



Legislative Fiscal Bureau

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Joint Committee on Finance

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Hire Heroes (Workforce Development -- Employment and Training)

[LFB 2021-23 Budget Summary: Page 641, #7]

CURRENT LAW

2017 Wisconsin Act 195 created Hire Heroes, a program to help veterans with high barriers to employment by subsidizing local businesses to hire and train veterans in job skills needed for long-term sustainable employment. The Department of Workforce Development (DWD) administers the Hire Heroes program, in partnership with the Department of Children and Families (DCF) and the Department of Veterans Affairs (DVA). Hire Heroes is created by state statute in DWD, but administered under a memorandum of understanding with DVA and DCF. Act 195 did not appropriate funding for the Hire Heroes program but required DWD to allocate up to \$400,000 each year in available federal funding from the Department's Workforce Innovation and Opportunity Act (WIOA) appropriation [s. 20.445 (1) (m) of the statutes] for the benefits available to employers for hiring veterans.

To be eligible to participate in the program, an individual must: (a) be at least 18 years of age; (b) be a veteran who is verified by DVA; (c) submit an application to the program no later than seven years after the date of discharge from military service; (d) be ineligible to participate in the Wisconsin Works (W2) program; (e) be unemployed for at least four weeks; and (f) satisfy requirements related to substance abuse screening, testing, and treatment.

DISCUSSION POINTS

1. Hire Heroes was officially launched in April, 2019, and had operated less than one year before being disrupted by the global pandemic. Work to date among DWD, DCF, and DVA has included: (a) developing data-sharing agreements for the federal Work Opportunity Tax Credit; (b) creating training modules for all staff who may have contact with a qualifying veteran; (c) introducing the program to all job center staff, W2 agencies, and DVA staff; (d) developing worksite agreements

with potential employers; and (e) publicizing the program. Staffing costs and participant supports have been entirely federally funded since the start of the program.

2. The Hire Heroes program utilizes the structure of existing transitional jobs programs currently overseen by DCF to establish new job sites for veterans. DCF and its transitional jobs providers also assist DWD's staff in connecting veterans to current transitional jobs employers. Eligible veterans who contact DWD, DVA, or DCF seeking employment assistance will be referred to the program through local job centers.

3. Through Hire Heroes, employers are reimbursed federal minimum wage, federal Social Security and Medicare taxes, state and federal unemployment insurance contributions or taxes, and worker's compensation insurance premiums when hiring eligible veterans. These program costs are paid from the state's WIOA federal funds. Due to timing of the launch of this program, it is unknown what actual annual direct service costs for veterans' wage supplements and supportive services will eventually be. The statutory \$400,000 annual limit has not yet been reached.

4. According to DWD, the COVID-19 pandemic disrupted many direct outreach activities, workflow, and program continuity initially intended for 2020. The Hire Heroes program coordinator, responsible for working with staff at all three agencies to verify eligibility and enroll interested veterans, was temporarily reassigned to the Unemployment Insurance (UI) Division to assist processing UI claims. Most outreach to veterans and eligibility determinations were instead performed by staff in DWD's Office of Veteran Employment Services.

5. According to DWD, since the Hire Heroes program launched on April 1, 2019, at least 11 veterans have applied to the program. Six were found ineligible, while three were referred to employers and were directly hired without a subsidy. Two veterans were hired under the subsidy with an average wage of \$18.50 per hour. Currently, there are no veterans in the program. In addition to the pandemic, the Department reports that several factors have impacted outcomes:

- Prior to the pandemic, the state's unemployment rate was historically low, and the relatively low number of unemployed or underemployed veterans in the labor market made it difficult to find and reach eligible participants.
- Many employers were willing to directly hire and train eligible veterans without utilizing the Hire Heroes program subsidies.
- Most veterans who have expressed interest in the program and are seeking transitional job assistance have separated from the military more than seven years ago.

6. The Hire Heroes program coordinator position within the DWD's Office of Veterans Services is funded by the annual federal Jobs for Vets State Grant (JVSG). JVSG program funds support services disabled veterans, low-income veterans, veterans lacking a high school diploma, veterans who have been released from incarceration, and homeless veterans. Currently, JVSG resources can only be used to serve veterans who qualify under the JVSG federal program guidelines.

7. Assembly Bill 68/Senate Bill 111 (AB 68/SB 111) would provide \$55,000 GPR in salary

and fringe benefit costs and 0.5 GPR position annually to allow the Department to develop the scope of the program to serve more veterans, and to bring more employers and partners into the program to provide additional career opportunities for veterans. DWD states that a partially GPR-funded position would open opportunities for outreach to all unemployed veterans and allow more veterans to be served by Hire Heroes staff. Currently, outreach by the existing program coordinator is limited to reaching veterans who meet the JVSG requirements. The requested 0.5 position would support the operation of the state's Hire Heroes program when work of developing employer partnerships, monitoring participation, providing outreach and other state program activities, may not be allowable costs under DWD's federal grants, such as JVSG funds [Alternative 1].

8. DWD indicates that it intends to use existing FED position authority, or seek a 0.5 WIOA-funded FED position under s. 16.54 of the statutes, to make up the balance of a split-funded 1.0 Hire Heroes position. According to DWD, the split-funded position would allow the Department to perform the federally required eligibility determinations, and while also using state funds to do employer partnership development, monitoring and outreach. The Committee could also choose to provide DWD with the additional 0.5 FED position to provide a full split-funded position [Alternative 2].

9. Given that the Hire Heroes program has only been operational since April 2019, and for most of this period has been impacted by the pandemic and related job center closures, the Committee could choose to authorize staffing on a two-year project basis [Alternative 3]. The Committee could also take no action, and gauge post-pandemic demand for Hire Heroes services prior to devoting additional resources [Alternative 5].

10. AB 68/SB 111 would eliminate the seven-year limit regarding when veterans may submit an application to the Hire Heroes program, so that a veteran may submit an application to the program at any time after the date of discharge from military service. DWD indicates that this statutory eligibility change is needed because many veterans who could use the program are more than seven years from discharge. According to DWD, the largest number of working age veterans are in the cohort of active troop deployments that occurred following the 9/11 attacks and subsequent military engagements. As of 2020, DWD estimates there were 10,000 unemployed veterans in Wisconsin, which would represent the total pool of those potentially eligible if the seven-year discharge requirement were eliminated. The Committee could modify eligibility requirements to remove the requirement that a veteran must apply for the program no later than seven years after the date of discharge from military service [Alternative 4].

ALTERNATIVES

1. Provide \$55,000 GPR and 0.5 position annually to support the operation of the state's Hire Heroes program.

ALT 1	Change to Base	
	Funding	Positions
GPR	\$110,000	0.50

2. Provide \$110,000 (\$55,000 GPR, \$55,000 FED) and 1.0 position (0.5 GPR, 0.5 FED) annually to support the operation of the Hire Heroes program.

ALT 2	Change to Base	
	Funding	Positions
GPR	\$110,000	0.50
FED	<u>110,000</u>	<u>0.50</u>
Total	\$220,000	1.00

3. In addition to Alternatives 1 or 2, specify any position authority is provided on a two-year project basis.

4. Eliminate the seven-year limit on when veterans may submit an application to the Hire Heroes program, so that a veteran may submit an application to the program at any time after the date of discharge from military service. (This alternative could be selected independently, or in addition to any of Alternatives 1 through 3.)

5. Take no action.

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