
Senate Committee on Economic Development and Technical Colleges Public Hearing

Wednesday, October 11, 2023
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201 Southeast

Department of Workforce Development Testimony on Special Session Senate Bill 1 relating to: fall workforce package, granting rule-making authority, making an appropriation, and providing a penalty.

Thank you, Chair Feyen, Vice-Chair Stafsholt, and committee members, my name is Amy Pechacek. I am the Secretary-designee for the Department of Workforce Development (DWD). I am pleased to be here today to testify in support of Senate Bill 1, which removes employment barriers and advances workers and job seekers in critical and in-demand occupations by investing over \$1.1 billion of Wisconsin's readily available \$4 billion surplus into proven programs that help Wisconsin residents, businesses, and communities thrive.

Wisconsin's economy has been on a winning streak, with a record low unemployment rate of 2.4% in May of 2023 and continued historically low unemployment rates through the present. The state also posted a record high number of jobs in August and boasts a labor force participation rate of 65.7%, which is 2.9 percentage points above the national rate of 62.8%. 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, with record employer participation and a record number of apprenticeship pathways.

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, birth rates have declined, and there has been net zero to negative in-migration to Wisconsin over most of the last decade.

As a result, Wisconsin's small businesses, farmers and producers, hospitals and healthcare sectors, schools, and other critical employers and industries continue to face significant challenges filling available jobs.

To meaningfully and comprehensively address the state's workforce challenges and for Wisconsin to remain economically competitive, we need to implement innovative programs to support our workforce by removing the barriers to advance workers, their families, our communities, and Wisconsin businesses. SB 1 proposes paid family and medical leave programs that ensure parents and families can put their children first while bolstering the workforce and employers. The proposed paid FMLA programs put Wisconsin on par with neighboring states such as Minnesota and Illinois, in addition to 12 other states that have implemented similar FMLA policies.

SB 1 also builds on Governor Evers' successful \$158 million Workforce Solutions Initiative, which addresses barriers to some of our most in-demand sectors: healthcare, education, and childcare. These sectors' staff are the workforce behind the workforce by serving Wisconsinites daily and caring for the workforce of tomorrow.

DWD would like to highlight the following considerations regarding SB 1 specifically as it relates to paid family and medical leave, and the healthcare workforce initiatives.

Paid Family and Medical Leave

SB 1 would bolster our state's workforce, maintain our momentum, and build an economy for our future from the ground up by ensuring that parents can put their kids and families first.

This legislation creates a first-of-its-kind Wisconsin Paid Family and Medical Leave Act (FMLA) Program administered by DWD. Under the paid FMLA program, workers will be eligible for 12 weeks of leave beginning January 1, 2025. This program will be self-sustaining by 2026, and benefits will be funded through payroll contributions shared equally by an employer and an employee, much like the current Unemployment Insurance system. Employers with fewer than 50 employees would be able to opt-in to the program.

To launch the program expeditiously, SB 1 infuses the new benefit and administration trust fund with a transfer of \$243.4 million. SB 1 also expands eligibility for workers to use family and medical leave, paid or not, to include deployment of a spouse or child and an unforeseen or unexpected closure of a school or childcare facility, among other modifications.

Healthcare Workforce Initiatives

SB 1 provides solutions to workforce challenges in high-need regions by investing more than \$175 million to strengthen our healthcare and education workforces.

Investing \$100 million in DWD's successful Workforce Innovation Grants (WIG) program will allow DWD to provide grants to regional organizations to design and implement plans to address their region's healthcare-related workforce challenges.

SB 1 provides approximately \$60 million to address healthcare workforce challenges, including:

- \$17 million for the healthcare opportunity grants, which allows DWD to establish and operate a program to provide grants to local workforce development boards to assist individuals who have been struggling to get back on track with their employment since the pandemic.
- \$936,600 and one new DWD position to conduct stakeholder outreach and engage partners to develop new healthcare apprenticeship pathways.
- \$42 million for other state agencies' efforts to address healthcare workforce challenges.

In addition to the investments above, SB 1 also makes targeted investments in the state's education workforce by providing more than \$16 million over the biennium to address the teacher shortage plaguing schools across the state, including funding for "grow your own" initiatives and incentives for student teachers.

DWD is in favor of this legislation's meaningful solutions to address our state's workforce challenges, support working families, maintain our state's economic momentum, and make Wisconsin a more attractive place to live for working families.

Thank you for the opportunity to provide this information. I am happy to answer any questions.