



Legislative Fiscal Bureau

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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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