



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #670

Worker Connection Pilot Program (Workforce Development -- Employment and Training)

[LFB 2021-23 Budget Summary: Page 639, #1]

CURRENT LAW

The federal Workforce Innovation and Opportunity Act (WIOA), signed into law on July 22, 2014, seeks to more fully integrate states' workforce systems to better serve employers and job seekers. As the state's federally-designated workforce agency, the Department of Workforce Development (DWD) is responsible for implementation of the law. The 2020-2023 WIOA Combined State Plan includes the following core WIOA programs and state partners: (a) Adult, Dislocated Worker, and Youth (DWD); (b) Adult Education and Family Literacy Act (WTCS); (c) Wagner-Peyser Act (DWD); (d) Vocational Rehabilitation (DWD); (e) Temporary Assistance for Needy Families Program (DCF); (f) Employment and Training Programs under the Supplemental Nutrition Assistance Program (DHS); (g) Trade Adjustment Assistance for Workers Programs (DWD); (h) Jobs for Veterans State Grants Program (DWD); and (i) Reintegration of Ex-Offenders Program (DOC).

DISCUSSION POINTS

1. Assembly Bill 68/Senate Bill 111 (AB 68/SB 111) would require DWD to establish and administer a worker connection program that helps participants prepare for and enter jobs in high-growth employment sectors by pairing participants with achievement coaches who guide participants through the workforce system and partner with employers in targeted sectors. Although not specified in AB 68/SB 111, DWD proposes to use the additional funding and positions provided in the bill to implement the WorkAdvance employment training and advancement model with entrance through a work support portal known as No Wrong Door (NWD).

No Wrong Door

2. Wisconsin's 2020-2023 WIOA Combined State Plan specifies a goal of "creating one workforce development system with a 'no wrong door' (NWD) approach to enhance the services available to the current and future workforce and businesses." One of the three strategic goals outlined in the 2020-2023 combined state plan describes the NWD approach as follows:

"Wisconsin aims to create a workforce development system that is fully accessible to any eligible person both physically and programmatically. An objective of this goal is the concept of "no wrong door" within the one-stop system, meaning that an individual seeking assistance will be welcomed at any point of intake. Both employers and job seekers will be able to access services through a seamless system. The "no wrong door" concept ensures that individuals with barriers to employment...are not routed prematurely to a particular program without informed customer choice and an accurate assessment of how they might be best served."

3. According to DWD, the worker connection pilot program will use the No Wrong Door model as the entry point for unemployed and underemployed workers into Wisconsin's workforce development system. Under the proposal, a certain portion of those that enter the system through the NWD portal will be referred to the WorkAdvance program.

WorkAdvance

4. First implemented in New York, Oklahoma and Ohio, WorkAdvance is a workforce development model designed to help unemployed and low-wage working adults increase their employment and earnings by finding higher-paying, higher-skilled jobs in selected industry sectors that have room for advancement within established career pathways. WorkAdvance uses a "sector strategies" approach to talent development, which is a model of workforce development that focuses on the needs of local employers in growing industries and prepares individuals with the skills and credentials to meet those needs. In Wisconsin's 2020-2023 WIOA Combined State Plan, DWD and its partners emphasized a sector strategies approach stating:

"We will expand sector strategies to enhance and strengthen our economic vitality by addressing employer and job-seeker workforce needs. Sector partnerships implement effective coordinated responses and integrate resources to develop the workforce and workforce needs of key industries of a regional labor market. Over the next four years, we will work to leverage the state's sector partnerships to understand the number of industry-recognized credentials and identify the business community's awareness of them."

5. A 2016 research report on WorkAdvance outcomes entitled, "Encouraging Evidence on a Sector-Focused Advancement Strategy: Two-Year Impacts from the WorkAdvance Demonstration," described the five WorkAdvance program elements:

- **Intensive screening** of program applicants before enrollment is intended to ensure that program providers select participants who can take advantage of the skills training for the sector and occupations. Screening will closely align with employer requirements.
- **Sector-specific preemployment and career readiness services** comprise an orientation to the sector, career readiness training, individualized career coaching, and limited

supportive services to sustain engagement and assist participants to complete their training and find employment.

- **Sector-specific occupational skills training** is intended to impart skills and lead to credentials that will substantially enhance workers' employment opportunities. Training is tailored to current job openings in specific sectors and occupations.
- **Sector-specific job development and placement services** are intended to facilitate entry into positions for which the participants have been trained and for which there are genuine opportunities for continued skill development and career advancement.
- **Postemployment retention and advancement services** are meant to assist participants beyond the placement stage. Providers are expected to maintain close contact with workers and employers to assess performance, offer coaching to address any complicating life situations that might arise for workers, help identify next-step job opportunities and skills training to enable participants to move up career ladders over time, and assist with rapid reemployment if workers lose their jobs.

6. The WorkAdvance programs in New York, Oklahoma and Ohio all operated after the Great Recession of 2007 to 2009. During this period, the number of people who qualified as long-term unemployed, or more than 27 weeks, increased considerably. There was concern at the time about the likelihood of reengaging this group in the labor market. The 2016 report on WorkAdvance outcomes examined the program's effects for subgroups defined by an individuals' prior level of attachment to the labor market. The analysis found that WorkAdvance produced statistically significant impacts on employment and earnings for both the long-term unemployed and those who were semi-attached to the labor market. These findings could be instructive in the post-pandemic economy where, according to the most recent data from the Bureau of Labor Statistics, 43% of jobless workers in April, 2021, were long-term unemployed. The share has grown steadily since the start of the pandemic and is close to the record set in April 2010, in the aftermath of the Great Recession, when 45.5% of the unemployed were out of work at least 27 weeks.

Department of Workforce Development Worker Connection Pilot

7. AB 68/SB 111 would provide \$2,226,700 GPR and 25.0 project positions in 2021-22 and \$7,483,000 GPR and 48.0 project positions in 2022-23 into a new continuing GPR appropriation for administration, grants, and contracts associated with a worker connection program. The administration indicates project positions would have two-year terms. Of the 48.0 positions provided under the bill, 42.0 positions would be designated as "career coaches." The Department estimates that each career coach would be able to handle a maximum of 59 clients and 237 coaching sessions per year, or four sessions per client. These 42 career coaches would serve an estimated 2,500 individuals.

8. According to DWD, career coaches would: (a) be trained in and provide counseling using person-centered strength-based counseling techniques; (b) meet clients at times and locations of the clients' convenience, outside of typical business hours and typical DWD service locations; (c) serve both customer groups of those who will enroll in WorkAdvance program and those who will not enroll; (d) promote services and network with community partners to collaboratively improve community members' wages and family stability; (e) receive continued training in support and wrap-around services available to support individuals interested in work advancement.

9. Career coaches would serve as a client's key point of contact within the NWD portal and make referrals to the WorkAdvance program. However, DWD indicates that based on other organizations' experience with WorkAdvance, 80% of individuals who initially express interest in WorkAdvance may not have continued interest in or work readiness for WorkAdvance. According to DWD, for those individuals not enrolled in WorkAdvance, the NWD portal will provide comprehensive wrap-around work support and training services. According to DWD, due to the selective nature of the WorkAdvance program, of the estimated 2,500 individuals that coaches would assist within the NWD portal, approximately 500 would be referred to the WorkAdvance model.

10. To implement the WorkAdvance model, DWD would partner with employers in targeted industry sectors to develop job advancement tracks and cost-share with employers to provide social supports needed by workers. The Department would contract with job training partners in the community to implement the WorkAdvance model. DWD would be responsible for evaluating the job training partners' fidelity to the WorkAdvance model.

11. The budget for the project assumes two pilot phases, with one beginning in 2021-22 and the other in 2022-23. Phase one would have staff beginning in February, 2022, seeing customers in March, 2022 and enrolling customers in WorkAdvance in April 2022. Pilot two would have staff starting in November, 2022, seeing customers in December, 2022, and enrolling clients in WorkAdvance in January, 2023. The following table shows the budget detail for both the No Wrong Door and WorkAdvance programs.

Costs and Staffing for Worker Connection Program Components

	<u>FY 22</u>	<u>FY 23</u>	<u>Total</u>
No Wrong Door (NWD)			
Career Coaches (21.0 positions/42.0 positions)	\$671,900	\$2,687,800	\$3,359,700
Office Space and Mobile Technology	80,500	80,500	161,000
Coaches' Travel	4,100	35,500	39,600
Supervisors (2.0 positions/4.0 positions)	76,600	306,300	382,900
Training for Coaches	90,000	90,000	180,000
Evaluation of Person-Centered Approaches	0	150,000	150,000
Temporary Supportive Services for Consumers	162,200	770,600	932,800
Client Experience Surveys	0	150,000	150,000
Community Partners' Focus Groups	0	45,000	45,000
IT Infrastructure	350,000	0	350,000
Marketing	130,000	0	130,000
Data Analysis (1.0 position)	<u>47,100</u>	<u>130,800</u>	<u>177,900</u>
Subtotal	\$1,612,400	\$4,446,500	\$6,058,900
WorkAdvance Model			
Contracts	352,800	2,116,800	2,469,600
Fidelity to the Model Evaluation Costs	0	250,000	250,000
Fidelity to the Model Training for Partners	47,500	47,500	95,000
Client Surveys	85,000	0	85,000
Work-related Social Supports	81,900	491,400	573,300
Data Analysis (1.0 position)	<u>47,100</u>	<u>130,800</u>	<u>177,900</u>
Subtotal	\$614,300	\$3,036,500	\$3,650,800
Total Costs	\$2,226,700	\$7,483,000	\$9,709,700
Position Detail			
Career Coaches	21.00	42.00	
Supervisors	2.00	4.00	
Data Analysis - NWD	1.00	1.00	
Data Analysis - WorkAdvance	<u>1.00</u>	<u>1.00</u>	
Total FTE	25.00	48.00	

12. Given the alignment with the state's three-year strategic WIOA combined plan and in response to the challenge of reengaging the long-term unemployed in the job market, the Committee could consider approving the two-year No Wrong Door and WorkAdvance pilot project [Alternative 1]. This Alternative would provide \$2,226,700 GPR and 25.0 project positions in 2021-22 and \$7,483,000 GPR and 48.0 project positions in 2022-23 into a new continuing GPR appropriation for administration, grants, and contracts associated with a worker connection program. Under Alternative 1, the funding provided in 2022-23 would be allocated so that \$3,255,700 would be for salary and fringe benefits of project positions and \$4,227,300 would be for ongoing supplies and services funding.

13. Given that the No Wrong Door model, as delivered by the new career coach hires, would be the focus of the worker connection pilot program, and that an estimated 80% of customers that

receive NWD services from the career coaches would never be referred to the WorkAdvance program, the Committee could initially provide only the NWD funding and staffing at this time [Alternative 2]. This Alternative would provide \$1,612,400 GPR and 24.0 project positions in 2021-22 and \$4,446,500 GPR and 47.0 project positions in 2022-23 into a new continuing GPR appropriation for administration, grants, and contracts associated with a worker connection program. The GPR to be reduced under this alternative is associated with ongoing supplies and services funding as provided for the WorkAdvance program component under AB 68 / SB 111 and 1.0 data analysis position. Under Alternative 2, the funding provided in 2022-23 to support the No Wrong Door program would be allocated so that \$3,124,900 would be for salary and fringe benefits of project positions and \$1,321,600 would be for ongoing supplies and services funding.

14. The federal American Rescue Plan Act of 2021 (ARPA) provides \$2.5 billion in direct payments to Wisconsin. Under the Act, recipients may use these funds to address negative economic impacts of the pandemic. The U.S. Treasury Department interim final rule specifies assistance, including job training, for workers unemployed as a result of the pandemic is an eligible expense. Additionally, states may use recovery funds to replace lost revenue. Treasury’s interim final rule establishes a methodology that each recipient can use to calculate its reduction in revenue. Upon receiving fiscal recovery funds, recipients may immediately calculate the reduction in revenue that occurred in 2020 and deploy funds to address any shortfall. The rule allows recipients discretion to use funding to support government services, up to an amount of lost revenue calculated as provided by the rule. Funds must be committed prior to December 31, 2024. Assuming a portion of the ARPA funds received by Wisconsin can be used for job training to address negative economic impacts of the pandemic, or to replace lost revenue, and given the short-term, one-time nature of the NWD and WorkAdvance pilot program, the Committee could take no action [Alternative 3].

ALTERNATIVES

1. Provide DWD resources to implement a two-year No Wrong Door and WorkAdvance pilot program. Create a continuing GPR appropriation for administration, grants, and contracts associated with a worker connection program and provide \$2,226,700 and 25.0 project positions in 2021-22 and \$7,483,000 and 48.0 project positions in 2022-23.

ALT 1	Change to Base	
	Funding	Positions
GPR	\$9,709,700	48.00

2. Provide DWD resources to implement a two-year No Wrong Door pilot program. Create a continuing GPR appropriation for administration, grants, and contracts associated with a worker connection program and provide \$1,612,400 and 24.0 project positions in 2021-22 and \$4,446,500 and 47.0 project positions in 2022-23.

ALT 2	Change to Base	
	Funding	Positions
GPR	\$6,058,900	47.00

3. Take no action.

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