

Report 19-24
November 2019

Wisconsin Fast Forward Program

Department of Workforce Development

STATE OF WISCONSIN



Legislative Audit Bureau ■

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November 2019**

Wisconsin Fast Forward Program

Department of Workforce Development

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22 East Mifflin St., Suite 500 ■ Madison, WI 53703 ■ (608) 266-2818 ■ Hotline: 1-877-FRAUD-17 ■ www.legis.wisconsin.gov/lab

Joe Chrisman
State Auditor

November 14, 2019

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

Dear Senator Cowles and Representative Kerkman:

As requested by the Joint Legislative Audit Committee, we have completed an evaluation of the Wisconsin Fast Forward program, which is administered by the Department of Workforce Development (DWD). The standard program was created by 2013 Wisconsin Act 9, and the expanded program was created by legislation enacted in the following years. From fiscal year (FY) 2012-13 through FY 2018-19, program expenditures totaled \$62.7 million, including \$47.4 million (75.6 percent) for grants and \$15.3 million (24.4 percent) for administration.

We analyzed DWD's data and found that 9,451 individuals completed program-funded training and were counted as program successes as a result of all 209 standard program grants that ended through December 2018. These individuals represented 52.9 percent of the 17,881 individuals whom grant recipients were contractually required to train. Individuals who completed standard program-funded training and were counted as program successes received an average wage increase of \$1.85 per hour. DWD collected less information on the results of the few expanded program grants that ended through December 2018.

We found that DWD did not attempt to verify the accuracy of the information grant recipients submitted to it about the results of their grants. We also found that DWD included inaccurate information in its statutorily required December 2018 report to the Governor and the co-chairpersons of the Joint Committee on Finance. We recommend that DWD make improvements and take additional actions to assess program results. DWD should use the assessment results when awarding future program grants.

To evaluate DWD's administration of the program, we reviewed its files for 242 grants totaling \$57.0 million. Our file review found concerns with how DWD reviewed some grant applications. It also found that DWD did not consistently follow statutes and administrative rules when awarding program grants, and that DWD did not consistently require recipients to repay grant funds for not meeting contractually specified results. In addition, DWD did not comply with statutes by regularly consulting in recent years with other entities about the program. We make recommendations for improvements.

We appreciate the courtesy and cooperation extended to us by DWD. A response from DWD's secretary follows the appendices.

Respectfully submitted,


Joe Chrisman
State Auditor

JC/DS/ss

Report Highlights ■

Program expenditures totaled \$62.7 million from FY 2012-13 through FY 2018-19.

As a result of 209 standard program grants that ended through December 2018, 9,451 individuals were counted as program successes and received an average wage increase of \$1.85 per hour.

Few expanded program grants ended through December 2018.

DWD did not consistently comply with statutes and administrative rules when awarding grants or provide sufficient management and oversight of all contracts.

The Wisconsin Fast Forward standard program was created by 2013 Wisconsin Act 9, which was enacted in March 2013. The expanded program was created by legislation enacted in the following years. The Department of Workforce Development (DWD) administers the program by awarding grants to public and private organizations for workforce training that is intended to provide individuals with skills needed by Wisconsin employers. The program is funded by general purpose revenue. From fiscal year (FY) 2012-13 through FY 2018-19, program expenditures totaled \$62.7 million, including \$47.4 million (75.6 percent) for grants and \$15.3 million (24.4 percent) for administration.

We analyzed DWD's data and found that 9,451 individuals completed program-funded training and were counted as program successes as a result of all 209 standard program grants that ended through December 2018. DWD collected less information on the results of the expanded program.

To complete this audit, we:

- analyzed program grants, expenditures, and staffing levels from FY 2012-13 through FY 2018-19;
- analyzed the results of program grants that ended through December 2018; and
- evaluated DWD's administration of the program.

Program Grants

Under the standard program, statutes required DWD to award grants to public and private organizations in order to develop and implement workforce training programs. Various legislation enacted in subsequent years created what is commonly referred to as the expanded program, which includes 23 additional program components. Under the expanded program, statutes required DWD to fund additional workforce training activities. For example, statutes required DWD to allocate \$35.4 million in grants from FY 2013-14 through FY 2014-15 for program components commonly referred to as “Blueprint for Prosperity,” including grants to technical colleges to reduce the waiting lists for enrollment in programs and courses in high-demand fields.

Grant recipients contractually agreed to complete specified activities, such as providing training to individuals. Under the terms of their contracts, which typically lasted for two years, recipients could request that DWD reimburse them for eligible expenses. From FY 2012-13 through FY 2018-19, DWD awarded 514 program grants totaling \$81.2 million. Not all of these grants had ended at the time of our audit.

Program Results

DWD required standard program grant recipients to electronically submit to it the results of grants, including information on the individuals who completed program-funded training and the wages of these individuals before and after training. DWD assessed information submitted by recipients to determine whether individuals who completed program-funded training could be counted as program successes, such as if individuals had received increased compensation. DWD did not attempt to verify the accuracy of this information, such as by comparing the wage information with the unemployment insurance data it maintains.

Statutes require DWD to report annually by December 31 to the Governor and the co-chairpersons of the Joint Committee on Finance on certain program results during the preceding fiscal year. We identified concerns with certain information in DWD’s December 2018 report. This report contained inaccurate information on program results, counted as program successes certain individuals who did not receive increased compensation after completing program-funded training, and counted as program successes individuals whose wage-related information DWD had not yet assessed.

We analyzed DWD's data and found that a total of 9,451 individuals completed program-funded training and were counted as program successes as a result of all 209 standard program grants that ended through December 2018. This total was 52.9 percent of the 17,881 individuals whom grant recipients were contractually required to train.

The 9,451 individuals who completed standard program-funded training and were counted as program successes received an average wage increase of \$1.85 per hour. We also found that:

- 27.4 percent of such individuals did not receive a wage increase, and 8.2 percent received a wage increase of at least \$5.00 per hour; and
- 21.4 percent of such individuals were paid less than \$11.67 per hour, and 23.3 percent were paid \$20.00 per hour or more.

The results of the 209 standard program grants that ended through December 2018 varied considerably. We found that the average wage increase of individuals who completed program-funded training and were counted as program successes varied widely among business sectors. Few expanded program grants ended through December 2018, but additional such grants will end in the future.

DWD should take additional actions to assess program results, including by determining whether grants awarded to certain types of recipients or for certain training purposes were more successful or cost-effective than others at training individuals counted as program successes. DWD should use the results of these assessments when awarding future program grants.

Program Administration

To evaluate DWD's administration of the program, we reviewed its files for 242 standard and expanded program grants totaling \$57.0 million. We found that DWD did not consistently comply with its administrative rules when it awarded grants under certain components of the expanded program. We also found that DWD did not establish comprehensive program policies.

Our file review found that DWD did not consistently:

- assess applications according to the terms of its grant program announcements, which indicated

the availability of funds to address specific workforce development activities;

- comply with statutes and its administrative rules when awarding grants;
- require recipients to repay grant funds for not meeting contractually specified results;
- provide sufficient management and oversight of all contracts, including those it is statutorily required to execute; or
- require grant recipients to submit the contractually required documentation before reimbursing them for grant-related expenses.

Statutes require DWD to consult with the Department of Public Instruction (DPI), the Wisconsin Technical College System Board, and the Wisconsin Economic Development Corporation (WEDC) in order to implement various program components. We found that DWD did not regularly consult with other entities.

Recommendations

We include recommendations for DWD to report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to:

- ☑ improve how it closes standard program grants, reports standard program results, and assesses standard program results (*pp. 24, 26, and 39*);
- ☑ take appropriate actions when closing expanded program grants, reporting expanded program results, and assessing expanded program results (*p. 41*);
- ☑ consistently comply with its administrative rules, establish comprehensive program policies, and promulgate statutorily required rules (*pp. 45, 46, and 47*);
- ☑ improve how it reviews grant applications, awards grants, and manages and oversees contracts (*pp. 50, 52, 54, 55, and 56*); and
- ☑ improve its consultation with other entities about the program (*p. 58*).

Issues for Legislative Consideration

The Legislature could consider modifying statutes to:

- require DWD to report annually on the results of all program components ([p. 42](#)); and
- require DWD to report annually on the results of individual program grants ([p. 42](#)).

■ ■ ■ ■

Introduction ■

2013 Wisconsin Act 9 created what is commonly referred to as the Wisconsin Fast Forward standard program.

2013 Wisconsin Act 9, which was enacted in March 2013, created what is commonly referred to as the Wisconsin Fast Forward standard program. Act 9 required DWD to award grants to public and private organizations in order to develop and implement workforce training programs. Recipients could use their grants to train unemployed and underemployed individuals and incumbent employees of Wisconsin businesses. Act 9 required DWD to consult with the Wisconsin Technical College System Board and WEDC to implement the program. Act 9 also required DWD to develop and maintain a labor market information system to collect, analyze, and disseminate information on employment opportunities in Wisconsin, and to make this information available at no cost to the public.

Other legislation enacted in subsequent years created what is commonly referred to as the expanded program. Under the 23 components of the expanded program, statutes required DWD to fund a number of additional workforce training activities, including by:

- coordinating between institutions of higher education, nonprofit organizations, and employers to increase the number of student internships with employers;
- awarding grants to school boards, governing bodies of private schools, or charter management organizations that have partnered with a DPI-approved educator preparation program to develop teacher development programs; and

- awarding grants to nonprofit organizations that operate programs to recruit and prepare individuals to teach in public or private schools in low-income or urban school districts in Wisconsin.

Under the expanded program, statutes required DWD to award program grants to specific entities, including up to \$1.0 million to the Department of Corrections (DOC) to fund the creation and operation of mobile classrooms to provide job skills training to individuals in underserved areas of Wisconsin, including correctional institution inmates preparing to reenter the workforce. Statutes also required DWD to award \$200,000 to the Milwaukee Development Corporation to provide students with the skills needed to become future business owners.

Under the expanded program, statutes allowed DWD to award grants for a variety of activities, including programs that train individuals to become teachers, and grants for community-based organizations for public-private partnerships to create and implement a nursing training program for middle school and high school students.

Statutes required DWD to allocate \$35.4 million from FY 2013-14 through FY 2014-15 for expanded program components commonly referred to as “Blueprint for Prosperity.”

Under the expanded program, statutes required DWD to allocate \$35.4 million in program grants from FY 2013-14 through FY 2014-15 for expanded program components that are commonly referred to as “Blueprint for Prosperity,” including:

- grants to technical colleges to reduce the waiting lists for enrollment in programs and courses in high-demand fields, as determined by DWD;
- grants for collaborative projects among school districts, technical colleges, and businesses to provide high school students with industry-recognized certifications in high-demand fields, as determined by DWD; and
- grants to public and private organizations, or services provided by DWD, to enhance employment opportunities for individuals with disabilities.

2019 Wisconsin Act 9, the 2019-21 Biennial Budget Act, modified the expanded program.

2019 Wisconsin Act 9, the 2019-21 Biennial Budget Act, modified the expanded program, including by:

- requiring DWD to award \$1.0 million in each year of the biennium for grants to shipbuilders in Wisconsin to train new and current employees;

- requiring DWD to award grants to DOC to fund job centers at minimum security correctional institutions and medium security prisons;
- requiring DWD to award grants of \$75,000 in each year of the biennium for workforce training in county jail facilities; and
- allowing DWD to award grants to attract and retain personal care workers.

DWD considers the Fast Forward program to include 24 components, including 1 standard program component and 23 expanded program components. Appendix 1 provides summary information about each of these 24 program components, including the legislation enacted to create each program component, the types of applicants that were eligible to apply for grants through each program component, and a brief description of each program component.

Grants

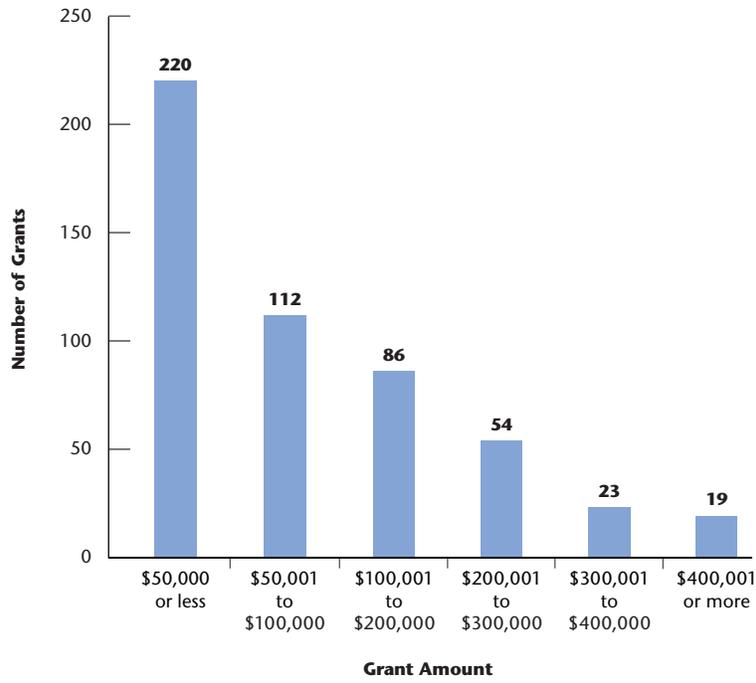
Grant recipients contractually agreed to complete specified activities, such as providing training to individuals. Under the terms of their contracts, which typically lasted for two years, recipients could request that DWD reimburse them for eligible expenses on an ongoing basis. As a result, DWD paid the grant amounts over multi-year periods. To help ensure contractual compliance, DWD typically retained until its contracts ended 5.0 percent of the funds it would have otherwise paid to recipients. If recipients did not train as many individuals as originally anticipated, they may not have requested or received reimbursement for the full grant amounts.

From FY 2012-13 through FY 2018-19, DWD awarded 514 program grants totaling \$81.2 million.

From FY 2012-13 through FY 2018-19, DWD awarded 514 program grants totaling \$81.2 million. Grant recipients included businesses, nonprofit organizations, technical colleges, and state agencies. Grants ranged in size from \$5,000 to \$5.0 million. As shown in Figure 1, 220 of these 514 program grants (42.8 percent) were each \$50,000 or less.

Figure 1

Number of Program Grants, by Amount
 FY 2012-13 through FY 2018-19



We separately examined the purposes of grants made under the standard and expanded programs because standard program grants typically targeted broad business sectors, such as manufacturing or transportation, and expanded program grants typically targeted statutorily specified purposes. For example, statutes required DWD to allocate \$35.4 million from FY 2013-14 through FY 2014-15 for expanded program grants to support several types of activities, including grants to technical colleges to reduce the waiting lists for programs and courses in high-demand fields, which DWD determined would include fields such as welding, nursing, and truck driving.

From FY 2012-13 through FY 2018-19, DWD awarded \$29.6 million in standard program grants, including \$14.0 million (47.3 percent) awarded to the manufacturing sector.

As shown in Table 1, DWD awarded \$29.6 million in standard program grants from FY 2012-13 through FY 2018-19, including \$14.0 million (47.3 percent) awarded to the manufacturing sector. Appendix 2 lists the 10 largest grants that DWD awarded through the standard program through FY 2018-19.

Table 1

Standard Program Grants Awarded, by Business Sector
 FY 2012-13 through FY 2018-19
 (in millions)

Business Sector	Amount	Percentage of Total
Manufacturing	\$14.0	47.3%
Transportation	4.5	15.2
Construction and Architecture	2.6	8.9
Health Science and Health Care	2.6	8.9
Unspecified ¹	1.9	6.4
Business and Professional Services, Customer Service, and Human Services	1.3	4.4
Small Business	0.8	2.7
Information Technology	0.8	2.7
Financial Services	0.6	2.0
Agriculture, Food, and Natural Resources	0.4	1.4
Total	\$29.6	100.0%

¹ Includes grants for individuals living in the cities of Milwaukee or Racine and for training entry-level employees.

As shown in Table 2, DWD awarded \$51.6 million in expanded program grants from FY 2012-13 through FY 2018-19, including \$26.6 million (51.6 percent) to the Wisconsin Technical College System in order to reduce waiting lists for enrollment in programs and courses in high-demand fields. Appendix 3 lists the 10 largest grants that DWD awarded through the expanded program through FY 2018-19.

Table 2

Expanded Program Grants Awarded, by Purpose
FY 2012-13 through FY 2018-19
(in millions)

Purpose	Amount	Percentage of Total
Reducing waiting lists at technical colleges	\$26.6	51.6%
Teacher development and recruitment initiatives	8.6	16.7
Industry-recognized certifications for high school students	6.6	12.8
Commute to Careers ¹	4.3	8.3
Advanced manufacturing technical education equipment for students	1.5	2.9
Nursing training for middle and high school students	1.5	2.9
Enhanced employment opportunities for individuals with disabilities	1.5	2.9
Other ²	1.0	1.9
Total	\$51.6	100.0%

¹ Grants to improve access to jobs in outlying suburban, sparsely populated, and developed areas not adequately served by mass transit systems, and to develop innovative transit service methods.

² Includes grants to train inmates reentering the community and provide high school students with the skills needed to become future business owners, as well as grants for a Wisconsin Technical College System project and an employee resource network pilot grant program.

Standard Program Participant Demographic Information

We analyzed DWD's data to determine demographic information for all 18,497 individuals who received training through all standard program grants that ended through December 2018. Grant recipients provided this demographic information to DWD. DWD did not maintain demographic information for individuals served through expanded program grants that ended through December 2018.

Among standard program participants, 61.0 percent were men, 61.4 percent were white, and 55.2 percent were from 19 through 39 years old.

As shown in Table 3, 61.0 percent of standard program participants were men, 61.4 percent were white, and 55.2 percent were from 19 through 39 years old. A small number of participants were ex-offenders who had previously been incarcerated, veterans, or individuals with disabilities, although DWD indicated that not all grant recipients were required to report such information.

Table 3

Demographic Information Reported for Standard Program Participants
Program Grants That Ended through December 2018

	Number	Percentage of Total		Number	Percentage of Total
Gender			Age		
Male	11,281	61.0%	18 or Younger	77	0.4%
Female	6,946	37.6	19 to 29	5,186	28.0
Unknown	270	1.5	30 to 39	5,035	27.2
Total	18,497	100.0%	40 to 49	3,476	18.8
Race			50 to 59	3,104	16.8
White	11,359	61.4%	60 to 69	1,417	7.7
African American	3,141	17.0	70 or Older	148	0.8
Asian	394	2.1	Unknown	54	0.3
American Indian	242	1.3	Total	18,497	100.0%
Multiracial	146	0.8	Other¹		
Native Hawaiian	15	<0.1	Ex-Offender	269	1.5%
Other/Unknown	3,200	17.3	Veteran	63	0.3
Total	18,497	100.0%	Disabled	45	0.2

¹ Grant recipients did not report this information for most participants.

Evaluations of the Program

Two other evaluations of the program have been completed in recent years. The first evaluation was completed in May 2016 by a private individual hired by DWD. DWD requested that this evaluation be conducted after it had identified issues with the administration of the program. The second evaluation was completed in February 2019 by DWD's Office of Integrity and Accountability. It was conducted in order to determine compliance with program statutes, program policies, and contracts with grant recipients. Both evaluations identified various concerns with DWD's administration of the program and included recommendations, including for DWD to:

- improve its process for reviewing the eligibility and suitability of grant applicants, including by ensuring that applicants are capable of complying with grant requirements;

- modify its grant contracts, including by enumerating specific program requirements and grant objectives;
- improve its contract monitoring, including by consistently reviewing reports that grant recipients regularly submit on their progress toward complying with their grants; and
- improve its collection of information that indicates whether individuals who received program-funded training subsequently obtained employment, including by requiring all participating employers to submit such information.

To complete our evaluation of the program, we contacted DWD, DPI, WEDC, the Department of Transportation (DOT), 10 workforce development boards, four technical colleges, and four organizations involved with workforce training issues. We analyzed DWD's data on the results of the 209 standard program grants that ended through December 2018, including the extent to which the hourly wages of individuals increased after completing program-funded training. We also obtained limited information on the results of expanded program grants that ended through December 2018. Finally, we analyzed DWD's program policies, program expenditures and staffing levels from FY 2012-13 through FY 2018-19, and DWD's files for 242 standard program and expanded program grants totaling \$57.0 million.

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Program Expenditures and Staffing ■

From FY 2012-13 through FY 2018-19, program expenditures totaled \$62.7 million, including amounts paid to grant recipients and the costs to administer the program. Some amounts that DWD awarded to grant recipients over this seven-year period have not yet been spent. Over this seven-year period, the number of full-time equivalent (FTE) staff positions that administered the program increased.

Expenditures

Program expenditures totaled \$62.7 million from FY 2012-13 through FY 2018-19.

As shown in Table 4, program expenditures totaled \$62.7 million from FY 2012-13 through FY 2018-19, according to the State's accounting systems. This total included \$47.4 million (75.6 percent) for grants and \$15.3 million (24.4 percent) for administration, such as the costs of information technology (IT) and the salaries and fringe benefits of DWD staff. The decrease in grant expenditures from \$16.5 million in FY 2016-17 to \$4.4 million in FY 2017-18 likely occurred, in part, because most of the \$35.4 million allocated for the Blueprint for Prosperity program components had been spent. DWD indicated that IT expenditures increased in FY 2014-15 because of improvements made to the labor market information system, and they increased again in FY 2016-17 and FY 2017-18 because of DWD's efforts to improve its contract management and expenditure tracking system. Program expenditures are less than the amount of grants awarded because not all recipients requested reimbursement for the full amounts of their grants and, as noted, DWD paid out grants over multiple years.

Table 4

Program Expenditures, by Type
(in millions)

Fiscal Year	Program Grants	Program Administration				Total
		Information Technology ¹	Salaries and Fringe Benefits	Other ²	Subtotal	
2012-13	\$ 0.0	\$0.1	<\$0.1	\$0.1	\$ 0.2	\$ 0.2
2013-14	0.2	0.3	0.4	0.5	1.2	1.4
2014-15	9.2	1.8	0.5	0.8	3.1	12.2
2015-16	12.1	0.6	0.7	0.4	1.8	13.9
2016-17	16.5	1.8	0.9	0.6	3.4	19.9
2017-18	4.4	1.7	1.1	0.6	3.4	7.8
2018-19	5.0	0.5	1.2	0.5	2.3	7.2
Total	\$47.4	\$6.9	\$4.9	\$3.5	\$15.3	\$62.7

¹ Includes data, telecommunication services, and software development.

² Includes printing, mailing, supplies, facilities, utilities, travel, and training.

Staffing

The number of FTE staff positions that administered the program doubled from 4.0 FTE staff positions in March 2013 to 8.0 FTE staff positions in June 2019.

The number of FTE staff positions that administered the program doubled over time. 2013 Wisconsin Act 9, which was enacted in March 2013, authorized 4.0 new FTE staff positions to administer the program at its inception. 2015 Wisconsin Act 283 and 2017 Wisconsin Act 59, which were enacted in March 2016 and September 2017, respectively, each authorized an additional 2.0 FTE staff positions. As of June 2019, DWD was authorized 8.0 FTE staff positions to administer the program. Individuals in all of these positions worked in DWD’s Office of Skills Development.

DWD staff other than those in the Office of Skills Development also helped administer the program, including staff in the secretary’s office, as well as IT and technical support staff. We determined the amount of time they did so beginning in FY 2015-16, which is when such information was readily available in State Transforming Agency Resources (STAR), the State’s enterprise resource planning system that includes accounting, payroll, and purchasing functions. Such individuals who helped administer the program included:

- 11 staff who worked the equivalent of 0.4 FTE positions in FY 2015-16;
- 22 staff who worked the equivalent of 2.7 FTE positions in FY 2016-17;

- 31 staff who worked the equivalent of 3.3 FTE positions in FY 2017-18; and
- 19 staff who worked the equivalent of 3.3 FTE positions in FY 2018-19.

In addition to full-time staff, DWD hired limited-term employees, interns, and contractors to help administer the program. Combined, these individuals worked the equivalent of 1.0 FTE position in June 2016, 2.5 FTE positions in June 2017, 2.0 FTE positions in June 2018, and 0.0 FTE positions in June 2019.

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Program Results ■

We analyzed DWD’s data on program results for standard program grants that ended through December 2018.

We analyzed DWD’s data and found that 9,451 individuals completed program-funded training and were counted as program successes as a result of all 209 standard program grants that ended through December 2018. Although statutes require DWD to report annually by December 31 to the Governor and the co-chairpersons of the Joint Committee on Finance on certain program results during the preceding fiscal year, DWD collected less information for the results of the expanded program than for the standard program. We reviewed DWD’s December 2018 report, which included results from the program’s inception through FY 2017-18. We found that DWD did not attempt to verify the accuracy of the information grant recipients submitted to it about the results of their grants, and that DWD included inaccurate information in its December 2018 report. We recommend that DWD make improvements and take additional actions to assess program results.

Closing Standard Program Grants

DWD contractually required standard program grant recipients to electronically submit to it the cumulative results of the grants each quarter of the year. These results included the names and Social Security numbers of individuals who completed program-funded training, the wages of these individuals before and after training, and whether these individuals were incumbent employees or were unemployed or underemployed before they began training. Administrative rules defined “underemployed individuals” as those

individuals who were employed before they began program-funded training but were not in positions that reflected their skills and experience levels, as indicated by their compensation levels, the numbers of hours worked, or the level of responsibility of their positions. In order to be counted as program successes, DWD's policies and contracts required individuals who completed program-funded training to be employed in positions pertaining to the training.

DWD contractually required standard program grant recipients to submit similar information to it when grants ended. Only after a grant ended did DWD assess all of the information submitted to it, including by determining whether recipients may have submitted inaccurate information on the numbers of individuals who completed program-funded training. For example, if a recipient indicated that the number of trained individuals decreased over time, this may have been an error.

Some grant recipients, such as workforce development boards and technical colleges, provided program-funded training to employees of interested businesses. At times, these businesses did not submit accurate information, such as the numbers of individuals who completed program-funded training, to the workforce development boards and technical colleges. Because DWD did not have contracts with these businesses, it was unable to require them to submit accurate information.

DWD assessed the information submitted by standard program grant recipients to determine whether the individuals who completed program-funded training could be counted as program successes.

DWD assessed the information submitted by standard program grant recipients to determine whether the individuals who completed program-funded training could be counted as program successes. Based on its criteria:

- an incumbent employee must have completed program-funded training and received increased compensation;
- an unemployed individual must have completed program-funded training and received employment;
- an underemployed individual must have completed program-funded training and obtained an improved employment status, including by having received increased compensation or obtaining full-time employment; and
- a newly hired employee, whom DWD defined as an individual hired by a grant recipient on or

after the date that DWD issued the corresponding grant program announcement, must have completed program-funded training and retained employment after training ended, regardless of whether the individual received increased compensation.

When closing a grant, DWD determined the number of program successes. Before October 2018, DWD did not contractually require grant recipients to submit any documentation to support the information they submitted. In October 2018, DWD began to contractually require grant recipients to submit payroll information when their grants ended. This payroll information was to include the wages of individuals before and after training. Because grants typically last two years, recipients had not submitted any payroll information at the time of our audit.

DWD did not attempt to verify the accuracy of information submitted by grant recipients.

We found that DWD did not attempt to verify the accuracy of the information that grant recipients submitted to it about the individuals who received program-funded training, such as by comparing the wages of these individuals with the unemployment insurance data it maintains. DWD periodically attempted to identify certain types of errors, such as if the wages reported for a given individual appeared to be either significantly too high or too low because of a data entry error, and it reviewed the financial activities for a sample of grants each quarter. In August 2018, DWD staff who administer the program requested access to unemployment insurance data, but such access had not been provided as of July 2019, in part, because DWD had not yet allocated the time of IT staff to modify its computer systems to provide such access. Program staff would like to use unemployment insurance data to verify the compensation paid to individuals for eight calendar quarters after completing program-funded training.

DWD did not determine whether individuals counted as program successes remained employed or continued to receive increased compensation after completing program-funded training.

We found that DWD did not determine whether individuals counted as program successes remained employed or continued to receive increased compensation after completing program-funded training. In contrast, DWD's Division of Vocational Rehabilitation used unemployment insurance data to monitor the employment and wages of individuals for five quarters after they obtained employment. The federal Workforce Innovation and Opportunity Act, which authorizes job training and related services and is administered in Wisconsin by DWD, requires states to report the percentage of certain participants who are in unsubsidized employment during the fourth quarter after exiting the program.

DWD should improve how it closes standard program grants. It should verify the accuracy of the information submitted to it by at

least a sample of grant recipients, such as by using its unemployment insurance data. It could do so annually, after grants end, or both. In addition, DWD should establish a minimum length of time that individuals must remain employed or receive increased compensation after completing program-funded training in order to be counted as program successes.

Recommendation

We recommend the Department of Workforce Development:

- *verify the information submitted to it by at least a sample of standard program grant recipients;*
- *establish a minimum length of time that individuals must remain employed or receive increased compensation after completing program-funded training in order to be counted as standard program successes; and*
- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement these recommendations.*

Reporting on Standard Program Results

Statutes require DWD's annual report on standard program results to include information on:

- the numbers of unemployed individuals, underemployed individuals, and incumbent employees who participated in program-funded training;
- the number of unemployed individuals who obtained gainful employment after participating;
- the number of underemployed individuals who obtained new employment after participating;
- the number of incumbent employees who received increased compensation after participating; and
- the wages of all such individuals and employees before and after participating.

We identified concerns with certain information DWD included in its December 2018 report on program results.

We identified concerns with certain information DWD included in its December 2018 report on program results. We found that this report:

- contained inaccurate information on program results;
- counted as program successes newly hired employees who did not receive increased compensation after completing program-funded training;
- counted as program successes individuals whose wage-related information DWD had not yet assessed; and
- counted as program successes individuals who worked in part-time, temporary, or seasonal positions, without identifying the number of such individuals.

First, the December 2018 report contained inaccurate information on program results. This report indicated that 12,284 individuals completed training from the program's inception through FY 2017-18, including 10,006 individuals counted as program successes. However, we found that these 10,006 individuals included:

- 570 individuals who did not complete training and were mistakenly included; and
- 161 individuals who were counted twice, in some instances because grant recipients had submitted information about them twice. DWD indicated that since February 2018 its computer system has prevented recipients from submitting information for the same individual multiple times.

Second, the December 2018 report counted as program successes approximately 2,600 newly hired employees who did not receive increased compensation after they completed program-funded training. DWD's data did not allow us to determine a more precise number.

Third, the December 2018 report counted as program successes 522 individuals whose wage-related information DWD had not yet assessed because these individuals had completed training funded by grants that were still ongoing. Because DWD had not closed these

grants, it had not assessed the wage-related and other information submitted by grant recipients. As a result, this information could have included errors.

Fourth, the December 2018 report counted as program successes individuals who worked in part-time, temporary, or seasonal positions, without identifying the number of such individuals. Statutes do not prohibit DWD from counting such individuals as program success, but DWD should identify the number of such individuals in order to provide greater transparency about program results.

***DWD should improve its
statutorily required annual
report on standard
program results.***

DWD should improve its statutorily required annual report on standard program results. It can do so by ensuring that the reported results are accurate and comply with statutes, and by reporting results for only closed grants. In addition, DWD should identify the number of individuals who were counted as program successes and worked in part-time, temporary, and seasonal positions. Taking these actions will provide legislators and the public with more-accurate and more-complete information on program effectiveness.

Recommendation

We recommend the Department of Workforce Development:

- *improve the accuracy of its statutorily required annual report on standard program results, including by reporting the results for only grants it has closed;*
- *identify in its statutorily required annual report the number of individuals who were counted as standard program successes and worked in part-time, temporary, and seasonal positions; and*
- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement these recommendations.*

Standard Program Effectiveness

Because no program grants were awarded in FY 2012-13, we obtained DWD's data for all 209 standard program grants that DWD awarded from FY 2013-14 through FY 2017-18 and that ended through December 2018. We used these data to determine the effectiveness of the standard program.

We used DWD's criteria for defining individuals counted as program successes. However, statutes and administrative rules do not reference newly hired employees, all of whom DWD counted as program successes if they completed program-funded training and retained employment, regardless of whether they received wage increases. Newly hired employees who did not receive a wage increase should have been counted as program successes only if they had been underemployed or unemployed before beginning training. DWD's data did not allow us to categorize newly hired employees as incumbent employees, underemployed individuals, or unemployed individuals.

We found that:

- 52.9 percent of the individuals whom grant recipients were contractually required to train completed program-funded training and were counted as program successes;
- individuals counted as program successes received an average wage increase of \$1.85 per hour, 27.4 percent of them did not receive a wage increase, and 8.2 percent of them received a wage increase of at least \$5.00 per hour; and
- 21.4 percent of the individuals counted as program successes were paid less than \$11.67 per hour, and 23.3 percent were paid \$20.00 per hour or more.

A total of 9,451 individuals completed program-funded training and were counted as standard program successes as a result of grants that ended through December 2018.

As shown in Table 5, 9,451 individuals completed program-funded training and were counted as standard program successes as a result of grants that ended through December 2018. This total was 52.9 percent of the 17,881 individuals whom grant recipients were contractually required to train. Grants that were awarded in FY 2017-18 and that ended through December 2018 resulted in a relatively lower percentage of individuals counted as program successes. This may have occurred, in part, because recipients of these grants decided to end their grants prematurely, before they had provided program-funded training to their employees.

Table 5

Results of Standard Program Grants, by Fiscal Year the Grants Were Awarded¹
 Program Grants That Ended through December 2018

Fiscal Year	Number of Individuals		Percentage Counted as Program Successes
	Counted as Program Successes	Grant Recipients Were Contractually Required to Train	
2013-14	4,517	6,535	69.1%
2014-15	2,966	6,462	45.9
2015-16	1,501	3,909	38.4
2016-17	375	579	64.8
2017-18	92	396	23.2
Total	9,451	17,881	52.9

¹ According to DWD's data.

DWD's data indicated the pre-training employment status of the 9,451 individuals counted as program successes. We found that these individuals included:

- 5,105 newly hired employees (54.0 percent), who completed program-funded training and retained employment after training ended;
- 3,653 incumbent employees (38.7 percent), who completed program-funded training and received increased compensation;
- 410 unemployed individuals (4.3 percent), who completed program-funded training and received employment; and
- 283 underemployed individuals (3.0 percent), who completed program-funded training and obtained an improved employment status, including by having received increased compensation or obtained full-time employment.

Table 6 shows the business sectors of the 9,451 individuals counted as program successes. Individuals working in the financial services sector were most likely to be counted as program successes, although they represented only 253 of the 9,451 individuals counted as program successes (2.7 percent).

Table 6

Individuals Counted as Standard Program Successes, by Business Sector¹
 Program Grants That Ended through December 2018

Business Sector	Number of Individuals		Percentage Counted as Program Successes
	Counted as Program Successes	Grant Recipients Were Contractually Required to Train	
Financial Services	253	310	81.6%
Small Business	302	426	70.9
Business and Professional Services, Customer Service, and Human Services	373	571	65.3
Manufacturing	5,200	9,580	54.3
Health Science and Health Care	1,986	3,682	53.9
Transportation	679	1,366	49.7
Construction and Architecture	379	862	44.0
Information Technology	263	610	43.1
Geographic Location ²	16	160	10.0
Agriculture, Food, and Natural Resources	0	314	0.0
Total	9,451	17,881	52.9

¹ According to DWD's data.

² Grants for individuals living in the cities of Milwaukee or Racine.

DWD's data included changes in the hourly wages of 9,442 of the 9,451 individuals counted as program successes. As shown in Table 7, individuals who received program-funded training through geographic location sector grants and construction and architecture sector grants received the highest average wage increases. Individuals who received program-funded training through agriculture, food, and natural resources sector grants did not receive a wage increase, and individuals who received program-funded training through financial services sector grants received the lowest average wage increase.

Table 7

**Average Hourly Wage Increase of Individuals Counted as
Standard Program Successes, by Business Sector¹**
Program Grants That Ended through December 2018

Business Sector	Average Wage Increase
Geographic Location ²	\$5.53
Construction and Architecture	4.69
Business and Professional Services, Customer Service, and Human Services	4.41
Information Technology	4.23
Transportation	3.07
Health Science and Health Care	1.90
Small Business	1.85
Manufacturing	1.26
Financial Services	0.19
Agriculture, Food, and Natural Resources	— ³

¹ According to DWD's data.

² Grants for individuals living in the cities of Milwaukee or Racine.

³ No individuals were counted as program successes in this business sector.

Individuals counted as standard program successes received an average wage increase of \$1.85 per hour after completing program-funded training.

As shown in Table 8, we found that individuals counted as standard program successes received an average wage increase of \$1.85 per hour after completing program-funded training. Individuals who previously had been unemployed received the highest average increase, while newly hired employees received the lowest average increase.

Table 8

**Average Hourly Wage Increase of Individuals
Counted as Standard Program Successes¹**
Program Grants That Ended through December 2018

Type of Individual ²	Average Wage Increase
Unemployed	\$13.22
Underemployed	3.21
Incumbent Employee	1.67
Newly Hired Employee	0.99
Overall	1.85

¹ According to DWD's data.

² Before beginning program-funded training.

In total, 27.4 percent of the individuals counted as standard program successes did not receive a wage increase after completing program-funded training.

Table 9 shows the hourly wage increases of individuals who completed program training and were counted as standard program successes. We found that 2,591 individuals (27.4 percent) did not receive a wage increase. Almost all of these individuals were newly hired employees. The wages of 2,451 individuals (25.9 percent) increased by less than \$1.00 per hour, while the wages of 774 individuals (8.2 percent) increased by at least \$5.00 per hour.

Table 9

**Hourly Wage Increases of Individuals Counted as
Standard Program Successes, by Type of Individual^{1, 2}**
Program Grants That Ended through December 2018

Wage Increase	Newly Hired Employee	Incumbent Employee	Unemployed	Underemployed	Total	Percentage of Total
Less than \$0.00	42	0	0	4	46	0.5%
\$0.00	2,537	0	1	7	2,545	26.9
\$0.01 to \$0.99	752	1,680	2	17	2,451	25.9
\$1.00 to \$1.99	413	1,098	0	82	1,593	16.9
\$2.00 to \$4.99	1,214	715	0	104	2,033	21.5
\$5.00 to \$9.99	102	124	47	50	323	3.4
\$10.00 to \$14.99	32	20	238	13	303	3.2
\$15.00 or More	9	16	122	1	148	1.6
Unknown	4	0	0	5	9	<0.1
Total	5,105	3,653	410	283	9,451	100.0%

¹ According to DWD's data.

² Before beginning program-funded training.

DWD's data indicated the hourly wages of individuals counted as standard program successes after completing program-funded training. We found that the average hourly wage of:

- incumbent employees was \$22.67;
- underemployed individuals was \$20.19;
- newly hired employees was \$13.79; and
- unemployed individuals was \$13.22.

DWD's data did not include the post-training hourly wages of any newly hired employees or unemployed individuals who were not counted as standard program successes. However, we found that incumbent employees not counted as standard program successes earned an average wage of \$22.76 per hour, and that underemployed individuals not counted as program successes earned an average wage of \$14.07 per hour.

In total, 21.4 percent of individuals counted as standard program successes were paid less than \$11.67 per hour, and 23.3 percent were paid \$20.00 per hour or more.

Table 10 shows the hourly wages of all 9,451 individuals who completed program-funded training and were counted as standard program successes. We found that 2,023 individuals (21.4 percent) were paid less than \$11.67, which was 200.0 percent of the federal poverty level for individuals, as of October 2018. A total of 2,204 individuals (23.3 percent), most of whom were incumbent employees, were paid \$20.00 per hour or more.

Table 10

Average Hourly Wages of Individuals Counted as Standard Program Successes, by Type of Individual^{1, 2}
 Program Grants That Ended through December 2018

Hourly Wage	Newly Hired Employee	Incumbent Employee	Unemployed	Underemployed	Total	Percentage of Total
\$7.24 or Less ³	4	0	3	0	7	<0.1%
\$7.25	0	0	5	2	7	<0.1
\$7.26 to \$11.66	1,717	108	161	23	2,009	21.3
\$11.67 to \$14.99	2,186	478	119	67	2,850	30.2
\$15.00 to \$19.99	853	1,322	94	105	2,374	25.1
\$20.00 to \$29.99	233	1,081	25	17	1,356	14.3
\$30.00 to \$49.99	93	600	3	69	765	8.1
\$50.00 or More	19	64	0	0	83	0.9
Total	5,105	3,653	410	283	9,451	100.0%

¹ According to DWD's data.

² After completing program-funded training.

³ Grant recipients likely reported to DWD the mileage rate paid to a small number of truck drivers, rather than the hourly wages of these individuals.

One way to assess the success of a given standard program grant is by determining whether a grant had more or fewer individuals counted as program successes than the grant recipient was contractually required to train. Based on this measure of success, the 10 most-successful grants resulted in a total of 856 more individuals being counted as program successes than the recipients were contractually required to train, as shown in Table 11. However, the average wage increases of individuals who received training through 5 of these 10 grants were less than \$1.00 per hour. The 10 least-successful grants resulted in a total of 2,504 fewer individuals being counted as program successes than the recipients were contractually required to train.

Table 11

Ten Most- and Least-Successful Standard Program Grants¹
 Program Grants That Ended through December 2018

Grant	Number of Individuals			Individuals Counted as Program Successes	
	Counted as Program Successes	Grant Recipients were Contractually Required to Train	Difference	Average Hourly Wage Increase	Average Hourly Wage
Most Successful					
1	1,254	565	689	\$ 0.12	\$13.57
2	100	69	31	0.59	19.39
3	230	200	30	0.53	12.75
4	130	104	26	0.52	14.33
5	113	88	25	1.11	25.20
6	69	56	13	1.40	35.98
7	61	48	13	2.60	24.53
8	25	14	11	1.57	19.50
9	29	20	9	15.81	15.81
10	24	15	9	0.75	12.96
Total	2,035	1,179	856		
Least Successful					
1	531	1,096	(565)	1.99	10.58
2	740	1,045	(305)	2.42	10.31
3	20	282	(262)	0.02	26.49
4	91	337	(246)	0.94	16.11
5	39	250	(211)	4.83	9.94
6	46	254	(208)	0.97	31.93
7	211	400	(189)	0.53	14.22
8	49	227	(178)	1.90	21.95
9	13	189	(176)	1.53	20.31
10	36	200	(164)	7.71	12.94
Total	1,776	4,280	(2,504)		

¹ According to DWD's data. We compared the number of individuals counted as program successes with the number of individuals a given grant recipient was contractually required to train.

No grant targeting the health science and health care sector, geographic location sector, or agriculture, food, and natural resources sector had more individuals counted as successes than the grant recipient was contractually required to train.

We examined in greater detail information about grants that exceeded contractual training requirements.

We examined in greater detail information about grants that exceeded contractual training requirements. For example:

- In January 2015, DWD awarded a workforce development board that partnered with three businesses \$189,600 to train 77 incumbent and underemployed employees in IT positions. Institutions of higher education and other entities provided between 110 hours and 811 hours of training per individual, including courses in programming, IT architecture, and web development. The 82 individuals who completed program-funded training and were counted as program successes received an average wage increase of \$2.38 per hour. DWD reimbursed this workforce development board \$167,600 in training expenses.
- In December 2015, DWD awarded a business \$278,000 to train 104 incumbent employees in manufacturing positions. This business provided 320 hours of training per individual, including courses in industrial machine operation, assembly, and welding. The 130 individuals who completed program-funded training and were counted as program successes received an average wage increase of \$0.52 per hour. DWD reimbursed this business \$277,100 in training expenses.
- In March 2017, DWD awarded a business \$6,050 to train eight underemployed employees in manufacturing positions. This business provided 250 hours of training per individual, including courses in machine tool programming and digital printing. The nine individuals who completed program-funded training and were counted as program successes transitioned from temporary to permanent employment. DWD reimbursed this business \$4,400 in training expenses.

We also examined in greater detail information about grants that did not meet contractual training requirements.

We also examined in greater detail information about grants that did not meet contractual training requirements. For example:

- In March 2014, DWD awarded \$121,800 to an institution of higher education to train 50 individuals as welders. The five individuals who completed program-funded training and were counted as program successes had average post-training wages of \$13.78 per hour. One of

these five individuals was employed in a retail position unrelated to welding. Three of the five individuals were incumbent employees or underemployed individuals who received an average wage increase of \$3.50 per hour. The remaining two individuals were unemployed before they began training and had average post-training wages of \$11.70 per hour. DWD reimbursed this institution of higher education \$59,200.

- In June 2014, DWD awarded \$208,800 to an institution of higher education to train 250 individuals as home health aides. The 39 individuals who completed program-funded training and were counted as program successes had average post-training wages of \$9.94 per hour. A total of 20 of these 39 individuals were employed in casino, hotel, and fast food restaurant positions unrelated to their home health aide training. A total of 23 of these 39 individuals were incumbent employees, newly hired employees, or underemployed individuals who received an average wage increase of \$1.45 per hour. The remaining 16 individuals were unemployed before they began training and had average post-training wages of \$9.70 per hour. DWD reimbursed this institution of higher education \$164,000.
- In December 2015, DWD awarded \$219,100 to a nonprofit organization to provide manufacturing training to 116 individuals. The 93 individuals who completed program-funded training and were counted as program successes had average post-training wages of \$19.17 per hour. A total of 14 of these 93 individuals were employed in sales or food preparation positions unrelated to manufacturing. A total of 51 of these 93 individuals were incumbent employees, newly hired employees, or underemployed individuals who received an average wage increase of \$1.62 per hour. The remaining 42 individuals were unemployed before they began training and had average post-training wages of \$11.15 per hour. DWD reimbursed this nonprofit organization \$160,000.

The average grant reimbursement per individual counted as a standard program success was \$1,151.

As shown in Table 12, the average grant reimbursement per individual counted as a standard program success was \$1,151. The average ranged from \$2,669 for unemployed individuals to \$1,018 for newly hired employees.

Table 12

Average Grant Reimbursement per Individual Counted as a Standard Program Success, by Type of Individual¹

Program Grants That Ended through December 2018

Type of Individual ²	Average Grant Reimbursement
Unemployed	\$2,669
Underemployed	1,897
Incumbent Employee	1,109
Newly Hired Employee	1,018
Overall	1,151

¹ According to DWD's data.

² Before beginning program-funded training.

Assessing Standard Program Results

DWD surveys grant recipients to receive feedback and improve the program. In October 2017 and October 2018, it surveyed all recipients of standard program grants that had not closed. In October 2017, it began surveying all recipients of closed grants. As of May 2019, 54 recipients had responded to these surveys, and most indicated that they had a positive experience overall with the program and would likely apply for additional grants. Some recipients provided less-positive feedback about aspects of the program, such as the difficulty of applying for grants, reporting on grant-related results, and being reimbursed for grant-related expenses. In response to this feedback, DWD made programmatic changes to the application and reimbursement processes. As DWD receives additional feedback in the future, it will be important for it to consider additional changes.

Most recipients of closed grants who responded to DWD's surveys indicated satisfaction with program-funded training.

As of May 2019, 17 recipients of grants that closed had responded to DWD's surveys. Most survey respondents indicated satisfaction with the program-funded training. Specifically, 13 of 17 respondents (76.5 percent) indicated that the individuals who had received program-funded training had learned the necessary job skills, and 11 of 17 respondents (64.7 percent) indicated that they planned to continue providing the training after their grants ended. As noted, DWD indicated that it plans to continue surveying all recipients of closed awards. After more recipients have responded, it may be able to use the results to consider improvements to the program.

The results of the 209 standard program grants that ended through December 2018 varied considerably. As noted, we found that:

- after completing program-funded training, 27.4 percent of the 9,451 individuals counted as program successes did not receive a wage increase, while the wages of 25.9 percent increased by less than \$1.00 per hour, and the wages of 8.2 percent increased by more than \$5.00 per hour;
- 10 grants resulted in a total of 2,035 individuals being counted as program successes, which was 856 individuals more than the recipients were contractually required to train, while 10 other grants resulted in a total of 1,776 individuals being counted as program successes, which was 2,504 individuals less than the recipients were contractually required to train; and
- grant reimbursements per individual counted as a program success ranged from \$2,669 per unemployed individual to \$1,018 per newly hired employee.

We found that the average wage increase of individuals who completed program-funded training and were counted as program successes varied widely among business sectors. For example, the hourly wages of those who worked in the construction and architecture business sector increased by an average of \$4.69, while the hourly wages of those who worked in the financial services sector increased by an average of \$0.19. We similarly found that hourly wage increases differed based on the race of such individuals, but we found that the average hourly wage increases of women and men did not differ.

DWD indicated that it examined its programmatic data before reporting annually on program results. In doing so, DWD indicated that it identified grants that were significantly more successful or less successful than expected, based on contractual requirements, and attempted to determine why. In addition, DWD indicated that it regularly examined its programmatic data in order to respond to specific questions from legislators or others about particular grants.

DWD should take additional actions to assess program results.

DWD should take additional actions to assess program results. It should assess the results of standard program grants that ended and were closed and determine, for example, whether grants awarded to certain business sectors, certain types of recipients, or for certain training purposes were more successful or cost effective than others at training individuals counted as program successes. Similarly, DWD should assess the reasons why certain grants were not successful or cost effective. DWD should then use the results of these assessments when awarding future program grants. In assessing program results, it will be important for DWD to categorize newly hired employees as incumbent employees, underemployed individuals, or unemployed individuals.

Recommendation

We recommend the Department of Workforce Development:

- *annually assess all standard program grants that ended and were closed and determine whether grants to certain types of entities or for certain types of training activities were more successful or cost effective than others;*
- *use the results of these annual assessments when awarding future program grants; and*
- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement these recommendations.*

Expanded Program Results

Expanded program components have a variety of expected results.

Statutes required DWD to fund a number of workforce training activities under the 23 expanded program components. As noted, Appendix 1 provides summary information about each of these program components. These workforce training activities have a variety of expected results, such as placing students in internships and providing students with the skills needed to become future business owners. We analyzed the results of the five expanded

program components with grants that had ended through December 2018 and found that:

- DWD awarded \$26.6 million to Wisconsin's 16 technical colleges in July 2014 and August 2014 to reduce waiting lists for enrollment in programs and courses in high-demand fields. Information provided by DWD indicated that 4,483 students completed coursework, including 2,426 students employed in their fields of study after completing program-funded training.
- DWD awarded \$5.3 million from June 2014 through September 2016 to collaborative projects among school districts, technical colleges, and businesses to provide high school students with industry-recognized certifications in high-demand fields. Information provided by DWD indicated that 906 high school students received certifications.
- DWD awarded \$850,000 in May 2014 to help prepare students with disabilities for transitioning into the workforce by providing them with internships. Information provided by DWD indicated that 618 individuals enrolled in internships, 600 of whom graduated from these internships.
- DWD awarded \$603,300 to businesses in January 2015 and February 2015 to diversify their workforces and increase productivity by training and hiring individuals with disabilities and veterans with service-connected disabilities. Information provided by DWD indicated that 24 individuals were counted as program successes.
- DWD awarded a \$200,000 grant to a nonprofit organization in November 2017 to provide students with skills needed to become future business owners. The grant recipient reported that one employer hired approximately 25.0 percent of the 26 high school students who had participated.

DWD collected limited information about expanded program results.

DWD collected limited information about expanded program results, in part, because expanded program grants typically had results that were less quantifiable than the results of standard program grants. As a result, DWD was unable to provide detailed information about expanded program results. DWD also did not collect detailed information about the demographics of expanded program participants.

Although few expanded program grants ended through December 2018, additional such grants will end in the future. It will be important for DWD to take appropriate actions when closing expanded program grants, reporting expanded program results, and assessing expanded program results.

Recommendation

We recommend the Department of Workforce Development:

- *verify the information submitted to it by at least a sample of expanded program grant recipients and, when applicable, establish a minimum length of time that individuals must remain employed or receive increased compensation after completing program-funded training in order to be counted as expanded program successes;*
- *accurately report information on expanded program results;*
- *annually assess all expanded program grants that ended and were closed, determine whether grants to certain types of entities or for certain types of training activities were more successful or cost effective than others, and use the results of these annual assessments when awarding future program grants; and*
- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement these recommendations.*

Issues for Legislative Consideration

The Legislature could consider modifying statutes to require DWD to report annually on the results of all program components.

The Legislature could consider modifying s. 106.27 (3), Wis. Stats., to require DWD to report annually on the results of all program components. Currently, statutes require DWD to report on all results achieved under the standard program but only some results achieved under the expanded program. For example, statutes do not require DWD to report on results achieved under the teacher development and the Commute to Careers components of the expanded program. Through FY 2017-18, which was the period covered by DWD's last statutorily required annual report on program results, many of the grants DWD had made under the expanded program had not ended. However, more of the grants DWD made under the expanded program will end in future years, including those grants that contractually require the recipients to provide training to individuals.

The Legislature could consider modifying statutes to require DWD to report annually on the results of individual program grants.

The Legislature could also consider modifying statutes to require DWD to report annually on the results of individual program grants. Doing so would provide greater transparency to the Legislature and the public about the results of how taxpayer funds were used. As noted, we found considerable variation in the extent to which individual grants that ended through December 2018 resulted in individuals being counted as program successes.

■ ■ ■ ■

Program Administration ■

To evaluate DWD's administration of the program, we reviewed its files for 242 grants totaling \$57.0 million.

To evaluate DWD's administration of the program, we reviewed its files for 242 grants totaling \$57.0 million, including 173 expanded program grants totaling \$48.5 million and 69 standard program grants totaling \$8.5 million. Statutes provide DWD with broad authority for awarding program grants and administering the program. Grant recipients are paid by DWD after they incur contractually allowed expenses and submit reimbursement requests. We make recommendations for improvements to address a number of concerns, including with how DWD promulgated rules and established program policies, assessed the eligibility of grant applicants, awarded program grants, managed and oversaw its contracts with grant recipients, and consulted with other entities. Appendix 4 contains summary information about the 242 grants we reviewed.

Successful program administration requires DWD to:

- issue effective grant program announcements;
- promulgate statutorily required administrative rules and establish sufficient program policies;
- appropriately assess the eligibility of applicants for grants;
- consistently comply with statutes and administrative rules when awarding grants; and
- appropriately manage and oversee contracts with grant recipients.

Issuing Grant Program Announcements

DWD issued grant program announcements to indicate the availability of funds for workforce development activities.

DWD issued grant program announcements to indicate the availability of funds for workforce development activities under both the standard and expanded programs. DWD publicized their issuance through press releases and email messages to more than 5,000 entities that expressed interest in the program or were identified by technical colleges, workforce development boards, job centers, and educational entities. Businesses and various other public and private entities could respond to these grant program announcements and apply for grants.

Before July 2017, DWD periodically issued grant program announcements to indicate that program funding was available to address specific workforce development activities, such as training manufacturing workers. DWD indicated that it issued them based on consultations with its labor market economists. DWD also took into consideration the advice provided by a technical advisory committee, which included staff from DWD, the Department of Revenue (DOR), the Wisconsin Technical College System, and WEDC. Entities were allowed to apply for grants under a given grant program announcement during only a specified time period. However, entities indicated that they often had workforce development needs not addressed by specific grant program announcements and that they wanted more time to apply for grants.

In response to this feedback, DWD issued three grant program announcements to address broader workforce development needs on an ongoing basis, rather than during only specified time periods. In July 2017, it issued a grant program announcement for training employees of small businesses and another for training any employees of any type of entity. In October 2018, it issued a third grant program announcement for training entry-level employees. DWD awarded grants under these three grant program announcements on a quarterly basis.

In May 2019, DWD indicated that it stopped accepting grant applications because it had awarded all available program funds for FY 2018-19. As of October 2019, DWD had not resumed accepting applications.

Promulgating Rules and Establishing Policies

In October 2013, DWD promulgated rules for administering the standard program, which was created by 2013 Wisconsin Act 9 and is statutorily defined in s. 106.27 (1) (intro.), Wis. Stats. As written, these rules apply to all program components defined in s. 106.27, Wis. Stats., including the entire standard program and certain expanded program components.

DWD did not consistently comply with its administrative rules when it awarded grants under certain expanded program components.

We found that DWD did not consistently comply with its administrative rules when it awarded grants under the expanded program components defined in s. 106.27, Wis. Stats. It did not consistently comply because it applied these rules to the standard program but not the expanded program components defined in that statutory section. For example, DWD awarded:

- two grants totaling \$1.5 million through one request for proposals in June 2018, even though its rules required it to award these grants through grant program announcements; and
- 17 entities more than \$400,000 each in grants in a calendar year, even though its rules permitted it to award no more than \$400,000 in these grants to a given entity in a given calendar year. In total, DWD awarded these 17 entities \$28.2 million, including \$25.9 million awarded to 14 technical colleges to reduce waiting lists for enrollment in programs and courses in high-demand fields.

DWD did not apply its rules to the expanded program components defined in s. 106.27, Wis. Stats., because it indicated that statutory requirements take precedence over administrative rule requirements when conflicts exist between statutes and rules. However, DWD was unable to identify to us any provisions in its rules that conflicted with statutory requirements.

In November 2017, the Governor approved DWD's scope statement to modify its rules. This statement indicated that DWD intended to comprehensively review and update its rules, including by modifying or eliminating the \$400,000 calendar-year limit that a given entity can be awarded. In December 2017, DWD published its scope statement in the administrative register but through October 2019 had taken no additional formal action to promulgate the modified rules. DWD indicated that it was uncertain why work to promulgate the modified rules was discontinued.

DWD should consistently comply with its administrative rules when awarding grants under s. 106.27, Wis. Stats. If it believes that its rules should not apply to the expanded program components defined in s. 106.27, Wis. Stats., it should seek to modify its rules accordingly.

Recommendation

We recommend the Department of Workforce Development:

- *consistently comply with its administrative rules when awarding grants under s. 106.27, Wis. Stats.; and*

- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement this recommendation.*

DWD did not establish comprehensive program policies.

We found that DWD did not establish comprehensive program policies. DWD established policies for the program components defined in s. 106.27, Wis. Stats, including the standard program and certain expanded program components. However, these policies do not apply to the expanded program components defined in other statutory sections. These policies referenced the expanded program but did not indicate how DWD was to administer the expanded program components not defined in s. 106.27, Wis. Stats. DWD indicated it did not establish comprehensive policies because it believed that the expanded program components defined outside of s. 106.27, Wis. Stats., would not continue to be funded after the 2019-21 biennium. In addition, it indicated that it needed to quickly implement program components required by 2017 Wisconsin Act 59, the 2017-19 Biennial Budget Act. However, establishing comprehensive policies will help to ensure that DWD administers the program in a consistent manner.

Recommendation

We recommend the Department of Workforce Development:

- *establish policies for all components of the expanded program; and*
- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement this recommendation.*

DWD did not comply with statutes requiring it to promulgate rules for awarding grants under one expanded program component.

We found that DWD did not comply with statutes requiring it to promulgate rules for awarding grants for advanced manufacturing technical education equipment, which is an expanded program component. Although DWD has been statutorily required to promulgate these rules since September 2017, it had taken no formal action to do so as of October 2019. DWD indicated that it took no formal action because it believed that this expanded program component was funded by one-time appropriations and, as a result, it could not promulgate rules before the funds were spent. However, 2019 Wisconsin Act 9, the 2019-21 Biennial Budget Act, appropriated an additional \$2.0 million for this program component.

☑ Recommendation

We recommend the Department of Workforce Development:

- *comply with statutes by promulgating rules for awarding grants for technical education equipment for advanced manufacturing fields; and*
- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement this recommendation.*

Reviewing Grant Applications

Effective program management requires DWD to award grants to those applicants meeting the criteria in the relevant grant program announcements and are most likely to result in individuals completing program-funded training and being counted as program successes. Figure 2 shows DWD’s four-step process for reviewing grant applications. DWD used this process since the program began.

Figure 2

DWD’s Process for Reviewing Applications for Program Grants FY 2012-13 through FY 2018-19



¹ Typically included representatives from DWD, WEDC, the Wisconsin Technical College System, a chamber of commerce or a business alliance, and another state agency.

First, the Office of Skills Development performed a preliminary review to ensure applications were complete and proposed eligible activities. Second, an evaluation committee that typically included representatives from DWD, WEDC, the Wisconsin Technical College System, a chamber of commerce or a business alliance, and another state agency reviewed grant applications. Applicants were invited to make a presentation to the evaluation committee, which then provided a numeric score for each application and recommended the amounts, if any, to award. A score was typically based on factors such as the training needs (20.0 percent); training objectives (20.0 percent); training design, cost, and implementation (20.0 percent); economic impact of the training (15.0 percent); economic opportunity enhancements, such as targeting disadvantaged populations (15.0 percent); and capacity building for future training and collaboration among entities (10.0 percent).

Third, DWD's Office of Skills Development reviewed the applications and the recommendations of the evaluation committee and made its own recommendations based on the scoring factors. Fourth, DWD's secretary reviewed the work of the evaluation committee and the Office of Skills Development and decided the amounts, if any, to award. When awarding all standard program grants and some expanded program grants, administrative rules generally required DWD to award grants to the applicants with the highest scores but permitted it to consider additional factors, including its strategic priorities, the past performance of applicants, underserved populations and areas of the state, the potential to replicate the grant-funded training, and available funding.

Our file review found concerns with how DWD assessed the eligibility of some grant applications.

Our file review found concerns with how DWD assessed the eligibility of some grant applications. We found that only the DWD secretary and the assistant deputy secretary scored applications submitted in response to four grant program announcements, and that DWD subsequently awarded 38 grants totaling \$4.6 million in December 2018. DWD indicated that these awards were made through an expedited process in order to avoid lapsing funds that would have otherwise been unencumbered when 2017 Wisconsin Act 370 was enacted later in December 2018. DWD lapsed \$7.3 million in April 2019 as a result of Act 370. These 38 grants included:

- \$3.6 million for 32 governing bodies of public and private schools to train and license teachers;
- \$416,200 for 4 businesses to train entry-level workers;
- \$400,000 for DOC to fund instruction in mobile laboratories for inmates at two adult correctional institutions; and

- \$250,000 for the Wisconsin Technical College System to provide apprentice-related instruction.

Grant program announcements required entities to use their grants to fund new training rather than preexisting training. Beginning in January 2018, they also typically indicated that DWD gave preference to grant applicants that intended to pay post-training wages of at least 200.0 percent of the federal poverty level for individuals. As noted, this amount was \$11.67 per hour as of October 2018.

We question DWD's decision to award certain grants under the Commute to Careers component of the expanded program, which provided individuals with employment-related transportation. In October 2018, DWD's secretary decided to award 23 grants totaling \$4.3 million under this component. The evaluation committee and the Office of Skills Development had recommended not awarding grants to four applicants that they determined had submitted low-quality or incomplete applications or that had requested funding for ineligible activities. After DWD's secretary decided to award grants to these four applicants, DWD awarded them a total of \$643,500. Other applicants received less funding than the Office of Skills Development had recommended, including five of the six applicants that had received the highest scores from the evaluation committee. DWD was not required by administrative rules to award any of these grants to the applicants with the highest scores, and it did not document the reasons for awarding these 23 grants.

Our file review found that DWD did not consistently assess applications according to the terms of the grant program announcements.

Our file review found that DWD did not consistently assess applications according to the terms of the grant program announcements. We found that in October 2017 the Office of Skills Development informed a business that owned and operated several fast food franchises that its proposed training was preexisting and, therefore, ineligible for funding. After the business requested that DWD reconsider this decision, DWD's secretary awarded it \$26,300 in January 2018 to provide the training. DWD's files indicate that the secretary did so, in part, because the evaluation committee had recommended the award. In March 2018, the business applied for two grants to provide training at two other fast food franchises. DWD did not award these grants, in part, because the proposed training for employees was preexisting, and post-training wages were expected to be less than 200.0 percent of the federal poverty level. In June 2018, this business again applied for two grants totaling \$344,400 to fund preexisting training for non-managerial employees and new training for managers, including on food safety, the benefits of a positive attitude, and social media. The post-training wages of 528 of the 561 individuals to be trained (94.1 percent) were expected to be less than 200.0 percent of the federal poverty level. The evaluation committee unanimously recommended not awarding the grants. The Office of Skills

Development recommended awarding \$40,900 to fund the new training, and it noted that the business was not meeting contractual requirements for its January 2018 grant. After DWD's secretary decided to award the business a grant for all of the training, DWD awarded it \$301,400 in August 2018. DWD was required by administrative rules to award this grant to the applicant with the highest score unless it considered additional factors, but DWD did not document the reasons for awarding it. Its files indicated that DWD does not believe that this business is likely to meet the contractually required outcomes for any of its three program grants.

Although it is possible that DWD's secretary relied on administrative rules when deciding to award grants to applicants that did not have the highest scores, DWD did not document the reasons for awarding them. If DWD awards grants to applicants that do not have the highest numeric scores, as determined by the evaluation committee, it should document in writing its reasons for doing so. DWD should similarly document in writing its reasons for deciding to award grants to applicants to which the evaluation committee or the Office of Skills Development had recommended not awarding grants. For example, administrative rules permit DWD to award grants in order to advance strategic priorities or provide funds to underserved areas of the state, even if the relevant applicants did not receive the highest numeric scores.

Recommendation

We recommend the Department of Workforce Development:

- *document in writing its reasons for awarding grants to applicants that did not receive the highest numeric scores during the application review process and to applicants to which the evaluation committee or its Office of Skills Development had recommended not awarding grants; and*
- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement this recommendation.*

Awarding Grants

Our file review found that DWD did not consistently comply with statutes when awarding grants.

Our file review found that DWD did not consistently comply with statutes when awarding grants. Statutes require the recipients of teacher development grants to help employees of school districts, private schools, or charter management organizations complete teacher licensure requirements. In December 2018, DWD awarded

\$227,800 to a school district that contractually agreed to use \$170,200 of its grant to pay for the private college tuition costs of 8 student teachers and 24 undergraduate students enrolled in a teacher education course. None of these individuals was an employee of the school district. DWD indicated to us that it made this award because it considered the student teachers and undergraduate students to be unpaid school district staff.

Administrative rules prohibit recipients from using grants to supplant the wages of employees. However, DWD's policies permit employees of grant recipients to provide program-funded training. Our file review found that DWD routinely allowed recipients to use grants to pay for the wages of employees when providing program-funded training. For example, we found that DWD awarded a \$1.0 million grant in June 2018 to a private school to provide nursing training to students in middle school and high school. The grant provided \$544,600 for the salaries and fringe benefits of employees, including \$212,000 for employees who did not provide the training. In addition, DWD's contract allowed the private school to use the grant for questionable items, given the stated purpose of the grant, such as \$90,000 for the school space where the training was conducted, and for expenses unrelated to the training, including \$20,000 for smart boards and student internet access, \$18,100 for school staff to attend six education conferences, \$12,000 for computers, and \$1,500 for "underwater robotics ROV."

Our file review found that, at times, DWD awarded grants to entities that agreed to provide training with widely varying costs per person. In December 2018, DWD awarded \$92,400 to a charter school that agreed to recruit and train three individuals as teachers. The proposed training cost of \$30,800 per person was significantly greater than the average cost of \$8,600 per person for the recipients of all other grants under this expanded program component. DWD indicated to us that this grant funded coursework the individuals needed to obtain master's degrees in education, which resulted in higher costs per person.

We question the contractual provisions of certain grants that DWD awarded.

We question the contractual provisions of certain grants that DWD awarded. For example:

- In July 2014, DWD awarded \$26.6 million to technical colleges to reduce course waiting lists, including \$908,000 to train inmates. It did so because statutes required it to allocate \$35.4 million in grants in the 2013-15 biennium to reduce course waiting lists, provide high school students with industry-recognized certifications in high-demand fields, and enhance employment opportunities for individuals with disabilities. We question whether the \$908,000 was statutorily allowed because

training inmates did not reduce waiting lists for technical college courses.

- In December 2018, DWD awarded \$400,000 to DOC to fund welding and mechanical maintenance training for up to 15 weeks at four correctional institutions. DOC proposed, and DWD approved, that adult inmates within three years of their release dates could enroll in the training. We question DWD's decision to fund short-term training for inmates who may not be released from incarceration for up to three years after completing this training.

DWD should consistently follow statutes and administrative rules when awarding program grants. If DWD believes that recipients should be allowed to use grants to help fund the wages of employees who provided program-funded training, it should seek to modify these rules to allow such costs to be funded by the grants. DWD should consistently award program grants only for the stated purposes of the grants. DWD should also ensure that any widely varying training costs per person are necessary to accomplish the stated purposes of program grants. Doing so will help to ensure that program funds are spent appropriately and effectively.

Recommendation

We recommend the Department of Workforce Development:

- *consistently follow statutes and administrative rules when awarding program grants;*
- *consistently award program grants only for the stated purpose of the grants;*
- *ensure that any widely varying training costs per person are necessary to accomplish the stated purposes of program grants; and*
- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement these recommendations.*

Managing and Overseeing Contracts

DWD's contracts typically required grant recipients to retain, hire, or increase the wages of specified numbers of individuals. Administrative rules required DWD to retain a percentage of the

amounts it would have otherwise paid to recipients until they complied with their contracts and DWD closed the awards. Our file review found that the contracts typically required DWD to retain 5.0 percent of the amounts it would have otherwise paid, but that they did not specify how DWD was to determine whether to pay the retained amounts to recipients when closing the awards.

Our file review found that DWD did not use a consistent methodology for determining whether to pay retained amounts to recipients.

We found that DWD's policies contained inconsistent methodologies for determining whether DWD was to pay retained amounts to recipients. Our file review found that DWD did not use a consistent methodology for determining whether to pay retained amounts to recipients. We found that DWD paid a given retained amount if the number of individuals who completed program-funded training and were counted as program successes, such as by receiving increased compensation, was at least 85.0 percent of:

- the number of individuals who were contractually required to receive program-funded training;
- the number of individuals who began program-funded training but did not necessarily complete it; or
- the number of individuals who completed program-funded training.

Our file review found that DWD did not consistently require recipients to repay grant funds for not meeting contractually specified results.

DWD's contracts typically allowed it to require recipients to repay all grant funds if they did not hire or increase the wages of the contractually specified numbers of individuals. Our file review found that DWD did not consistently require repayments in such situations. For example, we found that DWD did not require one recipient to repay any of the \$59,200 it had received after it successfully trained only 5 of 50 contractually required individuals (10.0 percent) but required a second recipient to repay \$64,700 of the \$174,000 it had received after it successfully trained 138 of 250 contractually required individuals (55.2 percent). Repayment was required because DWD's Office of Integrity and Accountability included this grant in a random sample of grants that it reviewed.

DWD should better manage and oversee its contracts, which will help to ensure that it consistently requires repayments from grant recipients when appropriate. DWD should contractually specify its methodology for not paying recipients the retained funds and then consistently adhere to this methodology. DWD should also consider modifying contractual provisions regarding the results that recipients must achieve in order to avoid being asked to repay funds, and DWD should then consistently adhere to these provisions. For example, it could contractually agree to pay a given recipient a specified amount for every individual who completes

program-funded training and is counted as a program success. Alternatively, it could contractually agree to not retain or require the repayment of any funds if the average cost to train a given individual who is counted as a program success is less than a specified amount or a contractually specified minimum number of individuals complete program-funded training and are counted as program successes.

Recommendation

We recommend the Department of Workforce Development:

- *contractually specify its methodology for not paying grant recipients the retained funds and then consistently adhere to this methodology;*
- *consider modifying contractual provisions regarding the results that grant recipients must achieve in order to avoid being required to repay funds and then consistently adhere to these provisions; and*
- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement these recommendations.*

We found other concerns with DWD's management and oversight of its contracts. DWD's policies indicated that entities are eligible for grants to train employees outside of Wisconsin, as long as the entities pay Wisconsin unemployment insurance on these employees. In June 2014, DWD awarded an Illinois business \$388,800 to train 289 individuals who were working in Illinois when the business applied for the grant and to hire an additional 111 individuals during the grant period, for a total of 400 individuals. This business, which planned to move to Wisconsin, trained 316 individuals, including 211 individuals (52.8 percent of the 400 contractually required individuals) counted by DWD as program successes. The business indicated that many individuals terminated their employment because they were unwilling to commute to Wisconsin. Although DWD was contractually allowed to recoup the \$285,200 it had paid this business, it did not do so because the business spent less per individual trained than was contractually specified. In June 2017, DWD paid the business an additional \$15,000, which it had retained until closing the award.

2017 Wisconsin Act 59, the 2017-19 Biennial Budget Act, required DWD to award a \$200,000 grant to provide high school students with the skills needed to become future business owners. DWD indicated that because Act 59 required it to award this grant, it did

not manage and oversee its November 2017 contract as thoroughly as it otherwise would have done. DWD paid all \$200,000 even though only 26 students attended a one-semester course, at a cost of \$7,700 per student, and the course teacher was paid \$90,800. In addition, the grant recipient spent \$10,800 for items that DWD's policies would normally not have allowed, such as payments to the Internal Revenue Service for payroll liabilities and income taxes, and \$12,500 for rent, which DWD questioned as being unnecessary, given that the course was taught in a school.

DWD should consider the circumstances in which the program will pay to train non-Wisconsin residents and better manage and oversee all statutorily required contracts.

DWD should consider the circumstances in which the program will pay to train non-Wisconsin residents. For example, it may be appropriate to award a grant that will be used to train non-Wisconsin residents who are currently performing services in the state. In addition, DWD should better manage and oversee all statutorily required contracts.

Recommendation

We recommend the Department of Workforce Development:

- *consider modifying the circumstances in which the program will pay to train non-Wisconsin residents;*
- *better manage and oversee all statutorily required contracts; and*
- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement these recommendations.*

We found concerns with DWD's management and oversight of a \$200,000 contract it executed with a nonprofit organization in March 2017. This contract, which was made under a grant program announcement intended to address the workforce development needs of individuals living in the City of Milwaukee, required the grant recipient to train 300 individuals. After the Office of Skills Development determined that this recipient had not submitted the contractually required documentation to support its reimbursement request for \$5,000 to cover the costs of grant-related activities, a senior DWD official instructed the Office of Skills Development to first pay the \$5,000 and then ask this recipient to provide the documentation. DWD's files indicated that this senior official did so at the direction of DWD's secretary. In August 2017, DWD paid the \$5,000. In November 2017, DWD amended its contract to significantly reduce the proportion of grant funds that this recipient could use to train employees. The amended contract stipulated that this recipient could use:

- \$27,900 (14.0 percent) to train employees, whereas the original contract had permitted the recipient to use \$153,100 for training; and
- \$124,900 (62.5 percent) to recruit, place, and retain employees.

DWD should consistently require grant recipients to submit the contractually required documentation before reimbursing them for grant-related expenses. In addition, it should contractually require recipients to use a minimum proportion of grant funds to train employees. Doing so will help to ensure that program funds are appropriately spent to train employees.

Recommendation

We recommend the Department of Workforce Development:

- *consistently require recipients of program grants to submit the contractually required documentation before reimbursing them for grant-related expenses;*
- *contractually require grant recipients to use a minimum proportion of grant funds to train employees; and*
- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement these recommendations.*

Consulting with Other Entities

Statutes require DWD to consult with DPI, the Wisconsin Technical College System Board, and WEDC in order to implement various program components.

We found that DWD did not regularly consult with other entities in recent years about the program.

Statutes require DWD to consult with DPI, the Wisconsin Technical College System Board, and WEDC in order to implement various program components. Statutes do not provide guidance about the frequency or type of consultation that is to occur. Concerns have been raised that DWD does not sufficiently coordinate with these entities, as well as with other entities involved with workforce training activities, including workforce development boards, employers, and schools.

We found that DWD did not regularly consult with other entities in recent years about the program. DWD's technical advisory committee, which provided advice about targeting program funds, has not met since July 2017, when DWD issued the three grant program announcements to address broad workforce development

needs on an ongoing basis. As noted, this committee included staff from WEDC, DOR, and the Wisconsin Technical College System.

WEDC indicated that DWD did not coordinate program grants with its economic development awards. This lack of coordination occurred, in part, because DWD and WEDC considered economic development awards to have purposes and outcomes that differed from program grants. As we noted in report 19-6, our most-recent statutorily required biennial audit of WEDC, few of WEDC's awards that ended through FY 2017-18 had an expected result of employee training. Nevertheless, WEDC indicated that its awards and DWD's program grants can be complementary. Our file review found that a number of businesses received economic development awards from WEDC and program grants from DWD.

DPI indicated that it participated in evaluation committee meetings that assessed education-related grant program announcements and found this participation to be collaborative and worthwhile. However, DPI indicated that DWD typically did not consult with it outside of these meetings or alter its programmatic plans based on DPI's input.

The Wisconsin Technical College System Board indicated that it had collaborated with DWD when the program was created but had not recently interacted with DWD regarding the program. Individual technical colleges indicated that documentation requirements for program grants were burdensome and that the reimbursement process was slow, but they indicated that their interaction with DWD generally had improved in recent years.

DOT indicated that it was satisfied with its collaboration with DWD in administering the Commute to Careers program component. DOT contributed its expertise on vehicle purchasing guidelines, and DWD contributed its experience with the evaluation committee process.

DWD should convene its technical review committee at least quarterly and solicit guidance on how to focus program funding.

DWD should convene its technical review committee at least quarterly and solicit guidance on how to focus program funding. Obtaining advice and guidance from committee members can help DWD coordinate program grants with the awards made by other entities and prevent the duplication of effort. DWD can also benefit from the expertise of other agencies to better design its program grants.

Recommendation

We recommend the Department of Workforce Development:

- *convene its technical review committee at least quarterly and solicit guidance on how to focus program funding; and*
- *report to the Joint Legislative Audit Committee by March 31, 2020, on its efforts to implement this recommendation.*

■ ■ ■ ■

Appendices ■

Appendix 1

Summary of Wisconsin Fast Forward Program Components

This appendix provides a brief description of all 24 components of the Wisconsin Fast Forward program. We defined the program to include the provisions in ss. 106.26 through 106.277, Wis. Stats., excluding s. 106.273, Wis. Stats. In doing so, we used the Department of Workforce Development's (DWD's) definition of the program.

The program components are organized in the order they appear in statutes. Definitions of key terms follow.

Number provides a numerical reference created by the Legislative Audit Bureau for each program component.

Program Component provides the designated name for each program component. These names come from statutes or the grant program announcements issued by DWD.

Legislative Authority cites the statutory or nonstatutory provision that authorized each program component.

Legislative Act cites the Act that authorized each program component.

Eligible Applicants describes the types of entities that may apply for grants under each program component, as indicated either by statutes or the grant program announcements issued by DWD.

Description provides a brief description of the features of each program component.

Number	Program Component	Legislative Authority	Legislative Act	Eligible Applicants	Description
Standard Program					
1	Wisconsin Fast Forward	106.27 (1) (intro.)	2013 Wisconsin Act 9	Public and private organizations, including workforce development boards, technical colleges, and partnerships of several organizations	Provided grants to public and private organizations to develop and implement workforce training programs. Grants may be used to train unemployed and underemployed individuals and incumbent employees of Wisconsin businesses.
Expanded Program					
2	Commute to Careers	106.26	1995 Wisconsin Act 27	Local public bodies (including counties, municipalities, and towns) and private organizations	Provided grants to projects for improving access to jobs in outlying suburban, sparsely populated, and developed areas not adequately served by mass transit systems, and to develop innovative transit service methods. DWD administered this program component in partnership with the Department of Transportation.
3	Reentry Initiatives Grant Program	106.27 (1) (intro.)	2013 Wisconsin Act 9	Department of Corrections (DOC)	Provided grants for worker training to connect adults transitioning out of prison or jail with employment and training opportunities for businesses in need of skilled workers.
4	Technical College System Grant Program	106.27 (1) (intro.)	2013 Wisconsin Act 9	Wisconsin Technical College System Board	Provided a \$250,000 grant for apprenticeship training at technical colleges.
5	High School Student Certifications	106.27 (1) (a)	2017 Wisconsin Act 59	Technical colleges, in partnership with school districts, employers, and other partners	Provided grants to provide sophomores, juniors, and seniors enrolled in Wisconsin high schools with workplace readiness and technical skills, leading to industry-recognized certifications in high-demand fields.

Number	Program Component	Legislative Authority	Legislative Act	Eligible Applicants	Description
Expanded Program					
6	Training Teachers to Teach Dual Enrollment Courses	106.27 (1) (b)	2017 Wisconsin Act 59	Technical colleges in partnership with high schools	Provided grants to train high school teachers to meet the accreditation standards needed to teach dual enrollment courses, in which students simultaneously earn high school and technical college credit.
7	Employee Resource Network Pilot Grant Program	106.27 (1) (c)	2017 Wisconsin Act 59	Consortia of employers, economic development agencies, technical colleges, or other organizations providing workforce support	Provided grants to create public-private partnerships to improve workforce retention through employee support and training.
8	Increase Student Internships	106.27 (1) (d)	2017 Wisconsin Act 59	Nonprofit organizations, higher education institutions, employers	Intended to provide grants to increase the number of students placed with employers for internships. Through October 2019, DWD did not issue any grant program announcements for this program component.
9	Nursing Training for Middle and High School Students	106.27 (1) (e)	2017 Wisconsin Act 59	Community-based organizations	Provided grants for public-private partnerships to create and implement a nursing training program for middle school and high school students.
10	Technical Education Building Modifications	106.27 (1) (f)	2017 Wisconsin Act 59	School districts	Provided grants for building modifications needed to support technical education programs.
11	Personal Care Workers	106.27 (1) (g)	2019 Wisconsin Act 9	Programs that promote the attraction and retention of personal care workers	Intended to provide grants for programs that promote the attraction and retention of personal care workers. Through October 2019, DWD did not issue any grant program announcements for this program component.
12	Mobile Classrooms	106.27 (1i)	2017 Wisconsin Act 59	DOC	Provided grants for mobile classrooms to provide job skills training to correctional institution inmates preparing to reenter the workforce.

Number	Program Component	Legislative Authority	Legislative Act	Eligible Applicants	Description
Expanded Program					
13	Labor Market Information System	106.27 (1m)	2013 Wisconsin Act 9	Not applicable	DWD developed and maintained a labor market information system to collect, analyze, and disseminate information on employment opportunities in Wisconsin, and made this information available at no cost to the public.
14	Student Internship Coordination (WisConnect)	106.27 (1r)	2015 Wisconsin Act 283	Not applicable	DWD coordinated efforts between institutions of higher education and employers to increase the numbers of students placed with employers for internships.
15	Shipbuilder Training Grants	106.27 (1u)	2019 Wisconsin Act 9	Shipbuilders	Intended to provide grants to shipbuilders in Wisconsin to train new and current employees. No grant program announcements were issued through October 2019.
16	Worker Training and Employment Program	106.271	2017 Wisconsin Act 58	Institutions of higher education	Through October 2019, DWD did not issue any grant program announcements for this program component, and no funding has been appropriated to this program component.
17	Teacher Development Program Grants	106.272	2017 Wisconsin Act 59	School boards, governing bodies of private schools, or charter management organizations	Provided grants to teacher development programs approved by the Department of Public Instruction.
18	Advanced Manufacturing Technical Education Equipment Grant Program	106.275	2017 Wisconsin Act 59	School districts	Provided grants for acquiring advanced manufacturing equipment, software, and instructional materials.
19	Grants for Teacher Training and Recruitment	106.277	2017 Wisconsin Act 59	Nonprofit organizations	Provided grants to recruit and prepare individuals to teach in public or private schools in low-income or urban school districts in Wisconsin.

Number	Program Component	Legislative Authority	Legislative Act	Eligible Applicants	Description
Expanded Program					
20	Building Occupational Skills for Success	2017 Wisconsin Act 59, sec. 9151 (5q)	2017 Wisconsin Act 59	Milwaukee Development Corporation	Provided a \$200,000 grant to support the Building Occupational Skills for Success program, which is designed to provide students with the skills needed to become future business owners.
Blueprint for Prosperity:					
21	Technical College Waiting List	106.27 (1g) (a)	2013 Wisconsin Act 139	Technical colleges	Provided grants to reduce the waiting lists for enrollment in programs and courses in high-demand fields, as determined by DWD.
22	High School Student Certifications	106.27 (1g) (b)	2013 Wisconsin Act 139	Wisconsin businesses in collaboration with school districts, technical colleges, employers, or other partners	Provided grants for collaborative projects among school districts, technical colleges, and businesses to provide high school students with industry-recognized certifications in high-demand fields, as determined by DWD.
23	Disabled Workers	106.27 (1g) (c)	2013 Wisconsin Act 139	Wisconsin businesses	Provided grants to help Wisconsin businesses diversify their workforces and increase productivity by training and hiring individuals with disabilities and veterans with service-connected disabilities.
24	Project SEARCH	106.27 (1g) (c)	2013 Wisconsin Act 139	Project SEARCH	Provided grants to expand the number of Project SEARCH sites across Wisconsin to help prepare students with disabilities for transitioning into the workforce. This program component is coordinated by the Department of Health Services in partnership with DWD's Division of Vocational Rehabilitation.

Appendix 2

Ten Largest Standard Program Grants Awarded

FY 2012-13 through FY 2018-19

Recipient	Business Sector	Amount
Baptista's Bakery	Manufacturing	\$400,000
Cambridge Major Laboratories, Inc.	Manufacturing	400,000
City of Racine	Geographic Location ¹	400,000
Gehl Foods, LLC	Manufacturing	400,000
Green Bay Packaging, Inc.	Manufacturing	400,000
Nestle USA	Manufacturing	400,000
Racine Area Manufacturers and Commerce	Transportation	400,000
Roehl Transport, Inc.	Transportation	400,000
Veriha Trucking, Inc.	Transportation	400,000
Milwaukee Center for Independence	Health Science and Health Care	393,000

¹ This grant was intended to provide training to individuals living in the City of Racine.

Appendix 3

Ten Largest Expanded Program Grants Awarded

FY 2012-13 through FY 2018-19
(in millions)

Recipient	Program Component	Amount
Madison Area Technical College	Technical College Waiting List	\$5.0
Fox Valley Technical College	Technical College Waiting List	3.0
Milwaukee Area Technical College	Technical College Waiting List	2.6
North Central Area Technical College	Technical College Waiting List	2.3
Gateway Technical College	Technical College Waiting List	1.9
Nicolet Area Technical College	Technical College Waiting List	1.9
Western Technical College	Technical College Waiting List	1.5
Lakeshore Technical College	Technical College Waiting List	1.4
Waukesha County Technical College	Technical College Waiting List	1.4
United Community Center	Nursing Training for Middle and High School Students	1.0

Appendix 4

File Reviews of Selected Fast Forward Program Grants

Number	Program Component	Number of Grants	Amount
Standard Program			
1	Wisconsin Fast Forward	69	\$ 8,469,100
Expanded Program			
2	Commute to Careers	23	4,338,400
17	Teacher Development Program Grants	40	3,927,000
6	Training Teachers to Teach Dual Enrollment Courses	14	3,652,400
9	Nursing Training for Middle and High School Students	2	1,500,000
5	High School Student Certifications	14	1,276,300
18	Advanced Manufacturing Technical Education Equipment Grant Program	6	1,000,000
19	Grants for Teacher Training and Recruitment	2	1,000,000
3	Reentry Initiatives Grant Program	1	400,000
4	Technical College System Grant Program	1	250,000
20	Building Occupational Skills for Success	1	200,000
7	Employee Resource Network Pilot Grant Program	3	159,000
21	Blueprint for Prosperity: Technical College Waiting List	16	26,637,300
22	Blueprint for Prosperity: High School Student Certifications	38	2,725,500
24	Blueprint for Prosperity: Project SEARCH	1	850,000
23	Blueprint for Prosperity: Disabled Workers	11	603,300
Subtotal		173	48,519,200
Total		242	\$56,988,300

Response ■

November 11, 2019

Mr. Joseph Chrisman
State Auditor
Legislative Audit Bureau
22 E. Mifflin Street, Suite 500
Madison, WI 53703

Dear Mr. Chrisman:

The Department of Workforce Development (DWD) appreciates the hard work of the Legislative Audit Bureau (LAB) staff and their thorough report and recommendations for improving the Wisconsin Fast Forward (WFF) program. We accept all findings and recommendations enclosed in the report.

With the recommendations from the LAB, DWD pledges its unwavering commitment to continued improvement of WFF, while staying true to its original legislative intent to provide job training opportunities that are not available through other workforce programs. Indicative of this commitment, DWD made the unusual request to the Joint Legislative Audit Committee to expand the audit's scope so that a more comprehensive review could identify all areas requiring improvement for better and more consistent WFF programming and outcomes.

To develop a wider and deeper pool of workforce talent while improving the economic stability for Wisconsin workers, job seekers, and business owners, our training programs must deliver in-demand, transferable skills and result in wages that allow Wisconsinites to invest in their families, their futures, and their communities. It is DWD's vision for the improved WFF program to fund training that increases both the quantity and quality of jobs filled in our state.

By incorporating LAB's recommendations on how to revise and improve WFF, DWD will achieve better outcomes for a diverse group of Wisconsin business owners, workers, and job seekers across geographic and industry sectors. DWD will also better connect WFF with the larger workforce development system. We believe WFF will be more efficient and cost-effective to both participants and taxpayers by using it to complement rather than compete with existing local, state, and federal workforce training programs, such as the Workforce Innovation and Opportunities Act (WIOA).

As a result of LAB's recommendations and our internal reviews, DWD is initiating the following improvements to WFF's application, scoring, evaluation, contracting, and monitoring processes:

- Conduct targeted and relevant due diligence investigations prior to evaluation to ensure applicants meet the eligibility criteria set in Wis. Admin. Code § DWD 801.04(1).
- Ensure evaluations include a standard scoring mechanism and consistent evaluation committee membership for each Grant Program Announcement.
- Standardize scoring and establish a minimum score that applicants must earn in order to be eligible for funding.
- Base grant awards on funding availability and in order of descending score.
- Address risk mitigation through contract terms that place special conditions on the grantee relevant to the risk assessment.
- Revise contract terms to specify additional detailed reporting, measurable and consistent

deliverables, and other contract compliance requirements.

- Prohibit program monitoring staff from serving on the evaluation teams, to provide a clear separation of duties.
- Incorporate Unemployment Insurance matching wage data into program evaluation activities to better track program performance.
- Align performance measures for all WFF programs with the federal Department of Labor's WIOA performance measures to ensure consistent expectation and outcome comparisons.
- Promulgate rules required by statute for the standard and expanded programs and ensure grant policies are transparent and easily accessible to the public.

We look forward to working with the LAB and the Joint Legislative Audit Committee as we report on our progress implementing these very important program improvement recommendations. We will provide an update to you by March 31, 2020.

Sincerely,

A handwritten signature in black ink, appearing to read "Caleb Frostman". The signature is fluid and cursive, with a long horizontal stroke at the end.

Caleb Frostman
Secretary-Designee
Department of Workforce Development