifying that training occurred, and reviewing and responding to appeals for any applications found ineligible, would require a significant workload without any additional administrative funding or position authority under the bill.
 - d. Senate Substitute Amendment 1, introduced on Sept. 26, includes language specifying that CDL training providers applying for the grants must maintain a Wisconsin facility that is listed in the Federal Motor Carrier Safety Administration's registry of approved training providers, and the training must be provided at or through that facility.
- III. The bill, as currently written, does not identify funding or establish a funding mechanism responsive to the needs of training providers.
 - a. The bill as drafted does not provide DWD funding for the CDL grants. While the bill creates a new annual GPR appropriation for DWD's CDL training program, no money is included in the appropriation for either year of the 2023-25 biennium.
 - b. DWD cannot award grants to CDL training providers unless there is funding in the appropriation for the grants.
 - c. The bill does increase the supplemental appropriation for the Joint Committee on Finance (JFC) under s. 20.865 (4) (a) by \$1,500,000 in each year of the 2023-25 biennium to provide funding for the proposed CDL training grant program.
 - d. Lacking other guidance in the bill, DWD expects it would need to request funds from JFC under existing s. 13.10 authority. This mechanism is not responsive to the needs of training providers and creates unnecessary bureaucratic steps.
 - e. Senate Substitute Amendment 1, introduced on Sept. 26, removes the \$1,500,000 from the supplemental JFC appropriation, leaving a total of \$250,000 annually in GPR funds available for training grants through the approved 2023-25 biennial budget.
- IV. The bill could create burdensome recordkeeping mandates for businesses.
 - a. Establishing grant award eligibility in terms of applicants' compliance with the federal rules found in 49 CFR Part 380, subparts F and G, includes, but is not limited to requirements for facilities, equipment, and instructor credentials.
 - i. This could require verification from DWD because CDL training providers self-report their compliance.
 - b. Determining grant award eligibility and award amounts could also require significant reporting requirements for the businesses and generate significant administrative costs for DWD. Under the bill, grant amounts awarded may not exceed 50 percent of the training costs or \$3,000, whichever is less, for each individual trained.
 - i. DWD may then request and review applicants' cost reports from businesses to allow DWD to verify the cost to train each individual trainee.
 - ii. Given the potentially large number of eligible applicants nationwide, reviewing costs without additional funding or position authority would be significant and not absorbable by DWD.

- iii. The bill also does not provide DWD additional administrative budget or position authority, and yet requires the Department to assume responsibilities for initiating, promoting, and administering the grant program. The fiscal impact of this bill is estimated to be substantial and not absorbable by DWD.

Regarding Senate Substitute Amendment 1 to SB 271, the department would like to raise a few additional considerations. DWD appreciates the action taken to address limiting this grant to training providers with Wisconsin facilities, as noted above. The substitute amendment also requires trainees to reside in Wisconsin and obtain a CDL in the state. However, Substitute Amendment 1 does not address the other three primary areas outlined in this testimony, and the department has greater concerns regarding funding for this program. The substitute amendment still includes the new CDL appropriation 20.445(1)(bk) with zero dollars for the 2023-25 biennium, and it also removes the appropriation of funds to the Joint Committee on Finance that was included in SB 271. The department then assumes that the intended funding source is the \$250,000 appropriated to JFC's supplemental appropriation in each year of the 2023-25 biennium. The department would still have to request funds from JFC under existing s. 13.10 authority. If the department receives the \$250,000 annually from JFC, the department estimates that only 83 trainers would receive one grant to train one individual annually.

DWD welcomes the opportunity for dialogue and engagement regarding efforts to increase CDL training capacity and the number of commercially licensed drivers throughout Wisconsin. Thank you for the opportunity to provide this information.

DWD CONTACT: Legislative Liaison Arielle Exner, (608) 770-5223, Arielle.exner@dwd.wisconsin.gov



Date: September 27, 2023
To: Senate Committee on Economic Development & Technical Colleges
From: Connor Kaeb, Government Relations Specialist
RE: **SB 271 – CDL training grants**

Members of the committee, thank you for considering SB 271 to create a commercial driver training grant program in the state of Wisconsin. My name is Connor Kaeb, and I serve as a government relations specialist for GROWMARK and the FS System.

GROWMARK is a farmer owned agricultural cooperative serving almost 400,000 customers across North America, providing agronomy, energy, facility engineering and construction, and logistics products and services, as well as grain marketing and risk management services. Headquartered in Bloomington, Illinois, GROWMARK owns the FS trademark, which is used by member cooperatives.

Insight FS is the retail division of GROWMARK, headquartered in Jefferson, Wisconsin, serving patrons in Wisconsin and Michigan's Upper Peninsula with annual sales of \$300 million.

Insight FS employs more than 450 full-time and seasonal employees across Wisconsin and the Upper Peninsula of Michigan. Of those 450 employees, nearly two-thirds of them are required to obtain and maintain a CDL. Challenges with finding CDL drivers have been widely reported, and our system has not been immune to them.

In addition to driver shortages, the implementation of Entry Level Driver Training (ELDT) requirements makes the process to obtain a license more time and resource intensive. In order to fully comply and to be competitive in the labor market, we must recruit drivers by offering a *training program that allows them to complete the ELDT requirements on the job*. This requires a person dedicated to the program, taking a truck off the road to be available for training, and other operating costs associated with the training process.

As Wisconsin enters into the fall harvest season, having trained drivers with a CDL becomes even more important. Farmers in our country only get one chance each year to plant and harvest their crops. A successful crop production season is an important part of our country's food and national security, and that successful season is reliant on timely transportation of inputs for farmers and getting their crops to market. Due to supply chain disruptions and the ongoing driver shortage, the agriculture industry is under immense pressure to accomplish this.

SB 271 is an important step to support agriculture and will help ensure that we can continue to provide this important training to our drivers to launch them on the path to a fulfilling career.

In fact, GROWMARK and the FS system has already experienced success with a similar initiative in Iowa, where all five of our Iowa-based members are leveraging over \$400,000 in grants to train more than 200 drivers in the first year. Passage of this bill will provide the needed support to help industry continue to innovate in recruiting and training strategies and attract top driver talent to the state.

We appreciate your consideration of this important piece of legislation. Wisconsin is dedicated to its people and its workforce. This bill demonstrates a strong commitment to addressing the driver shortage and expanding access to meaningful employment for those who may be interested in pursuing a CDL.

Thank you for your continued support for Wisconsin's agriculture industry and I look forward to your questions.

Testimony on Senate Bill 271

September 28, 2023

Chairman Feyen, committee members, thank you for holding a hearing this morning on Senate Bill 271 creating a commercial driver training grant program.

The Wisconsin Farm Bureau Federation (WFBF) is the state's largest general agriculture organization with over 47,000 members. WFBF represents farms of different sizes, commodities and management styles. WFBF appreciates Senator Wimberger and Representative Pronschinske bringing this bill forward and focusing attention on a very challenging issue.

One of the things all our farms face is the challenge of getting products to market quickly and efficiently. The American Trucking Association estimates that the national 80,000 driver shortage we face today, "could surpass 160,000 by 2031," based on driver demographic trends. They also point to the cost of training replacements as a major factor in the ongoing shortage.

SB 271 would directly address this issue by making funding available to cover half the cost of training a driver, up to a limit of \$3,000 per student. The bill will be funded with \$250,000 made available in the state budget passed earlier this year.

Workforce shortages are a pervasive challenge in Wisconsin and throughout the country, but the limited availability of licensed professional drivers and licensable individuals interested in entering the field is especially problematic for farm operators in Wisconsin. Anything we can do to reduce limitations on qualified individuals becoming licensed would be a step in the right direction.

WFBF strongly encourages your support for this bill and again would like to thank the authors for bringing it forward.



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Testimony in support of Senate Bill 271
Senate Committee on Economic Development and Technical Colleges
Wednesday, September 27, 2023

Chairman Feyen and Committee Members,

Thank you for the opportunity to speak to you today and share our support for Senate Bill 271.

My name is Dan Johnson and I am the Vice President of the Wisconsin Motor Carriers Association. We are the statewide advocate for the trucking industry in Wisconsin. When I joined the Association more than nine years ago, the most significant challenge facing the trucking industry was driver shortage. That challenge continues to this day and is only growing.

The recruitment, training and retention of professional commercial truck drivers are a critical element affecting the reliability of the supply chain. That is especially true in Wisconsin where 77% of the state's communities depend exclusively on trucks to move their goods. In addition, 95% of manufactured tonnage is transported by trucks in the state.

On a national scale, the shortage is estimated to be more than 80,000 truck drivers, and it is only increasing. An aging driver workforce coupled with the pandemic resulted in an unprecedented number of retirements in the industry at a time when consumer spending and freight demand continues to rise.

Senate Bill 271 creates a financial incentive for those that train commercial truck drivers and will help offset a significant amount of the costs associated with operating a commercial driver school. Their long-term success and availability to those seeking a career as a professional truck driver is critical.

SB 271 is a move in the right direction for commercial driving schools and the next generation of drivers who will deliver products from the market to consumers. The Wisconsin Motor Carriers Association appreciates the efforts of the authors and co-sponsors of this legislation and hopes this committee will give it all due consideration and eventual support.

Respectfully submitted,

Dan Johnson
Vice President, Wisconsin Motor Carriers Association
562 Grand Canyon Drive
Madison, WI 53719



Testimony of
Baltazar de Anda Santana – Latino Academy of Workforce Development
To
Senate Committee on Economic Development and Technical Colleges
On
2023 Senate Bill 271
September 27, 2023

Dear Chair Feyen and members of the Committee, thank you for the opportunity to testify today in support of Senate Bill 271.

My name is Baltazar De Anda Santana and I am the Executive Director and Co-Founder of the Latino Academy of Workforce Development (LAWD). The LAWD is a Latino-led nonprofit organization providing South Central Wisconsin's only bilingual and culturally competent workforce training and adult educational services program. Latino Academy's successful education and workforce training model has served over 10,000 Wisconsinites since 2011.

The Latino Academy's core focus is industry-aligned workforce development for Latino and Non-Latino adults and young adults. Our organization works closely with employers and regional workforce development boards to identify high-demand industries where short-term training can place students with good jobs while also remedying Wisconsin's employer workforce shortages.

The Latino Academy developed a Federal Motor Carrier Safety Administration certified Commercial Driver's License (CDL) program as a direct response to the needs of both students and employers. Our CDL enrollments have doubled every year since starting the program in 2016. The Latino Academy offers two different CDL pathways: one for reskilling/upskilling adult

Education and Workforce Development to Build a Stronger Wisconsin

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workers, and the second pathway for young adults aged 18-24. Candidates are screened for license eligibility and then counseled as they address childcare, transportation and other barriers, resulting in a 95% program completion rate and 80% CDL permit rate. Given that Latino Wisconsinites are the state's fastest growing population, the potential for this program is significant. Our students are eager to fill this workforce gap and recognize that the trucking profession provides a competitive salary and opportunities for career advancement.

The Latino Academy model ensures that students reach their self-identified career goals and includes job shadowing and "mentorships" so that students truly understand the workplace. The curriculum uses industry certified CDL training manuals with assessment for skill mastery, not simply program completion. Latino Academy staff work with employer partners for twelve months on job search, hiring and onboarding to reduce worker turnover.

This legislation will support our employer partners in their efforts to build a qualified and credentialed workforce and those that partner with the Latino Academy will receive the individualized student-centered approach that is at the core of our workforce training model.

The Latino Academy hopes to eventually establish a Regional Transportation Training Center working with employer partners. This partnership would connect unemployed and underemployed Wisconsin residents with the needed support and training to complete CDL training, find related employment, and quickly onboard with employers to comprehensively address the significant CDL workforce shortages.

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WMC

Wisconsin's Chamber

TO: Senate Committee on Economic Development and Technical Colleges

FROM: Evan Umpir, Director of Tax, Transportation, and Legal Affairs

DATE: September 27, 2023

RE: Support for SB 271, Relating to: commercial driver training grant program and making an appropriation.

Wisconsin Manufacturers & Commerce (WMC) appreciates the opportunity to testify in **support of Senate Bill (SB) 271**. WMC supports this proposal as it addresses an existing and ongoing critical need.

WMC is the largest general business association in Wisconsin, representing approximately 3,800 member companies of all sizes, and from every sector of the economy. Since 1911, our mission has been to make Wisconsin the most competitive state in the nation to do business. That mission includes advocating for legislation like SB 271 that promotes the training of needed skills for employment in a critical sector of the economy.

In 2022, Wisconsin shipped 661 million tons of freight by all modes of transportation with **64% of that freight moving via truck accounting for 67% of total freight value (\$389 billion)** across Wisconsin's more than 115,000 miles of public roads.¹ During the pandemic, the transportation sector kept Wisconsin and the nation supplied with vital goods and materials, including Personal Protective Equipment, to their destinations. Wisconsin's freight-dependent sectors, manufacturing, agriculture and forestry, retail, and construction, all rely on the movement of raw materials, finished goods, and other supplies and products around, into, and out of the state. According to the 2023 Wisconsin freight plan, Wisconsin's roads are "expected to carry almost 632 million tons of freight by 2050, valued at approximately \$699 billion."²

The latest industry estimate noted **78,000 drivers were needed to close the gap between current employment and optimal number of drivers to meet demand**.³ Overall though, in the next decade, the trucking industry will **need to recruit more than one million new drivers**.⁴ In Wisconsin, as of this morning, there were more than 2,000 job openings listed on the Job Center of Wisconsin website for "Heavy and Tractor-Trailer Truck Drivers" and nearly 8,200 "CDL Truck Driver" jobs listed on Indeed.com in Wisconsin (the number of jobs on Indeed is about 2,600 more than when the Assembly heard AB 274 in June). The evidence is clear that there is a great demand for drivers which SB 271 can quickly and easily address.

¹ 2022 *Wisconsin State Freight Plan*, Wisconsin Department of Transportation, available at: <https://wisconsin.gov/Documents/projects/sfp/2023-plan.pdf>.

² *Id.*

³ *Driver Shortage Update 2022*, American Trucking Associations, Inc., Oct. 25, 2022, available at: https://talkbusiness.net/wp-content/uploads/2022/10/ATA_Driver_Shortage_Report_2022.pdf.

⁴ *Id.*

The grant program created in this bill will aid with the cost of providing training with the goal of being able to provide more slots for CDL students. To be eligible, trainers must be compliant with federal obligations and listed on the federal Training Provider Registry and successfully graduate the student for which the application is filed. The program will benefit students seeking CDL training by stretching private and public dollars further allowing more slots to open for students, aid trainers, both independent and in-house, that provide instruction, support the businesses who employ truck drivers and rely on trucks for the movement of goods through the supply chain, and ultimately benefit all of us, consumers, by bolstering this sector of the economy responsible for moving components and finished products we use in our every-day lives. The substitute amendment reflects funding for this program that was included in the 2023-25 budget and clarifies that organizations must be Wisconsin-based to be eligible.

There is no one, single solution to addressing the shortage of CDL truck drivers, but this bill will have a direct impact on the industry by setting up students for employment by stretching training dollars farther to increase opportunities for students.

Thank you for your consideration. I am happy to answer any questions.



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2September 27, 2023

Senate Committee on Economic Development and Technical Colleges
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Dear Chairman Feyen and members of the Senate Committee on Economic Development and Technical Colleges:

As president of the Wisconsin Corn Growers Association, I ask for your support of Senate Bill 271.

SB 271 is designed to address the shortage in commercial vehicle drivers by accelerating the training of new CDL drivers. The proposal requires the Department of Workforce Development to establish a commercial driver training grant program to offset the CDL shortage and work to fill these critical roles.

CDLs are a critical component to the work of Wisconsin's corn growers and those we rely upon within the agriculture industry. As we look to a lower than average harvest, lower commodity prices and increased input cost we need to be assured that our inputs are delivered on-time and for a reasonable cost.

Recent changes to regulations placed an additional burden on small companies who could previously train their own drivers. The increased costs that rural Wisconsin companies and cooperatives will incur to train drivers will equal increased costs at the farm level and longer waiting periods for deliveries.

The grants provided by this bill will help to offset those costs and keep costs low for corn growers across the state.

Sincerely,

Mark Hoffmann
President