
Date: Tuesday June 6, 2023

To: Chair VanderMeer, Vice-Chair Hurd, and Members of the Assembly Committee on Transportation

From: Department of Workforce Development Secretary-designee Amy Pechacek

Written Testimony Regarding AB 274

Chair VanderMeer, Vice-Chair Hurd, and Committee Members, thank you for the opportunity to provide written testimony for information only on AB 274, which requires the Wisconsin Department of Workforce Development (DWD) to establish and administer a grant program for commercial driver's license (CDL) training providers. While DWD favors action to increase CDL training capacity and the number of commercially licensed drivers throughout the state, AB 274 does not address rural and northern regional challenges constraining the supply of drivers, does not advance Wisconsin-based training providers, does not identify funding or establish a funding mechanism responsive to the needs of training providers, and could create burdensome record-keeping mandates for businesses.

Wisconsin's economy broke numerous records during 2022 and that trend has continued through 2023. Wisconsin's unemployment rate reached a new record low of 2.4% in April, with a record low number of people unemployed. The state also posted a record high number of jobs, eclipsing the pre-COVID-19 peak of January 2020. Meanwhile, the state's labor force participation rate of 64.8% stands at 2.2 percentage points higher than the national average. At the same time, initial and existing weekly unemployment insurance claims are continuing at seasonal, historic lows. Participation in Registered Apprenticeship and Youth Apprenticeship are running at record highs. To say that Wisconsinites are not working and are sitting on the sidelines is simply not true.

Wisconsin, like the rest of the Midwest, the nation, and much of the world, is facing a worker quantity shortage. The workforce quantity shortage is a global issue due to demographic trends decades in the making. Baby boomers are retiring, which was exacerbated by the pandemic, birth rates have never been lower, and in the last decade, there has been net zero to negative migration to Wisconsin. DWD has taken a proactive approach to these challenges by working to remove employment barriers, providing training opportunities, and connecting employers with underutilized talent pools.

This approach has been accelerated by the historic leadership of Gov. Tony Evers, who has made an unprecedented investment in people, jobs, and the well-being of our communities through the \$150 million Workforce Solutions Initiative. A total of \$20 million of that funding went toward subsidized employment and skill training opportunities with local employers under the Workforce Advancement Initiative (WAI) in partnership with Wisconsin's 11 workforce development boards. Since inception, WAI has helped more than 2,900 participants connect with services, employment, and training, including commercial driver's license (CDL) training. Due to its ongoing success, Gov. Evers proposed an additional \$26.5 million for WAI in his 2023-25 Executive Budget. In recognition of the shortage of commercial driver's licensed individuals, the governor's budget specifically requires DWD to award local CDL grants.

DWD favors providing CDL grants that expand the capacity for training and increase the number of workers with commercial driver's licenses in the state of Wisconsin. However, a close review of AB 274 raises significant concerns that merit additional consideration. These concerns fall into four primary areas:

- I. The bill does not address rural or northern regional challenges constraining the supply of drivers.
 - a. AB 274 would support only CDL training providers, not trainees. The bill does not require that any of the grant funding awarded to training providers be used to offset the cost to trainees.
 - b. In some parts of the state, such as the Milwaukee area, there are not enough training providers to meet the demand for CDL training. However, often in more rural and northern parts of the state, there are not enough trainees. As written, the bill does not reduce the cost barrier for constituents to participate in a CDL training program.
- II. The bill does not advance Wisconsin-based training providers.
 - a. The bill does not limit the eligibility of training providers to the state of Wisconsin, therefore, any CDL training provider in the U.S. is allowed to apply and be considered for a grant.
 - b. Currently, there are more than 30,000 training entities listed in the Training Provider Registry (TPR), of which just over 600 listed have locations in Wisconsin.
 - c. Grant administration activities such as reviewing applications for completeness, executing grant agreements between awardees and DWD, verifying that training occurred, and reviewing and responding to appeals for any applications found ineligible, would require a significant workload without any additional administrative funding or position authority under the bill.
- III. The bill does not identify funding or establish a funding mechanism responsive to the needs of training providers.
 - a. The bill as drafted does not provide DWD funding for the CDL grants. While the bill creates a new annual GPR appropriation for DWD's CDL training program, no money is included in the appropriation for either year of the 2023-25 biennium.
 - b. DWD cannot award grants to CDL training providers unless there is funding in the appropriation for the grants.
 - c. The bill does increase the supplemental appropriation for the Joint Committee on Finance (JFC) under s. 20.865 (4) (a) by \$1,500,000 in each year of the 2023-25 biennium to provide funding for the proposed CDL training grant program.
 - d. Lacking other guidance in the bill, DWD expects it would need to request funds from JFC under existing s. 13.10 authority. This mechanism is not responsive to the needs of training providers and creates unnecessary bureaucratic steps.
- IV. The bill could create burdensome recordkeeping mandates for businesses.
 - a. Establishing grant award eligibility in terms of applicants' compliance with the federal rules found in 49 CFR Part 380, subparts F and G, includes, but is not limited to requirements for facilities, equipment, and instructor credentials.
 - i. This could require verification from DWD because CDL training providers self-report their compliance.
 - b. Determining grant award eligibility and award amounts could also require significant reporting requirements for the businesses and generate significant administrative costs for DWD. Under the bill, grant amounts awarded may not exceed 50 percent of the training costs or \$3,000, whichever is less, for each individual trained.
 - i. DWD may then request and review applicants' cost reports from businesses to allow DWD to verify the cost to train each individual trainee.
 - ii. Given the potentially large number of eligible applicants nationwide, reviewing costs without additional funding or position authority would be significant and not absorbable by DWD.
 - iii. The bill also does not provide DWD additional administrative budget or position authority, and yet requires the Department to assume responsibilities for initiating, promoting, and administering the grant program. The fiscal impact of this bill is estimated to be substantial and not absorbable by DWD.

DWD welcomes the opportunity for dialogue and engagement regarding efforts to increase CDL training capacity and the number of commercially licensed drivers throughout Wisconsin. Thank you for the opportunity to provide this information.