

Bob Gannon

STATE REPRESENTATIVE • 58th ASSEMBLY DISTRICT

Assembly Bill 243

Assembly Committee on Public Benefit Reform

Testimony of Representative Bob Gannon

Thank you, Chairman Krug and members of the Committee on Public Benefit Reform, for holding this hearing on Assembly Bill 243, a bill that looks into the practicality of creating mobility grants for those on unemployment insurance.

Many of our unemployment insurance beneficiaries are willing yet unable to move from an area where there is a weak labor market to one where there is a stronger one. Lacking those upfront costs may be the only difference between beginning a better life at a new job versus remaining stuck in a poor labor market and relying on unemployment insurance benefits.

This bill entails the Department of Workforce Development (DWD) to complete a study regarding the feasibility of social impact bond financing to aid those on unemployment insurance benefits to relocate to areas with greater employment opportunities.

The bill does not define “social impact bond,” however the term classically means a process for connecting private capital for social services that incorporate pay-for-performance. This innovative financing technique allows Wisconsin to contract with an intermediary to raise private investment funds to offer up the upfront costs for social services. This is usually a performance-based contract, removing risk for Wisconsin.

State wide unemployment is around 3.5-4.5% which means there are job markets where we need every available worker to fill the job openings. Allowing this opportunity to move those on UI to areas with more jobs would benefit the employee, the employer and the State.

Thank you for considering these bills. I am happy to answer any questions you may have on AB 243.

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Scott Walker, Governor
Raymond Allen, Secretary

Assembly Committee on Public Benefit Reform

April 18, 2017

Testimony provided by Andrew Evenson, Legislative Liaison

Chairperson Krug and Committee Members:

Thank you for the opportunity to discuss our workforce program efforts and speak in favor of Assembly Bill 243.

Governor Walker says workforce development is economic development. As we help employers find skilled workers to fill their labor market needs, we also give them the confidence to take on additional work and expand operations in Wisconsin. This leads to job creation and, ultimately, even more opportunity for Wisconsin's workers.

Thanks to Governor Walker and the support of our partners in the Legislature, more people in Wisconsin are employed than ever before and experiencing the dignity that comes with earning a paycheck. Our Unemployment is at 3.7 percent, a rate that had not been achieved since November of 2000. Meanwhile, the number of employed Wisconsinites has reached an all-time high, and the number of unemployed Wisconsinites has declined to its lowest level since January 2001.

These strong economic indicators also point to challenges facing our state. Employers are struggling to find skilled talent to fill good-paying jobs. DWD's top priority is to continue to use the funds provided by Governor Walker and the Legislature to make smart, strategic investments in solutions to meet employers' labor market needs.

AB 243 provides that DWD conduct a study regarding the feasibility of social impact bonding to assist those receiving unemployment insurance benefits to move to areas of high labor market demand areas. DWD supports this legislation as an additional source of information on Wisconsin labor market needs and how best to connect individuals searching for work and a career.

To this end, we appreciate this Committee's interest in further strengthening our workforce development, and are currently working to make sure that no talent is left on the sidelines, which includes veterans, people with disabilities, and the reentry population.

Thank you again for your time and for the opportunity to testify today in favor of AB 243. I am happy to answer any questions the committee may have at this time.



Metropolitan Milwaukee
Association of Commerce

AB 238, 240, 243

MMAC Testimony

April 18, 2017

**Steve Baas, Senior VP for Governmental Affairs and Public Policy
Metropolitan Milwaukee Association of Commerce**

Milwaukee's economy is global. Employment and capital investment decisions compete every day with the trends that both shape and shake our future. Investment will flow to regions that provide a stable platform from which employers can best innovate, produce and serve their customers.

For the first time since 1950, the working age population of the world's advanced economies are declining, and will continue to do so through 2050. Lower birth rates (dropping in half) and an aging population of non-working dependents will strain many economies.

Employers in the Milwaukee Region are feeling the ebb in the flow of this workforce tide. The metro area is projected to see the gap between available jobs and available workforce grow to 100,000 by 2023. These unfilled job openings are the projected result of modest economic growth, an aging workforce and a working age population (15-69) that will number 6,000 fewer than today.

We cannot afford to follow a course that leaves any talent on the sidelines. In 2016, 66% of African American Milwaukee Public Schools (MPS) students scored in the lowest category on the state exam in math and scored only 58% in ELA. Unless these results improve, too many of our citizens will be benched from an economy that needs productive, adaptive life-long learners.

Metropolitan Milwaukee is trapped in a cycle that drains the potential of far too many of its citizens before they even reach a classroom. What we know about giving children their best chance is not new in this community — or others. Chances for success are greatly enhanced if children are born at a normal birth-weight to a non-poor married mother with at least a high-school diploma. For a significant number of children in Milwaukee, this is NOT the case.

- 87% of all African American children in Milwaukee County are raised in families at or near poverty level income.
- 79% of Latino and other non-white children at or near poverty level.
- 86% of all Wisconsin births out of wedlock were to African American mothers, 10% higher than the U.S. average.

The statistical outcomes for these children as they grow older starkly defines the loss of potential:

- The cumulative risk an African American male high school dropout has of being incarcerated by his mid-30's is 70%.
- Only 50% of fathers under age 30 without a post-secondary degree are living with the mother of all their children.
- 33% of children born to low-income, low-education parents meet a succeeding benchmark (such as graduating from high school, waiting to have a child until after teenage years, or avoiding criminal behavior) by adulthood.

And the cycle for low-education, low-income children repeats in the following generations:

- 78% of high-school dropouts had their first child by age 25, compared to 3% of young men with a bachelor's degree or higher having a child by age 22.
- 22% is the unemployment rate of young people between 20 and 24 without a high school degree. For those with a bachelor's degree, unemployment is under 5%.

In short, if we do not do a better job of how we educate, graduate and incorporate people of color into our workforce, our regional economy – and thereby our Wisconsin economy – is unsustainable for the long term.

This somewhat lengthy introduction provides the context in which I will provide much briefer testimony in support of AB 238, AB 240, and AB 243. Neither of these bills will on their own solve all the challenges I've listed, but each in its own way provides a positive step toward creating a system of incentives that will move us closer to our goals.

AB 238

We know the odds of success for uneducated and undereducated individuals. By creating a pilot program tying Housing Choice Vouchers to work and training programs, AB 238 attempts to create an incentive that will help individuals receive the training necessary to successfully integrate challenged individuals into the workforce. It is our hope that this pilot program will result in the integration of more work-ready individuals into our economy and ensure that the taxpayer dollars put into the Housing Choice Program put a roof over the head of success rather than failure.

AB 240

In my opening statement, I highlighted the importance of education to both personal success and to the creation of a workforce pipeline capable of sustaining a growing economy. K-12 education is an integral part of that talent pipeline. There are schools throughout Milwaukee that are doing heroic things every day to educate an extremely challenged population of children. Even the best schools, however, cannot educate a child who is not in the classroom. In the 2014-15 school year, the truancy rate in MPS schools was 46%. That is over 32,000 students

who were habitually truant. By adding habitual truancy to the attendance requirements under Learnfare, AB 240 makes a strong effort to make sure our schools have the opportunity to get the children of parents on public assistance the education they will need if they are going to break out of an intergenerational cycle of dependency.

AB 243

Matching workforce needs with worker availability remains a stubborn problem throughout the metro Milwaukee area. Part of this problem stems from a location mismatch between where the jobs are located and where workers live. While at the MMAC we continue to support transit and transportation initiatives to help connect workers to jobs, looking at the feasibility and desirability of relocation grants for workers who would like to move closer to employment opportunities is another creative approach to the issue that should be investigated. Given the workforce challenge noted earlier, all approaches to getting un-and under-utilized talent off the sidelines of our economy and into jobs deserve a serious look at whether they are possible, desirable, and cost effective.