



Legislative Fiscal Bureau

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March 16, 2010

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Workforce Development: Request for Increased Expenditure Authority for Federal State Energy Sector Partnership Grant Funding -- Agenda Item II

REQUEST

The Department of Workforce Development (DWD) requests increased expenditure authority of \$6,000,000 FED in 2009-10 in the appropriation under s. 20.445 (1) (m), workforce investment and assistance; federal monies, to reflect State Energy Sector Partnership (SESP) grant funds received under the federal American Recovery and Reinvestment Act (ARRA) of 2009.

BACKGROUND

The ARRA provided \$750 million for a program of competitive grants for worker training and placement in high growth and emerging industries. Of this amount, ARRA designated approximately \$500 million for research, labor exchange, and job training for projects that prepare workers for careers in jobs that contribute to energy efficiency and renewable energy. The purpose of these job training grants is to fund training that teaches workers skills required in emerging energy efficiency and renewable energy industries, and ultimately leads to employment in those industries. Grants are awarded to workforce development projects that focus on connecting target populations, including auto and auto-related industry workers affected by significant automotive industry restructurings, to careers in "green" industries. The training programs should prepare individuals for careers in the following energy efficiency and renewable energy industries: (a) energy-efficient building construction and retrofitting; (b) renewable electric power; (c) energy-efficient and advanced drive train vehicles; (d) biofuels; (e) deconstruction and materials use; (f) residential, commercial, or industrial energy efficiency assessments; and (g) manufacturers producing sustainable products using environmentally sustainable processes and materials.

Under federal law "renewable energy" is defined as electric energy generated from solar, wind, biomass, landfill gas, ocean (including tidal, wave, current, and thermal), geothermal, municipal solid waste, or new hydroelectric generation capacity achieved from increased efficiency or additions of new capacity at an existing hydroelectric plant. "Energy efficiency" is broadly defined as programs aimed at mitigating the use of energy, reducing harmful emissions, and decreasing overall energy capacity.

On January 20, 2010, the U.S. Department of Labor (DOL) announced approximately \$190 million in SESP grants for training workers in skills required in emerging industries that involved energy efficiency and renewable energy. DOL indicated that the grants were designed to achieve the following goals: (a) create an integrated system of education, training, and supportive services that promotes skill attainment and career pathway development for low-income, low-skilled workers leading to employment in green industries; (b) support states in implementing a comprehensive statewide energy sector strategy, including the Governor's overall workforce vision, state energy policies, and training activities that lead to employment in targeted industry sectors; (c) build and strengthen partnerships dedicated to building a skilled energy efficiency and renewable energy workforce; and (d) develop new partnerships with other agencies receiving Recovery Act funds to support strategic planning and implementation efforts. Thirty-four awards, ranging from \$2 million to \$6 million were made to different states. The Wisconsin DWD received an SESP grant of \$6 million, based on a detailed proposal that was submitted last October.

The Bureau of Apprenticeship Standards (BAS) in the Division of Employment and Training (DET) of DWD has the primary responsibility for monitoring and regulating apprenticeship programs in the state. BAS can determine reasonable apprenticeship classifications, issue rules and regulations, and issue general or special orders necessary for conducting apprenticeship programs. Through a cooperative agreement between the federal government and the state, the Bureau of Apprenticeship and Training, in the U.S. Department of Labor, works with BAS staff to administer the apprenticeship program in Wisconsin. BAS has 2009-10 funding of \$51,500 PR, \$2,164,500 FED and 18.0 FED positions (one position is ARRA funded).

The apprenticeship program involves employers, employees, labor unions, employer associations, technical colleges, and the state and federal governments. The employer contracts with an employee to provide a combination of on-the-job and related classroom training in a particular trade, craft, or business. BAS approves the contract, and ensures that all the provisions in it are met. Generally, the related apprenticeship classroom training is provided by a technical college, while on-the-job training is supervised by a skilled journeyman at the work site. Upon completion of apprenticeship training, the employee is issued an apprentice completion certificate that confirms their status as a journey-worker in the trade. As of January 1, 2010, there were 9,000 active apprentices, and 3,000 employers sponsoring apprenticeship programs.

The Job Service Bureau in DET provides labor exchange services to businesses and job seekers through the JobCenterOfWisconsin.com Internet site and staff-assisted services in the state's job centers. The Job Service is part of the state's one-stop delivery system that provides a

range of employment-related services through Job Centers. Job Centers consolidate a variety of employment and training services in one location, but the programs themselves remain distinct, with funding from different state and federal sources. Services offered at Job Centers include: (a) adult, youth, and dislocated worker assistance, including rapid response services during major layoffs; (b) Trade Adjustment Assistance (TAA) for displaced workers; (c) services for participants in the Wisconsin Works and FoodShare programs; (d) job search assistance; (e) vocational rehabilitation; (f) adult basic education and literacy; (g) unemployment insurance (UI) profiling and reemployment services; (h) older worker programs; and (i) veterans employment services. In addition, JobCenterOf Wisconsin.com is operated by the job center system and DWD, and provides an employment exchange linking employers and job seekers. Wisconsin is divided into 11 workforce investment areas (workforce development areas) that are led by workforce development boards (WDBs). Each board is responsible for oversight of the job centers in its area. There are currently 22 job centers operating in Wisconsin.

The Job Service Bureau in DWD provides a variety of employment-related services to individuals including job search assistance, job referral, placement assistance, unemployment insurance reemployment services, and recruitment services. Other services such as assessment of skill levels, abilities and aptitudes, career guidance, job search workshops, and referral to training may also be available. Services are delivered in one of three modes: (a) self-service; (b) facilitated self-help; and (c) staff assisted. In addition to referring job seekers to available jobs, services offered to employers include assistance in developing job order requirements, matching job seeker experience with job requirements, skills and other attributes, assisting employers with special needs or hard-to-fill job orders, assisting with job restructuring, and arranging job fairs.

ANALYSIS

DWD will use federal SESP grant funds to expand and upgrade apprenticeship training to create new and incorporate additional apprenticeship skills requirements, related to renewable energy and energy efficiency, for new and incumbent workers. DWD will incorporate trade-specific and cross-trade renewable energy and energy efficiency components, and build energy-specific certifications and credentials into apprenticeship standards, and the apprenticeship training structure. The program will be implemented over three years.

Proposed activities related to energy efficiency include creating new apprenticeships for weatherization technician and energy auditor. In addition, the listed energy efficiency training components would be incorporated into the following apprenticeships: (a) sheet metal worker--International Training Institute, Heating, Ventilating and Air Conditioning [HVAC] curriculum; (b) steamfitter--installing/servicing geo-thermal systems; and (c) heat and frost worker--National Insulation Association, Energy Appraisal Program.

Activities related to renewable energy would include creating a new wastewater treatment plant operator apprenticeship, and incorporating the listed renewable energy training components for the following apprenticeships: (a) construction electrician--photo voltaic modules; (b)

ironworker--national curriculum for rigging/erecting wind turbines; (c) painter & decorator--"Green Building Construction" module; (d) plumber--modules for green systems such as solar water heaters; and (e) roofer and water heater--new curricula, including photo-voltaic reflective roofs. Also, the renewable energy manufacturing skills and knowledge would be upgraded for targeted manufacturing trades including: (a) machine assembler; (b) mechanical technician; (c) industrial electrician; (d) machinist; (e) maintenance mechanic; and (f) pipefitter. These jobs will be upgraded to reduce fossil fuel use in manufacturing by deploying renewable energy and energy efficient technologies, or by producing components of renewable energy systems and energy efficient products using complex materials and processes. For example, a maintenance mechanic may need to upgrade by adding biopower competency skills.

DWD indicates that the current power grid does not allow easy integration between regional grids and individual utilities, and the cost of electricity does not fully include the social costs of carbon dioxide emissions and inefficient energy usage. Three utility worker apprenticeships will be expanded or upgraded for future work on a smart grid to address these issues. Apprenticeship training for electric line workers and electric metering will be expanded. The curriculum for substation electrician will be upgraded to train workers in distributed generation techniques.

In selecting new workers for participation in the green apprenticeships, priority will be given to veterans, recipients of public assistance and other low-income individuals, minorities in areas of high minority unemployment, and dislocated workers, particularly those in Kenosha and Rock Counties affected by the auto-industry restructurings. Selection priority will also be given to incumbent workers in targeted trades who need updated energy efficiency- or renewable energy-related building or manufacturing skills, in order to continue along their career pathway. Training and support services will not be provided to individuals with household incomes that exceed 250% of the current federal poverty guidelines (\$55,125 for a family of four).

New workers will be recruited through direct working relationships with apprenticeship preparatory programs, such as the Wisconsin Regional Training Partnership/Big Step, industry and trade committees, local Job Centers, Community Action Program (CAP) agencies, and private contractors and employers. Other recruitment activities could include public service announcements, information posters, media advertisements, presentations to community and business groups, and referrals from the Unemployment Insurance Division. Incumbent apprentices will access the new training programs through formalized training channels established by local SESP project teams, BAS, and apprenticeship sponsors. Approximately 4,500 incumbent and new workers will be served by the program, about 2,950 workers will complete training and be certified or receive a degree under the program, and more than 2,500 will be placed in training-related jobs.

Placement services will be provided for non-incumbent workers by local Job Centers in cooperation with local SESP project teams and apprenticeship sponsors. Retention services will occur during the ninety days that follow placement and can include: additional skills upgrading and retraining; job coaching; counseling in the workplace from a qualified counselor, journey-worker, apprenticeship coordinator, or BAS staff; workshops on basic life and job skills; continued career

planning; supportive services that address potential barriers to continued employment; and intervention to eliminate employee-employer conflict.

The table below shows total SESP grant expenditures by component for the three-year implementation period. The table shows that most of the grant funds will be used for apprenticeship curriculum development, instructor training, and support services, including training and case management services for participants.

Total SESP Grant Expenditures

Apprenticeship Curriculum Development	\$1,304,000
Instructor Training	450,000
Support Services	3,350,000
Needs-Based Training	(2,000,000)
Case Management Program Support	(1,350,000)
Equipment/Supplies	364,250
Administration	<u>531,750</u>
 Total	 \$6,000,000

Curriculum development expenses reflect the costs of developing and expanding new or supplementing current training in targeted apprenticeships. Instructor training expenses would be incurred for training an estimated 200 apprenticeship instructors at an average cost of \$2,250 per instructor. Funding for local support services for SESP apprentice training (\$3,350,000) will be allocated to local project areas using the distribution formula for federal Workforce Investment Act (WIA) funds, with additional weighting given to counties, such as Kenosha and Rock, experiencing employee dislocation due to auto-industry restructuring, and those experiencing high minority unemployment rates, such as Milwaukee. (The WIA allocation formula is based on the level of unemployment and economically disadvantaged individuals, and population in general.) DWD will contract with designated local workforce development boards to provide training services and support. Part of this funding (\$2,000,000) will be used for needs-based training services. Funds will be used for training-related participant costs, such as books, supplies, and tuition, and for supportive services. The remaining support services funding (\$1,350,000) will be allocated for case management services, such as placement and retention, through local Job Centers.

CONCLUSION

On January 20, 2010, DWD was awarded a State Energy Sector Partnership grant of \$6,000,000 under ARRA, based on a detailed funding application that was submitted last fall. DWD will use the grant funds to upgrade and expand the state apprenticeship program to train workers for jobs related to renewable energy and energy efficiency. The Department indicates that approximately 2,950 workers will complete training and receive a certificate or degree. Committee approval of increased expenditure authority of \$6,000,000 in 2009-10, in the DWD appropriation

under s. 20.445 (1) (m), workforce investment and assistance; federal monies, would allow the Department to expend the federal SESP grant for the expanded apprenticeship training.

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