
Date: Wednesday, Sept. 27, 2023

To: Chair Feyen, Vice-Chair Stafsholt, and Members of the Senate Committee on Economic Development and Technical Colleges

From: Department of Workforce Development Secretary Amy Pechacek

**Written Testimony Regarding SB 271
Relating to: A commercial driver training grant program and making an appropriation**

Chair Feyen, Vice-Chair Stafsholt, and committee members, thank you for the opportunity to provide written testimony for information only on SB 271, 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, as currently written, SB 271 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 remains near record lows. The state also posted a new record high number of jobs in August. Wisconsin's labor force participation rate of 65.7% stands 2.9 percentage points above the national rate of 62.8%, and, the state's labor force grew by 57,100 people over the year. At the same time, initial and existing weekly unemployment insurance claims are continuing at seasonal, historic lows. Finally, participation in Registered Apprenticeship and Youth Apprenticeship are running at record highs.

All of these numbers are incredibly positive for Wisconsin, yet we know many employers are feeling anxious about their ability to fill jobs. The reality is we're facing a labor market quantity challenge driven by demographic trends that have been building for decades. Baby Boomers are aging and retiring, and we've seen a gradual rise of employment barriers including lack of access to affordable childcare, transportation, housing, and broadband.

These challenges are not unique to Wisconsin or even our nation. However, what sets Wisconsin apart is our innovative approach to finding workforce solutions and developing homegrown talent. DWD has taken a proactive approach to these challenges by working to remove employment barriers, provide training opportunities, and connect 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 \$158 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 3,500 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 proposed budget specifically required 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 SB 271 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. SB 271 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, as currently written, 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.
 - d. Senate Substitute Amendment 1, introduced on Sept. 26, includes language specifying that CDL training providers applying for the grants must maintain a Wisconsin facility that is listed in the Federal Motor Carrier Safety Administration's registry of approved training providers, and the training must be provided at or through that facility.
- III. The bill, as currently written, 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.
 - e. Senate Substitute Amendment 1, introduced on Sept. 26, removes the \$1,500,000 from the supplemental JFC appropriation, leaving a total of \$250,000 annually in GPR funds available for training grants through the approved 2023-25 biennial budget.
- 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.

Regarding Senate Substitute Amendment 1 to SB 271, the department would like to raise a few additional considerations. DWD appreciates the action taken to address limiting this grant to training providers with Wisconsin facilities, as noted above. The substitute amendment also requires trainees to reside in Wisconsin and obtain a CDL in the state. However, Substitute Amendment 1 does not address the other three primary areas outlined in this testimony, and the department has greater concerns regarding funding for this program. The substitute amendment still includes the new CDL appropriation 20.445(1)(bk) with zero dollars for the 2023-25 biennium, and it also removes the appropriation of funds to the Joint Committee on Finance that was included in SB 271. The department then assumes that the intended funding source is the \$250,000 appropriated to JFC's supplemental appropriation in each year of the 2023-25 biennium. The department would still have to request funds from JFC under existing s. 13.10 authority. If the department receives the \$250,000 annually from JFC, the department estimates that only 83 trainers would receive one grant to train one individual annually.

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.

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