



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #870

### **Fast Forward (Workforce Development -- Employment and Training)**

[LFB 2023-25 Budget Summary: Page 704, #7]

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#### **CURRENT LAW**

Under 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) standard 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. Under Act 370, the base amount provided to the newly-created workforce training grants annual appropriation for 2018-19 was \$6,250,000. Table 1 shows the amount of funding awarded by DWD from the Department's workforce training grants GPR annual appropriation from 2019-20 through 2021-22. The Department is required to allocate from this appropriation, in each fiscal year, at least \$250,000 for contracts entered into to support Project SEARCH, a business-led training program for young adults with disabilities. In addition, in each year of the 2019-21 fiscal biennium, DWD was required to allocate \$1,000,000 for grants to shipbuilders in this state to train new and current employees. Remaining amounts were awarded by the Department to the various programs authorized in current law to receive such funds, as shown in the following table.

**TABLE 1****Workforce Training Grants Appropriation, Actual Program Award Amounts**

<u>Program Name</u>	<u>Statutory Reference</u>	<u>Recipient</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>
Shipbuilder Training	s. 106.27(1u)	Fincantieri Marine Group	\$1,000,000	\$1,000,000	
Project SEARCH	s. 47.07	Various	250,000	250,000	\$250,000
Standard WFF Training Grants	s. 106.27(1)	Employers	2,640,386	2,905,092	4,866,179
Reentry Initiatives	s. 106.27(1j)	Dept. of Corrections, Various	2,359,614	1,594,908	
Increase Internship Placements	s. 106.27(1)(d)	UW System		500,000	1,133,821
Total			\$6,250,000	\$6,250,000	\$6,250,000

2. From DWD's workforce training grants 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 training grants program, the objective of the program is to award funds to organizations and businesses from all industry sectors that reimburse the costs of customized, business-driven occupational training that qualify workers for full-time employment, higher levels of employment, or increased wages. Grantees may offer a single or a series of trainings to meet their business objectives and employee training needs. Organizations are awarded two-year grants to train existing employees, or to train unemployed and underemployed workers.

3. Table 2 shows the amount of standard WFF training grants that the Department has awarded to businesses and organizations from 2017-18 through 2021-22. 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. According to DWD, in most cases, organizations share in the training costs through a 50% match of grant dollars. In 2021-22, 36 organizations were awarded a total of \$4,866,179 in standard WFF grants to provide training to 2,638 individuals. The average grant award amount, per grantee, was \$135,700 over the last five years. In 2021-22, the smallest grant award was issued to Specialty Cheese Co. Inc., Reeseville, WI, in the amount of \$9,800, and the largest grant was awarded to Kreilkamp Trucking, Inc., Allenton, WI, in the amount of \$400,000.

**TABLE 2****Standard Wisconsin Fast Forward (WFF) Training Grants Awards**

	<u>Standard WFF Awards</u>	<u>Issued Grants</u>
2017-18	\$5,569,611	39
2018-19	5,049,544	35
2019-20	2,640,386	19
2020-21	2,905,092	26
2021-22	4,866,179	36
5-yr. Average	\$4,206,162	31

4. Assembly Bill 43/Senate Bill 70 (AB 43/SB 70) would provide \$1,000,000 annually for the Department's workforce training grants appropriation, which would increase ongoing base level funding to \$7,250,000. Although not specified in the bill, the administration indicates that this additional base funding is intended for training grants for green jobs, such as environmental and conservation career paths. Grants could support training for jobs in different industries such as manufacturing, research and development, information technology, agriculture, hospitality, construction, or transportation.

5. Green jobs training grant award amounts would likely be smaller than existing standard WFF training grants. For example, according to recent data from the Solar Energy Industries Association, the average number of employees for the 185 solar companies in Wisconsin in 2022, was 16 people. Assuming a smaller average grant award, the \$1,000,000 annual additional funding provided under the bill could be used by the Department to fund an estimated 10 to 20 grants of \$50,000 to \$100,000 annually.

6. The funding increase under AB 43/SB 70 would expand the existing WFF training grants program at DWD. The Department states that the increased funding would be overseen by DWD's Division of Employment and Training, Office of Skills Development, with existing staff resources. Grantees under this proposal would be expected to meet all existing reporting and outcome measure requirements for WFF program as may be stated in the grant program announcement and grant agreement.

7. According to the Department, the proposed funding increase under AB 43/SB 70 responds to anticipated growth in green jobs. According to national data compiled by the U.S. Department of Labor, some of the fastest growing green jobs between 2021 and 2031 do not require an advanced degree or bachelor's degree. For example, the typical entry-level education for a solar photovoltaic installer is a high-school diploma or equivalent, with a 2021 median pay of \$47,700 and a projected job growth rate of 27% between 2021 and 2031. Similarly, a wind turbine service technician typically requires a postsecondary certificate or non-degree award, has a 2021 median pay of \$56,300 and a projected job growth rate of 44% between 2021 and 2031. Considering the projected growth in green jobs through 2031, the Committee could consider providing \$1,000,000 as an increase to base funding which could be used to fund green jobs training grants [Alternative A1].

8. Alternatively, the Committee could provide a smaller base funding increase to DWD's workforce training appropriation. An increase of \$500,000 annually for a green jobs program would match the funding increase recommended in the Governor's 2021-23 biennial budget submission. At the time, DWD reported that the amount of \$500,000 annually would be expected to fund an estimated seven to 10 grants of \$50,000 to \$100,000 annually, and that most businesses awarded a grant would likely be smaller and require more training per individual. According to data from the Solar Energy Industries Association 2020 the average size of a solar company is 20 people [Alternative A2].

9. Current statutory language regarding the use of funding from DWD's workforce training appropriation is permissive. In addition to specific statutorily authorized programs, the Department is permitted to award grants to any public or private organization for the development and implementation of workforce training programs. Given the potential to use existing base funding for

the purposes of green job training, the Committee could decide to take no action [Alternative A3].

10. AB 43/SB 70 does not require the Department to make grants for a green jobs training program. The Committee could instead chose to require the Department to award grants to private and public organizations for the development and implementation of green jobs workforce training programs. This option would ensure that grants would be made to organizations for green jobs training programs [Alternative B1]. Conversely, the Committee could choose to take no action on adding a requirement that DWD make grants for a green jobs training program. This alternative would continue to give the Department the flexibility to allocate any additional funding to any purpose specified under current law [Alternative B2].

## ALTERNATIVES

### A. Funding

1. Provide \$1,000,000 annually for the Department's workforce training grants annual appropriation ("Fast Forward").

ALT A1	Change to Base
GPR	\$2,000,000

2. Provide \$500,000 annually for the Department's workforce training grants annual appropriation ("Fast Forward").

ALT A2	Change to Base
GPR	\$1,000,000

3. Take no action. (Base funding of \$6,250,000 GPR each year would be maintained.)

### B. Requirement

1. Specify that the Department would be required to award grants to private and public organizations for the development and implementation of green jobs workforce training programs for the purposes of training individuals for careers in energy efficiency, conservation, and environmental sector jobs.

2. Take no action. DWD would still be able to award green jobs training grants, but would not be required to do so.

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