



Legislative Fiscal Bureau

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February 19, 2014

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: January 2014 Special Session AB 2 and SB 2: Funding for the Department of Workforce Development

On January 23, 2014, Governor Walker called the Legislature into special session to address two bills. One of the bills (AB LRB 3988/2 and companion SB LRB 4068/1) relates to funding for the Department of Workforce Development. The bills were introduced by the Organization Committees of the two houses as SS AB 2 and SS SB 2.

SS SB 2 was referred to the Joint Committee on Finance on January 30. SS AB 2 was referred to the Assembly Committee on Workforce Development on February 4. On February 10, that Committee recommended the bill for passage, without amendment, on a vote of 11-3. On February 11, the bill was taken up by the Assembly and passed, without amendment, on a vote of 77-22. On February 12, it was referred to the Joint Committee on Finance.

Attached is a summary of SS SB 2 and SS AB 2. The attachment is taken from this office's January 28 document, "Summary of Provisions January 2014 Special Session Bills."

BL/sas
Attachment

Workforce Development

(AB LRB 3988/2 and SB LRB 4068/1)

1. WORKFORCE DEVELOPMENT GRANTS AND SERVICES

Transfer \$32,900,000 GPR in 2013-14 and \$2,500,000 GPR in 2014-15 from the Joint Committee on Finance's (JFC's) general program supplementation appropriation to the Department of Workforce Development's (DWD's) workforce training program; grants appropriation. In addition, modify the name for DWD's appropriation to be the workforce training program; grants and services appropriation. Require DWD, when submitting its 2015-17 agency budget request, to submit information concerning the workforce training program; grants and services appropriation as if the transfer had not been made.

Require DWD to allocate the additional \$35,400,000 in the 2013-15 biennium for all of the following.

- a. Grants to technical colleges for the reduction of waiting lists for enrollment in programs and courses in high-demand fields, as determined by DWD.
- b. Grants for collaborative projects among school districts, technical colleges, and businesses to provide high school pupils with industry-recognized certifications in high-demand fields, as determined by DWD.
- c. Grants to public and private organizations or services provided by DWD to enhance employment opportunities for persons with disabilities.
- d. Administration of the grants and services listed above.

Specify that if DWD determines that the full amount of the \$35,400,000 allocation will not be needed for the administration and allocation of the grants and services listed above, the Department must allocate funds for workforce training grants, as authorized under 2013 Wisconsin Act 9.

Specify that the report DWD must submit to the Governor and the JFC Co-Chairpersons by December 31, annually, pursuant to Act 9, must also include information on: (1) the extent to which waiting lists for enrollment in courses and programs provided by technical colleges in high-demand fields are reduced as a result of the grants allocated under "a"; (2) the number of high school pupils who participated in certification programs under "b"; and (3) the number of persons with disabilities who participate in employment enhancement activities under "c". Specify that, when implementing the grants, services, and administrative costs described under "a" through "d", DWD must receive and review applications for grants and prescribe the form, nature, and extent of the information that must be contained in an application for those grants. In addition, require reports from grant recipients describing how the grant monies were expended and the outcomes achieved as a result of the waiting-list reduction activities, certification

program, or employment enhancement activities implemented by the grant recipient.

Pursuant to 2013 Wisconsin Act 9, DWD is provided \$7,500,000 GPR in 2013-14 and 2014-15 in the newly created workforce training program; grants appropriation for the purpose of awarding grants to public and private organizations for the development and implementation of the workforce training program. Act 9 requires that an organization that receives a grant must use it for the training of unemployed and underemployed workers and incumbent employees of Wisconsin businesses. DWD is required to: (a) promulgate rules determining what criteria and procedures must be used for awarding grants; (b) prescribe what information must be included in a grant application; and (c) require reports from grant recipients describing how those monies were used. The Department is required to consult with the Wisconsin Technical College System (WTCS) Board and with the Wisconsin Economic Development Corporation (WEDC) for implementation of this program. Act 9 also requires DWD to submit a report to the Governor and to the JFC Co-Chairpersons by December 31 of each year describing the Department's activities and expenditures under the workforce training grants program, including: (1) the number of unemployed and underemployed workers and incumbent employees who participate in such training; (2) the number of unemployed workers who obtain gainful employment; (3) underemployed workers who obtain new employment; (4) incumbent employees who receive increased compensation after participating in such training; and (5) the wages earned by those workers and employees both before and after participating in such a training program.

The special session bills would create a parallel program for awarding the grants and providing the services described above. DWD would have the same authority for promulgating rules and awarding grants under this program. The proposed grants and services would be subject to similar reporting requirements as grants awarded under Act 9, and DWD would be required to consult with the WTCS Board and WEDC for implementing the grants and services described under these provisions.

On January 8, 2014, JFC retained \$32,900,000 GPR in 2013-14 and \$2,500,000 GPR in 2014-15 in the Committee's general program supplementation appropriation that were related to 2013-15 amounts reserved for WEDC programs and operations expenses. Joint Finance chose to retain these monies due to surplus segregated state and WEDC fund balances that existed during the 2013-15 biennium. The amount of GPR monies that would be transferred to DWD under these provisions reflects the same amount of money that the Committee chose to retain related to WEDC. As a result of these provisions and previous actions by Joint Finance, all of the funds that the Committee chose to retain related to WEDC's budget on January 8, 2014, would be reallocated for DWD grants, services, and administrative costs associated with these proposed provisions.