

Letter Report

Workforce Advancement Training Grant Program

February 2011



Legislative Audit Bureau

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STATE OF WISCONSIN

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Janice Mueller
State Auditor

February 10, 2011

Senator Robert Cowles and
Representative Samantha Kerkman, Co-chairpersons
Joint Legislative Audit Committee
State Capitol
Madison, Wisconsin 53702

Dear Senator Cowles and Representative Kerkman:

In response to a complaint reported to the Fraud, Waste, and Mismanagement Hotline established by 2007 Wisconsin Act 126, we have completed a limited-scope review of the Wisconsin Technical College System's (WTCS's) Workforce Advancement Training grant program. The program was created in 2005 Wisconsin Act 25 to help address training needs of Wisconsin businesses and enhance skills of the workforce. Concerns were raised about the adequacy of controls over the use of program funds.

From the program's inception through the end of the current biennium, in June 2011, \$14.9 million in general purpose revenue has been appropriated for short-term customized training services provided by the technical college districts. According to an October 2010 report released by WTCS, 352 training grants were awarded from July 2007 through June 2010, which the districts reported using to train approximately 37,900 employees in businesses statewide.

We reviewed both the process WTCS uses to solicit, review, award, and monitor grants and 34 grant files from 4 of the 16 districts: Fox Valley Technical College, Waukesha County Technical College, Northcentral Technical College, and Madison Area Technical College (Madison College). We found that WTCS has established a competitive process to review districts' grant applications and has complied with these procedures in making awards to districts. However, we are concerned that districts have received reimbursement for costs not actually incurred and note that districts have had difficulty spending all available program funding. If the Legislature approves the continued program funding requested for the 2011-13 biennium, WTCS could take steps to ensure funds are used effectively and efficiently.

We appreciate the courtesy and cooperation extended to us by WTCS and district staff in conducting this review.

Sincerely,

Janice Mueller
State Auditor

JM/SH/bm

WORKFORCE ADVANCEMENT TRAINING GRANT PROGRAM

The Workforce Advancement Training grant program was created in 2005 Wisconsin Act 25 to help address training needs of Wisconsin businesses and enhance skills of the workforce. Our review of the program identified two concerns.

First, our review of grant files revealed instances of districts receiving reimbursement for costs not actually incurred. For example:

- Madison College was overpaid by \$14,294 for eight contracts that were awarded in FY 2007-08 and FY 2008-09 because the Madison Area district requested and received reimbursement based on its standard contract rate, which reflects the cost of full-time instructors, even though services were provided by part-time instructors who earn lower salaries and have lower fringe benefit costs.
- Northcentral Technical College was reimbursed \$29,615 for instructional materials that were not all used in training provided under this program. The Northcentral district received reimbursement for instructional materials that it purchased and then determined were not usable for the scheduled training dates, as well as for replacement materials. District staff have indicated that some of the original materials were eventually used in other areas unrelated to the grant program, although others were never used.

Second, the districts have had difficulty in spending all available program funding. In the 2007-09 biennium, approximately \$2.2 million of the \$6.0 million program appropriation remained unspent. Most of the \$6.9 million available for the current biennium has been awarded to districts, but the districts expended only \$2.0 million through December 2010. One reason for the limited spending to date has been lower-than-expected participation by small businesses, which statutes define for this program as businesses with annual gross sales of less than \$10 million, or fewer than 100 employees. To address limited spending by the districts, the level of funds earmarked for small businesses has been reduced and the focus of grant funding has been shifted to large businesses; districts may continuously submit applications for small business training; the program's annual appropriation has been changed to a biennial appropriation; and, most recently, a match requirement for all grants, which had previously been established at 25 percent, has been eliminated.

We also note that technical college districts' participation has varied widely. As shown in the table that follows, district expenditures from the program's inception through October 2010 have ranged from nearly \$1.1 million for the Fox Valley Technical College district to \$18,400 for the Blackhawk Technical College district.

Workforce Advancement Training Grant Program Expenditures by District
Inception through October 2010

District	Large Business	Small Business	Total
Fox Valley	\$ 918,500	\$140,500	\$1,059,000
Waukesha County	667,500	17,200	684,700
Northeast Wisconsin	529,000	97,900	626,900
Moraine Park	479,000	101,300	580,300
Northcentral	438,100	109,200	547,300
Chippewa Valley	487,500	41,700	529,200
Madison Area	492,800	30,900	523,700
Lakeshore	423,600	63,200	486,800
Gateway	411,500	53,400	464,900
Western	320,600	54,100	374,700
Milwaukee Area	299,700	46,000	345,700
Southwest Wisconsin	289,100	30,600	319,700
Wisconsin Indianhead	295,200	5,300	300,500
Nicolet Area	154,700	3,200	157,900
Mid-State	25,800	20,600	46,400
Blackhawk	17,400	1,000	18,400
Total	\$6,250,000	\$816,100	\$7,066,100

Source: WTCS

In its 2011-13 biennial budget request, WTCS has requested \$3.97 million in each year to continue funding for the Workforce Advancement Training grant program. WTCS expects that interest in and use of program funds will increase significantly if the match requirement for all grants continues to be eliminated. If the request for continued program funding is approved, program changes could help ensure that funds are used effectively and efficiently.

☑ Recommendation

We recommend the Wisconsin Technical College System improve the Workforce Advancement Training program by:

- *requiring districts to base their application materials on expected actual costs, rather than contract rates that may include higher costs;*
- *recovering \$14,294 from Madison College for costs that were reimbursed but not actually incurred in the eight contracts we reviewed; and*
- *contacting Northcentral to determine an amount of program funds not used for the training grant to be recovered.*

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