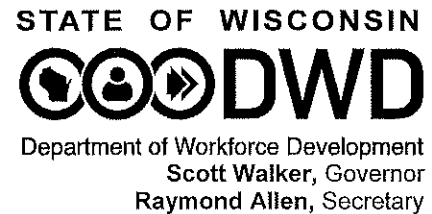


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**DWD Testimony on the 2017-19 Biennial Budget Bill  
Provided by Secretary Ray Allen  
March 30, 2017**

Dear Members of the Joint Committee on Finance:

I am here today to express my support for Governor Walker's 2017-2019 State Biennial Budget Bill and, specifically, the Governor's plan to invest in the workforce. These investments are made possible through the common-sense reforms implemented by the Governor and you, our partners in the Legislature.

Thanks to these reforms, along with tough but prudent financial decisions, we now have resources to invest as a Reform Dividend in developing the workforce, and growing Wisconsin's economy. As Wisconsin's premier state talent development agency, the Department of Workforce Development (DWD) will remain at the forefront of these efforts.

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.

In many ways, the workforce is already reaping economic rewards from the growing economy, and our state's talent development initiatives. Wisconsin's unemployment rate has plummeted to 3.7 percent, a number that has not been reached since November 2000. This is in stark contrast to the 8.1 percent unemployment rate when Governor Walker first took office. 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.

Additionally, wages are growing. After adjusting for inflation, total private sector wages climbed by 5.1% in 2015, and average weekly wages increased that year by 3.6%. In both cases, this is the best growth since 2001.

These strong economic indicators also point to challenges facing our state. Employers are struggling to find skilled talent to fill good-paying jobs. The Governor's budget makes smart, strategic investments in solutions to meet employers' labor market needs.

The budget increases funding for Wisconsin Fast Forward, Governor Walker's signature worker training grant program that the Legislature passed with overwhelming bipartisan support in 2013. I am pleased to report that over \$18 million in grant funding has been awarded for some 200 projects to date. This funding has trained thousands of new and incumbent workers to meet the skills requirements of hundreds of Wisconsin businesses. Training grant opportunities focus on key, in-demand sectors such as manufacturing and health care.

Wisconsin Fast Forward has also given us the flexibility to focus on the talent needs of specific regions, including Milwaukee. This includes an investment of nearly \$480,000 to train approximately 600 workers in Milwaukee for 13 area employers. This is part of the \$4.5 million investment that Governor Walker announced last year, to strengthen the city of Milwaukee's economy and revitalize neighborhoods.

The Blueprint for Prosperity expansion that Governor Walker signed in 2014 invested another \$35.4 million in Wisconsin Fast Forward. These funds addressed technical college wait lists, supported innovative school-to-work programs, and advanced initiatives to employ persons with disabilities.

The Governor's budget increases funding for Wisconsin Fast Forward by \$12.6 million, and provides DWD with greater flexibility to increase support for programs like Youth Apprenticeship, Registered Apprenticeship and dual enrollment programs. The expanded funding will support grants for Technical College Workforce Training Programs, launch a Teacher Development Program, advance internships, create employee resource networks, and expand nursing training programs to meet growing talent needs in health care.

Wisconsin's Registered Apprenticeship program has helped employers meet their need for skilled workers for more than 100 years. Additionally, our Youth Apprenticeship program also grown since its launch in the early 1990s, reaching a 10-year enrollment high during the 2015-16 school year.

Demand for Youth Apprenticeship during the current school year was so high, DWD used the financial flexibility provided by the Governor and the Legislature to transfer funding – nearly \$1 million – into the program. By supporting and expanding into new areas to meet labor market needs, Governor Walker's budget focuses on rewarding work and growing the economy.

Savings from the Reform Dividend will also help Wisconsin do more to tap the talents of all who want to work. This includes additional funding to help inmates in the state's correctional system. Governor Walker's budget invests over \$1 million to expand mobile classrooms for inmates to develop in-demand skills prior to their reentry into the community. Additionally, the budget establishes a coordinator position to expand apprenticeships for inmates, in collaboration with the Department of Corrections.

The Governor's biennial budget supports continued outreach to another population with tremendous talent and potential. DWD's Office of Veterans Services helps thousands of veterans returning from military service find good-paying jobs every year. Under Governor Walker's leadership, DWD has partnered with other agencies to connect more veterans to employment in state government.

The Governor established the Wisconsin Veterans Employment Initiative and Council on Veterans Employment. The Council is charged with increasing the number of employees working in state government positions through coordinated recruitment efforts. Wisconsin also launched the WiscJobsForVets website in 2015, to help increase the number of veterans employed in state government.

Whether through mobile labs for returning inmates, special recruitments focused on veterans, or other innovative approaches, DWD remains deeply committed to helping anyone overcome employment barriers, and experience the dignity that comes with earning a paycheck. This includes job seekers with disabilities who are served through our Division of Vocational Rehabilitation.

Over the last two federal fiscal years combined, some 9,500 persons with disabilities achieved their employment goals. This represents a two-year record high for the program. These results were made possible through the talents of our DVR staff, and through the action of the Legislature and Governor Walker. In 2014, the Governor signed legislation to increase state funding and maximize the federal match for vocational rehabilitation dollars. Governor Walker's biennial budget maintains this commitment. With the Legislature's support, our counselors and partners will help thousands of additional individuals with disabilities achieve their employment goals and experience greater independence.

Now, I would like to briefly highlight some additional investments in the Governor's biennial budget focused on talent development.

The budget includes nearly \$3 million over the biennium to reimburse school districts that participate in the Early College Credit Program. This program builds off the successful partnership with the Department of Public Instruction known as Career and Technical Education (CTE).

The CTE program provided \$3 million in funding last year for almost 4,000 students to receive a professional credential while still in high school. Additionally, the budget calls for DWD to collaborate with DPI and other agencies such as DCF to study chronic absenteeism and public assistance.

The Governor's budget also includes the transfer of the Agricultural Education and Workforce Development Council from DATCP to DWD. Through a direct link to Wisconsin's lead talent development agency, there will be greater opportunities for the Council to advise, inform, and support continued growth in our state's vital agriculture industry.

As previous reforms laid the foundation for our state's positive financial picture today, Governor Walker's budget advances a vision of a government that is more efficient, effective and accountable to the taxpayers. One key example is the transfer of administrative appeals functions from the Labor and Industry Review Commission (LIRC) to DWD and the Department of Administration. DWD has the capacity and expertise to implement a streamlined, cost-effective and fair appeals process that is similar to systems in other states. This change also allows us to right-size staff-to-caseload ratios.

The caseloads for LIRC have declined by more than half – 56 percent – since 2011, when the Governor took office. However, LIRC's budgets are not following this trajectory. Instead, they have increased budget requests for a decreasing caseload. Through the elimination of LIRC and transfer of duties to DWD and DOA, we will implement a system that provides faster turnaround on decisions, while maintaining a fair and independent appeals process. This proposal is a win for customers of these programs, a win for those seeking a faster and more streamlined appeals system, and a win for the public.

Additional measures in the budget include language to complete the transfer of certain positions from Worker's Compensation to DOA's Division of Hearings and Appeals. This also includes additional SEG position authority to improve Worker's Compensation operational service and timeliness. With these changes, DWD also will eliminate five positions, resulting in a zero increase in position authority.

As with other Cabinet agencies, DWD's human resource staff will transfer to DOA under the Governor's budget. As such, the HR staff will continue working closely with DWD, and we expect a seamless transition.

Finally, reforms of the Equal Rights Division's settlement procedures will prevent needlessly drawn out legal action against employers. This will occur by facilitating fair settlements by requiring all parties to perform a good faith evaluation of the case, leading to quickly resolve disputes for true and actual value.

In closing, we have worked with the Legislature to enact common-sense reforms and advance a business-friendly climate, which has dramatically improved the state's financial position. Our work has paid dividends that we can now reinvest to further develop the workforce and grow the economy. Governor Walker's budget prioritizes Reform Dividend savings to meet Wisconsin's workforce needs today and in the years to come. His budget also supports additional reforms to improve government efficiency, effectiveness and accountability.

We appreciate the opportunity to present the Governor's biennial budget, and we look forward to working with our partners in the Legislature to finalize a budget that puts taxpayers first, and moves our state's workforce and economy forward.

Thank you again, and I am happy to take questions at this time.

