

Workforce Development

Employment and Training

(LFB Budget Summary Document: Page 639)

LFB Summary Items for Which Issue Papers Have Been Prepared

<u>Item #</u>	<u>Title</u>
1	Worker Connection Pilot Program (Paper #670)
2, 3, 4, & 6	Fast Forward Pandemic Training Grants, Pandemic Recovery Grants to Workforce Development Boards, Fast Forward Green Jobs Training Grants, and Health Care Jobs and Recruitment (Paper #671)
5 & 9	Youth Apprenticeship and Transfer Funding from Early College Credit Program to Apprenticeship Completion Awards (Paper #672)
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<u>Item #</u>	<u>Title</u>
10	Employment Transit Assistance Program Modification



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June, 2021

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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Joint Committee on Finance

Paper #671

Training Grants Programs (Workforce Development -- Employment and Training)

[LFB 2021-23 Budget Summary: Pages 639-641, #2, #3, #4 and #6]

CURRENT LAW

The Department of Workforce Development (DWD) is appropriated \$6,250,000 GPR annually in base funding from the Department's workforce training; programs, grants, services, and contracts annual appropriation ("workforce training grants appropriation") to support DWD's Wisconsin Fast Forward (WFF) grant program. From this amount, DWD is required to award grants to private and public organizations for the development and implementation of workforce training programs. The Department must also allocate from this appropriation, in each fiscal year, at least \$250,000 for contracts entered into to support Project SEARCH. In addition, DWD may also award grants for other authorized job training projects, initiatives, partnerships, and coordination efforts, as specified under s. 106.27 of the statutes.

DISCUSSION POINTS

1. 2017 Wisconsin Act 370 split DWD's continuing GPR appropriation for workforce training grants and services into seven separate annual appropriations. The first column in Table 1 shows the base amounts provided to each program under Act 370. Subsequent to Act 370, 2019 Wisconsin Act 9 increased base funding in: (a) career and technical education incentive grants by \$3.0 million annually; (b) local youth apprenticeship grants by \$2.7 million annually; and (c) technical education equipment grants by \$0.5 million annually. 2019 Act 9 appropriations, shown in the second column in Table 1, increased base funding to GPR workforce training grant programs by 46% to \$19,862,200. The final two columns of Table 1 show the amounts provided to each program under Assembly Bill 68/Senate Bill 111 in each fiscal year and to four new training grant programs, as proposed under the bill.

TABLE 1

DWD Workforce Training GPR Appropriations

	2017 Act 370/2019	2019 Act 9/2021	AB 68/SB 111	
	<u>Base Budget</u>	<u>Base Budget</u>	<u>2021-22</u>	<u>2022-23</u>
Workforce Training Grants and Services	\$6,250,000	\$6,250,000	\$6,000,000	\$6,000,000
Project SEARCH			250,000	250,000
Career and Technical Education Incentive Grants	3,500,000	6,500,000	6,500,000	6,500,000
Technical Education Equipment Grants	500,000	1,000,000	1,000,000	1,000,000
Apprenticeship Completion Award Program	225,000	225,000	500,000	500,000
Local Youth Apprenticeship Grants	2,233,700	5,000,000	5,250,000	5,250,000
Employment Transit Assistance Grants	464,800	464,800	464,800	464,800
Youth Summer Jobs Programs	422,400	422,400	422,400	422,400
Pandemic Training Grants			10,000,000	0
Pandemic Recovery Grants to Workforce Dev. Boards			8,000,000	0
Green Jobs Training Grants			500,000	500,000
Health Care Jobs and Recruitment			<u>200,000</u>	<u>0</u>
Total	\$13,595,900	\$19,862,200	\$39,087,200	\$20,887,200

Workforce Training Grant Programs under AB 68/SB 111

2. AB 68/SB 111 would create four GPR-funded workforce training grant programs. Three programs would be provided with one-time funding in 2021-22 in new continuing appropriations and a fourth program would be provided with ongoing base funding, also in a new continuing appropriation. Amounts provide to each of the four training programs are shown at the bottom of the last two columns in Table 1. The following are brief summaries of each proposed program.

3. *Pandemic Training Grants.* AB 68/SB 111 would provide \$10 million GPR in one-time funding in a new continuing appropriation, for the purpose of addressing worker training and retention issues associated with the global pandemic. DWD states that this funding level is likely to provide for between 115 to 140 grants between \$50,000 and \$200,000. According to DWD, while retention and skill development goals are needs addressed by the Department's existing WFF standard grant program, the program under AB 68/SB 111 would broaden the scope by requiring the Department to award grants to public or private organizations for the development and implementation of pandemic workforce training programs that emphasize training, skill development, and economic recovery for individuals and businesses. Under the bill, grants may be used for virtual and in-person job training, employment navigators or coaches, skill assessment, transportation, soft skill development, career or talent search services, and other programs to return employees to the labor market. The Committee could choose to provide DWD with one-time GPR funding in 2021-22 to assist businesses and public and private organizations develop and deliver customized worker training programs [Alternative 1].

4. *Pandemic Recovery Grants to Workforce Development Boards.* AB 68/SB 111 would provide \$8 million GPR in 2021-22 as one-time funding in a new continuing appropriation, and require DWD to establish and operate a program to provide grants to local workforce development boards established to fund pandemic recovery efforts. Wisconsin's workforce development system is divided into 11 workforce development areas, with each area served by a workforce

development board. Authorized by the Workforce Innovation and Opportunity Act (WIOA), workforce development boards bring together business representatives, local government, economic development, education, and workforce partners to implement workforce development programs. They provide oversight and coordination for the workforce services provided in their region and the overall operation of regional job centers. AB 68/SB 111 would specify that grant funding provided by DWD under the program must emphasize training, skill development, and economic recovery for individuals and businesses. The grants may be used for virtual and in-person job training, employment navigators or coaches, skill assessment, transportation, soft skill development, career or talent search services, and other programs to return employees to the labor market. The Department states that this funding would supplement a local board's federal WIOA annual allocations that are administered by DWD. According to DWD, the amounts that boards have received has been decreasing as Wisconsin's share of overall WIOA funding has decreased. This decrease is due to factors in the funding formula such as Wisconsin's lower unemployment rate as compared to other states. Table 2 shows the magnitude of WIOA funding decreases in recent years. The Department states that, given the WIOA decreases, boards do not have the necessary funding to support increased training needs or new regional initiatives. The Committee could choose to backfill the decline in WIOA revenues with one-time GPR funding in 2021-22 to assist workforce development boards and regional job centers in providing services to workers entering workforce [Alternative 1].

TABLE 2

Federal WIOA Funding

<u>State Fiscal Year</u>	<u>Federal WIOA Funding</u>	<u>Change (%)</u>
2016-17	\$39,065,693	--
2017-18	35,253,039	-9.8%
2018-19	32,748,744	-7.1
2019-20	30,326,689	-7.4
2020-21	28,361,595	-6.5

5. *Health Care Jobs and Recruitment.* According to DWD, this program would focus on introducing individuals who might not have considered entering the health care sector to careers as nurse aides. AB 68/SB 111 would require DWD, in conjunction with local workforce development boards, to conduct a statewide recruitment initiative for nurse aides, as defined under s. 146.40 of the statutes. The bill would also require the offering of a free, four-hour course for participants to explore career opportunities. According to DWD, this program would pilot an approach to making career exploration accessible through the development and launch of a video introduction to health care jobs. The Department indicates that communicating a job description through a video offers an opportunity to give viewers a sense of the job and the lives of the people who work in health care. DWD's goal with this project is to demonstrate the availability of fulfilling jobs to people with entry-level training as well as those with advanced degrees. DWD estimates that human services and health care delivery video training course production will cost \$75,000 to \$100,000.

6. According to DWD, because federal workforce training funding is principally oriented

to supporting direct service to participants in jobs centers, DWD will use the balance of GPR funds to expand its reach beyond the job center. Under the recruitment initiative, DWD would be required to undertake a statewide recruitment initiative to promote and connect individuals with instructional programs for nurse aides and nurse aide employment opportunities and to promote other health care provider employment opportunities. A study conducted by Leading Age, Wisconsin Healthcare Association, Wisconsin Assisted Living Association and Residential Services Association of Wisconsin reported a caregiver vacancy rate of 19% in 2018. Also, according to a 2019 report from the Wisconsin Hospitals Association, for the five years between 2014 and 2018, certified nursing assistant (CNA) positions had the highest vacancy rate of any hospital position in two of the five years. Given the acute need for health care workers in the state, the Committee may consider providing one-time funding in an annual appropriation for a health care jobs and recruitment program [Alternative 2].

7. *Green Jobs Training Grants.* According to DWD, this grant program would support training for jobs in different industries such as manufacturing, research and development, information technology, agriculture, hospitality, construction, or transportation. AB 68/SB 111 would define green jobs as those that produce goods or provide services that benefit the environment or preserve natural resources. DWD reports the amount of \$500,000 annually under the bill would be expected to fund an estimated seven to 10 grants of \$50,000 to \$100,000 annually. DWD expects that most businesses that are awarded a grant will be smaller and require more training per individual. For example, according to data from the Solar Energy Industries Association 2020 the average size of a solar company is 20 people.

8. According to the U.S. Department of Labor, some of the fastest growing green jobs between 2019 and 2029 do not require an advanced degree or and bachelor's degree. For example, the typical entry-level education for a solar photovoltaic installer is a high-school diploma or equivalent, with a 2020 median pay of \$46,470 and a projected job growth rate of 50.5% between 2019 and 2029. Similarly, a hazardous materials removal worker typically requires a high-school diploma or equivalent, has a 2020 median pay of \$45,270 and a projected job growth rate of 8.2% between 2019 and 2029. Considering the projected growth in green jobs through 2029, the Committee could consider providing base funding to a green jobs training grants program [Alternative 3].

Wisconsin Fast Forward

9. From DWD's workforce training grants GPR appropriation, the Department is required to award grants to public and private organizations for the development and implementation of workforce training programs. Also referred to as standard WFF grants, the objective of the WFF standard grant program is to award funds to businesses from all Wisconsin industry sectors that reimburse the costs of customized occupational training for unemployed, underemployed, and incumbent workers. The customized, business-driven training must qualify workers for full-time employment, higher levels of employment, or increased wages.

10. Table 4 shows the amount of standard WFF grants that the Department has awarded to businesses and organizations since 2017-18. The impact of the pandemic on DWD's ability to award training grants can be seen in the decline in grants awarded starting in 2019-20 and continuing in 2020-21.

TABLE 4**Standard Wisconsin Fast Forward Grant Awards**

	<u>Standard WFF Awards</u>	<u>Issued Grants</u>
2020-21	\$3,250,000	NA
2019-20	2,565,386	18
2018-19	5,581,582	37
2017-18	5,569,611	39

11. Table 3 shows the amount of funding estimated to be allocated by DWD from the Department's workforce training GPR annual appropriation in 2020-21 and annually during the 2021-23 biennium under current law. Amounts are allocated by the Department to the various programs authorized in current law to receive such funds. The Department expects to increase standard WFF grant awards as the state's economy recovers from COVID-19 pandemic. Should the Department not be able to award the full \$5,575,000 that DWD has allocated for the standard WFF grant program for 2021-22 and 2022-23, any remaining amount could be allocated for any use specified under s. 106.27 of the statutes. Current statutory language pertaining to the use of funding from DWD's workforce training appropriation is permissive and would likely allow DWD to fund both the Green Jobs Training Grants and Health Care Jobs and Recruitment programs.

TABLE 3**Workforce Training Appropriation, Estimated Program Allocation Amounts**

<u>Name</u>	<u>Statutory Reference</u>	<u>2020-21 Allocated Amount</u>	<u>2021-23 Estimated Annual Allocations</u>
Grants for Shipbuilders	s. 106.27(1u)	\$1,000,000	
Project Search	s. 47.07	250,000	\$250,000
Training in County Jail Facilities	s. 106.27(1)	75,000	
Dept. of Corrections Mobile Classrooms	s. 106.27(1j)(am)	50,000	50,000
Standard WFF Grants	s. 106.27(1)	3,250,000	5,575,000
DOC Reentry Initiatives	s. 106.27(1j)(ad)	<u>1,625,000</u>	<u>375,000</u>
Total		\$6,250,000	\$6,250,000

12. Under the American Rescue Plan Act (ARPA), the State of Wisconsin is expected to receive \$2.5 billion in direct payments from the State Fiscal Recovery Fund (SFRF). SFRF payments may be used to cover costs incurred prior to December 31, 2024. According to a U.S. Treasury Department interim final rule, a recipient of SFRF funding may generally not use SFRF funds for general economic development or workforce development. Guidance states that "recipients must demonstrate that funding uses directly address a negative economic impact of the COVID-19 public health emergency, including funds used for economic or workforce development. For example, job training for unemployed workers may be used to address negative economic impacts of the public health emergency and be eligible."

13. The Treasury guidance further specifies that a recipient may use SFRF funds to respond to the public health emergency or its negative economic impacts, including for providing: (a) assistance to unemployed workers, including job training for individuals who want and are available for work, including those who have looked for work sometime in the past 12 months or who are employed part-time but who want and are available for full-time work. This includes services such as job training to accelerate rehiring of unemployed workers. These services may extend to: (a) workers unemployed due to the pandemic or the resulting recession, or who were already unemployed when the pandemic began and remain so due to the negative economic impacts of the pandemic; and (b) assistance to households or populations facing negative economic impacts due to COVID-19, including job training to address negative economic or public health impacts experienced due to a worker’s occupation or level of training. Given the potential to use SFR funds for the purposes of job training, in particular for pandemic-related purposes such as the pandemic training grants program and the pandemic recovery grants to workforce development boards programs as proposed under AB 68/SB 111, in addition to the one-time nature of these programs, the Committee could decide to take no action [Alternative 4].

ALTERNATIVES

1. Provide \$10,000,000 in 2021-22 in one-time funding for DWD to award pandemic training grants. Also, provide \$8,000,000 in 2021-22 in one-time funding for the Department to provide grants to local workforce development boards to fund pandemic recovery efforts.

ALT 1	Change to Base
GPR	\$18,000,000

2. Provide \$200,000 in 2021-22 in one-time funding for DWD to implement a health care jobs and recruitment program. Specify that the appropriation would be annual.

ALT 2	Change to Base
GPR	\$200,000

3. Provide \$500,000 each year in a new appropriation for DWD to provide green jobs training grants. Specify that the appropriation would be annual.

ALT 3	Change to Base
GPR	\$1,000,000

4. Take no action.

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Joint Committee on Finance

Paper #672

Youth and Adult Apprenticeship Programs (Workforce Development -- Employment and Training)

[LFB 2021-23 Budget Summary: Pages 640-642, #5 and #9]

CURRENT LAW

DWD's youth apprenticeship (YA) grants program is an expense reimbursement program with funding statutorily limited to \$900 per student served. The purpose of the grant is to sustain and expand the statewide YA program. All local youth apprenticeship consortia, which are partnerships between employers, school districts, technical colleges, labor, and other training or nonprofit organizations, must be approved by DWD and provide matching funds equal to at least 50% of grant funds awarded. Since 2019-20, the YA grants program has been provided \$5,000,000 GPR annually in base funding from the Department's local youth apprenticeship grants annual appropriation.

The Department's Apprenticeship Completion Award Program (ACAP) partially reimburses eligible apprentices, sponsors, and employers for certain costs of related apprenticeship instruction. The ACAP program is provided \$250,000 GPR annually in base funding from the Department's apprenticeship programs annual appropriation.

Under the early college credit program (ECCP), a public high school pupil can enroll in an institution of higher education for the purpose of taking one or more nonsectarian courses, including during a summer semester or session. DWD is required to pay to DPI a portion of the costs of tuition for a pupil attending an institution of higher education under this program on behalf of the school board. If the appropriation under DWD is insufficient to reimburse all school districts the full amount of reimbursable tuition, the Secretary of DWD would be required to notify the State Superintendent, who would then be required to prorate the amount of the payments among eligible school districts. The Department is provide \$1,753,500 GPR annually in an appropriation under DWD to reimburse school districts for ECCP payments.

DISCUSSION POINTS

YA Grant Funding

1. Table 1 shows that, prior to the pandemic, the number of students served by DWD's YA grants programs had grown at a rate close to 20% annually. Because apprenticeships are in sectors that have been less impacted by the pandemic, DWD has estimated the growth rate to be flat for the upcoming year, but to accelerate in the next biennium.

TABLE 1

Youth Apprenticeship Program Participation

<u>State Fiscal Year</u>	<u>School Year</u>	<u>Students Served</u>	<u>Growth (%)</u>
2022-23*	2023-24	7,156	9%
2021-22*	2022-23	6,556	10
2020-21*	2021-22	5,956	0
2019-20	2020-21	5,956	-2
2018-19	2019-20	6,064	19
2017-18	2018-19	5,078	16
2016-17	2017-18	4,362	22
2015-16	2016-17	3,561	

*Estimate provided by DWD.

2. When funding requested and approved exceeds available funds, YA grant awards are prorated from \$900 per student to a lesser amount. For the 2019-20 state fiscal year, \$5,000,000 from DWD's annual local youth apprenticeship grants appropriation was available to make grants. From this appropriated amount, \$4,975,937 was awarded on June 14, 2020, to 37 YA consortia, serving 5,956 students from 395 school districts for the current 2020-21 school year. Awards amounts were prorated at approximately \$835 per student served.

3. Assembly Bill 68/Senate Bill 111 (AB 68/SB 111) would provide \$250,000 annually to the Department's local youth apprenticeship grants appropriation to increase total funding to \$5,250,000 annually for YA grants. The increase of \$250,000 will provide for full awards for 5,833 students, about the same number as currently covered. The requested increase would not be enough to eliminate prorating but would minimize the amount of prorating necessary over the 2021-23 biennium.

4. The Committee could provide \$250,000 each year in additional funding for YA grants [Alternative 1a]. The Committee could also choose to provide enough funding to eliminate the need to prorate. Based on the estimates shown in Table 1, eliminating the need to prorate YA grant awards in the 2021-23 biennium, would require \$900,400 GPR in 2021-22 and \$1,440,400 GPR in 2022-23 over base funding [Alternative 1b].

Convert YA Grants Appropriation From Annual To Continuing

5. AB 68/SB 111 would convert the Department's local youth apprenticeship grants GPR appropriation from annual to continuing. DWD states that this change would allow the Department to reallocate funding among grant recipients based on actual program enrollments by year.

6. Local YA programs, which are administered by consortia of local schools and businesses, claim reimbursement of eligible program costs as they are incurred during the school year, against a grant that was awarded to them by the state in June of the state's prior fiscal year. For example, a consortium will claim YA program expenses for the current school year (September, 2020 – June, 2021), which falls in the 2020-21 state fiscal year, against a grant awarded by DWD in June 2020, that was awarded from 2019-20 appropriated funds.

7. According to DWD, contracting YA awards in June for an upcoming school year grant allows consortia to know grant amounts before the end of the current school year and is necessary for communicating with all stakeholders about the number of YA participants they should plan on supporting. YA grant amounts are calculated using local program enrollment estimates that are provided to the state in the school year preceding the school year for which funding is awarded. Actual YA enrollment and resulting reimbursements can vary from these initial projections.

8. According to the Department, prior to 2019-20, DWD could reallocate funding among consortia once actual enrollment was known, because the appropriation from which this funding was allocated was a continuing appropriation. For example, DWD could reallocate funds from YA consortia with lower than projected participation to those with higher than projected participation. 2017 Wisconsin Act 370 changed the YA appropriation from continuing to annual and, according to the Department, eliminated DWD's ability to reallocate funding between consortia, given funds obligated in the prior fiscal year cannot be reallocated in the following fiscal year when the actual YA participation is known.

9. Any unused GPR from the prior fiscal year must lapse from an annual appropriation to the general fund. This means that consortia with higher-than-projected participation cannot receive additional funding reallocated from consortia with lower-than-projected participation, and any GPR allocated to consortia with lower participation and underspending must lapse. Converting the YA grants appropriation from an annual to continuing appropriation would allow reallocations between fiscal years to resume [Alternative 2].

Allow YA Curriculum Funding From Any Allowable Source

10. DWD requests to be permitted to fund YA curriculum development from any allowable source. Under current law, the development of curricula for youth apprenticeship programs for certain occupational areas is required to be funded from DWD's general program operations GPR appropriation. For 2019-20, DWD obligated and fully expended \$200,200 on curriculum development. For 2020-21, \$252,000 was obligated for curriculum development and \$115,500 had been spent as of April, 2021.

11. DWD has stated that apprenticeship curriculum is important for maintaining quality and

consistency across similar programs, and that good curriculum is vital to maintaining a responsive and current apprenticeship program. DWD also states the importance of continually modernizing existing curriculum and creating new curriculum for new apprenticeship areas. DWD expects to perform curriculum maintenance on at least two YA occupations per year at \$50,000 per occupation, so curriculum would cost \$100,000 per year or \$200,000 for the 2021-23 biennium. DWD would likely draw curriculum funding from federal sources or from the Department's existing workforce training administration GPR appropriation, which specifies the YA program as an allowable administrative expense. Under AB 68/SB 111, this appropriation is provided base funding of \$3,652,800 annually [Alternative 3].

Transfer Early College Credit Program Funding To ACAP

12. AB 64/SB 111 would reallocate \$275,000 GPR annually to DWD's appropriation for the Apprenticeship Completion Award Program (ACAP) from the Department's existing appropriation for early college credit program (ECCP) tuition reimbursement. This would reduce base funding for tuition reimbursement from \$1,753,500 to \$1,478,500 GPR and would increase funding for ACAP from \$225,000 to \$500,000 GPR annually.

13. ECCP first went into effect in the fall of 2018, and DWD has received requests for payments for two school years. For school year 2018-19, school district costs charged to the program totaled \$367,911, and \$1,385,589 was lapsed in 2019-20. For school year 2019-20 school district costs charged to the program totaled \$338,350, and an estimated \$1,415,150 will lapse in 2020-21. Under current law, ECCP is unable to fully expend its \$1,753,500 appropriation.

14. Prior to 2017 Act 370, DWD was able to respond to increasing requests for ACAP awards by using available funds from the ACAP appropriation's continuing balance. Following 2017 Act 370, the total amount of the awards were capped at \$225,000, which was below the amounts awarded in prior years. The budgeted level of \$225,000 is the historical appropriation amount established in 2013 Act 57, which created the program. While 2019-20 was the first year with the lower funding level, the ACAP funding reduction was partially mitigated by the ability to charge some of the requested reimbursements to a special one-time discretionary federal apprenticeship grant that has subsequently closed. However, according to DWD, even with the one-time federal funds available in 2019-20 to expand coverage, there were apprentices with eligible requests who did not receive reimbursement.

15. Table 2 shows the actual and estimated number of ACAP recipients, total program payments, and average payments per apprentice. The estimated number of recipients in Table 1 was provided by DWD and assumes that a full pandemic recovery has occurred, that apprenticeship programs continues steady growth, and that the reimbursement level requested is the average from the prior three closed years \$418.

TABLE 2

ACAP Award Payments

<u>State Fiscal Year</u>	<u>ACAP Recipients</u>	<u>Awards Paid</u>	<u>Average Payment</u>
2022-23*	1,216	\$500,000	\$418
2021-22*	1,216	500,000	418
2020-21**	899	225,000	250
2019-20	943	361,805	384
2018-19	1,357	447,430	330
2017-18	563	303,586	539

*Estimate provided by DWD.

**Reimbursement cap met; no more reimbursements processed for FY21.

16. ACAP is administered by DWD's Bureau of Apprenticeship Standards (BAS). BAS may reimburse the apprentice, the employer, or the sponsor a maximum of \$1,000 for up to 25% of the tuition, book, materials, and other course fees directly associated with related instruction. The eligible party or parties that incurred the costs (apprentice, employer and/or sponsor) can request the following reimbursements from BAS:

- Year One: up to \$250, on or after the one-year anniversary of the apprentice's contract registration, so long as the apprentice remains in good standing
- Completion: up to \$1,000, inclusive of any Year One reimbursement, for up to 25% of total costs, after the apprentice successfully completes the apprenticeship

17. BAS disburses funds on a first-come, first-serve basis. ACAP funding is finite and annual and reimbursement from the program is not guaranteed. The Committee could provide \$275,000 GPR in additional funding for the ACAP program, an amount sufficient to provide an estimated 1,216 recipients an average reimbursement payment of \$418 [Alternative 4].

ALTERNATIVES

1. Provide one of the following for DWD's local youth apprenticeship grants appropriation.

a. \$250,000 GPR annually

ALT 1b	Change to Base
GPR	\$500,000

b. \$900,400 GPR in 2021-22 and \$1,440,400 GPR in 2022-23

ALT 1b	Change to Base
GPR	\$2,340,800

2. Convert DWD's local youth apprenticeship grants appropriation from annual to continuing.
3. Permit DWD to fund YA curriculum development from any allowable source.
4. Transfer \$275,000 GPR from the Early College Credit Program appropriation to Department's appropriation for the Apprenticeship Completion Award Program.
5. Take no action.

Prepared by: Ryan Horton



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June, 2021

Joint Committee on Finance

Paper #673

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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Workforce Development -- Employment and Training

LFB Summary Items for Which No Issue Paper Has Been Prepared

<u>Item #</u>	<u>Title</u>
8	Project SEARCH

