

## RESOURCE MIX

Wisconsin's workforce development system is largely funded with federal dollars, which may indicate a need to grow the state's share of investment.

Much of the funding for the programs on the map is federal; in fact, Wisconsin relies on the federal government for 83% of its funding (Chart 3). Wisconsin's reliance on federal funding is a concern because federal dollars are typically earmarked to serve narrowly defined populations and tend to have more stringent regulations and restrictions attached to their use. With four out of every five dollars in Wisconsin's workforce development system originating from federal agencies, the dominance of federal support may prove to be an obstacle to reform.

Funding from the State of Wisconsin amounts to 17% of all employment and training dollars tracked by the resource map. By comparison, Wisconsin's neighboring state of Illinois recorded a 31% state share of support for workforce development services using a similar methodology, while Minnesota registered a 33% state share of support (Table 2). Though not a perfect measure due to the lack of data for all 50 states, such comparisons do reveal a Wisconsin system that seems to draw less from state coffers than other states. This analysis, though limited in scope, does suggest room for the state to grow its investment in workforce development.

Chart 3: Origins of workforce development funding in Wisconsin

Total funding: \$339,263,827

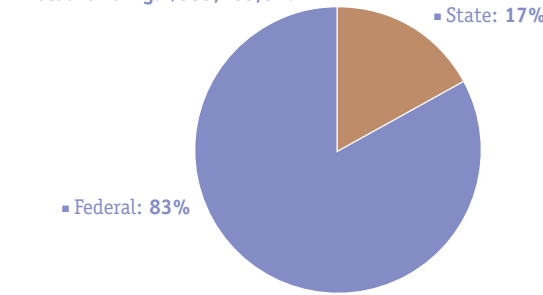


Table 2: Origins of workforce development funding, ranked by share of state support

	Federal	State
New York, FY03	55%	45%
Massachusetts, FY06	62%	38%
Minnesota, FY02	67%	33%
Tennessee, FY03	68%	32%
Illinois, FY02	69%	31%
Texas, FY02	71%	29%
Ohio, FY07	76%	24%
Wisconsin, FY08	83%	17%

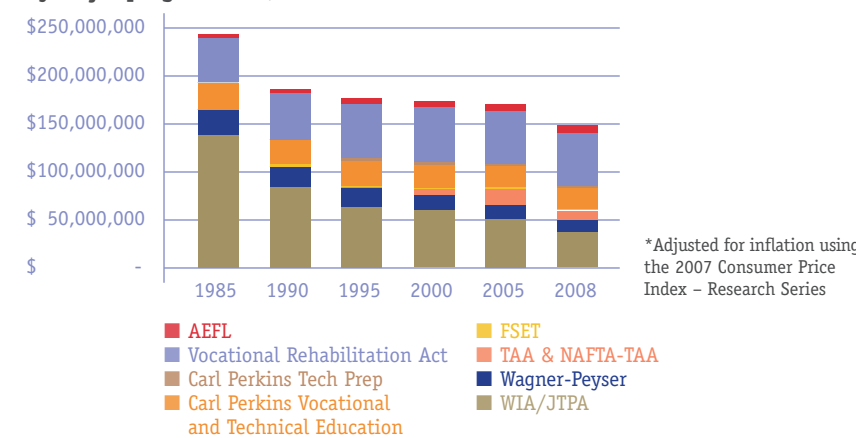
\*FY stands for "Fiscal Year" and in this table indicates the year of the source data

## RESOURCE TRENDS (cont. on next page)

A steep drop in federal funds allocated to workforce development signals the need for regions to shift their attention to securing alternative public and private dollars to finance their training needs.

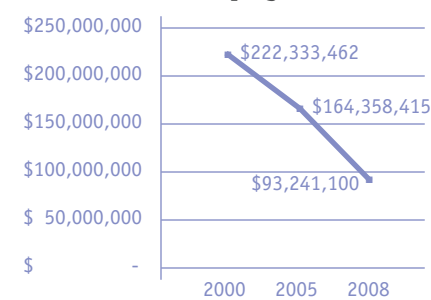
The majority of funds identified in the resource map come from federal formula grants – dollars that are allocated to states based on criteria set by law. Chart 4 shows an inflation-adjusted view of the decline in these dollars for the state's eight largest federally funded workforce development programs.<sup>1</sup> In total, federal funding for these programs decreased 39% from 1985 to 2008. Most of that decline can be attributed to a 73% drop in funding for the Workforce Investment Act (WIA) and its predecessor, the Job Training Partnership Act (JTPA).<sup>2</sup> The 23-year slide in federal support of workforce development is also attributable to a 51% reduction in Wagner-Peyser Job Service funding and a 22% drop in Carl Perkins Vocational and Technical Education funding levels.

Chart 4: Federal funding for workforce development, by major program area, 1985-2008\*



\*Adjusted for inflation using the 2007 Consumer Price Index – Research Series

Chart 5: Federal TANF funding allocated to Wisconsin's W-2 program 2000-2008\*



\*Adjusted for inflation using the 2007 Consumer Price Index – Research Series. The dollar amounts reflected are for "W-2 agency contracts" which includes cash payments to participants in subsidized employment, local administrative costs and the costs of training and employment services.

## RESOURCE TRENDS (cont.)

Due to lack of historical data, federal Temporary Assistance for Needy Families (TANF) funding for Wisconsin's W-2 program is not included in Chart 4. W-2 – the state's largest workforce development program accounting for 27% of all funding identified on the resource map – provides cash benefits and employment and training services to income-qualified working parents throughout Wisconsin. W-2 has retained its status as the state's largest workforce development program despite a 58% reduction in funds allocated to the program by the state between 2000 and 2008 (Chart 5). Although there has been a 15% reduction in W-2 caseloads during this period, funding reductions for W-2 can primarily be explained by the fact that the state has chosen to shift TANF dollars toward childcare subsidies for working families and away from W-2 benefits and services.<sup>3</sup>

Due to decreases in federal funding and a shift in state priorities away from W-2, regions throughout the state are expected to increasingly turn to alternative funding sources to finance their training needs. These "alternative" sources, which are not included on the map, are typically awarded directly to local and regional entities on a competitive basis and include grant dollars from local governments and foundations, contributions from employers, and competitive federal and state grants. Table 3 lists a few such sources being tapped in southeastern Wisconsin.

Table 3: Direct awards for workforce development in southeastern Wisconsin\*

Program	Funding	Funding source	Date	Grantee
WIRED initiative	\$5,160,000	Federal	2008-09	Regional Workforce Alliance
Futures First	\$4,800,000	Federal	2007-09	Milwaukee Public Schools
Community-Based Job Training – Advanced Mfg.	\$1,999,999	Federal	2007-09	Milwaukee Area Technical College
Prison re-entry program	\$1,866,765	Federal	2005-09	World of Hope Ministries
Prison-to-work program	\$1,588,520	Foundation, State	2006-09	The New Hope Project
Earn & Learn Summer Youth Internship Program	\$900,000	City, Federal, State, Foundation	2008	Milwaukee Area Workforce Investment Board
Community Economic Development (CED) Program	\$677,000	Federal	2007-2012	Northwest Side CDC
United Way Job Training Initiative	\$631,000	Private	2007	Selected job-training agencies
Transition funding	\$600,000	Foundation	2008	Milwaukee Area Workforce Investment Board
Tax Increment Financing for North End	\$500,000	City of Milwaukee	2008	To be determined
YouthBuild	\$404,131	Federal	2007-2010	City of Milwaukee Housing Authority
Ex-offender pilot program	\$400,000	Federal, State	2008	Selected job-training agencies
ROSS (Resident Opportunities and Self-Sufficiency)	\$350,000	Federal	2008	City of Milwaukee Housing Authority
Community Development Block Grant	\$325,000	City of Milwaukee, Federal	2008	Selected job-training agencies

\*This is not a comprehensive list of awards and most of the listed programs receive additional funds from other partners.

In an environment of declining federal revenue and increased competition for training resources, it is imperative that regions fully engage employers and the philanthropic community to forge a new workforce development funding model. Currently, foundation and employer support of workforce development in Wisconsin is a multi-million dollar enterprise. Despite this fact, a recent survey found that only 13% of foundations granted money for specific job training programs.<sup>4</sup> In terms of employer activity, another survey found that 44% of Wisconsin CEOs reported spending less than 3% of their payroll on employee training.<sup>5</sup> In light of looming labor and skill shortages, additional employer and foundation engagement and investment in training programs will be critical.

## RESOURCE GAP

Securing additional "flexible" funding will likely be necessary to meet training demand.

A recent study of workforce development spending in southeastern Wisconsin found only 10% of state and federal dollars flowing into the region were flexible enough to be used to support job-specific training needs.<sup>6</sup> Applying this ratio to the entire state reveals an estimated \$34 million available annually for job-specific training – a figure that falls well short of the \$120 million that would be needed to train enough workers to fill each one of the state's 64,840 projected job openings that require some form of training.<sup>7</sup> In short, securing additional flexible funding will likely be necessary to meet labor demand in industries that require some form of training.

### Endnotes

<sup>1</sup> This chart is an updated version of a chart which first appeared in a report entitled "Declining Federal Support for Wisconsin Workforce Development," released in July 2004 by the Center on Wisconsin Strategy. Due to a lack of historical data dating back to 1985, Chart 4 does not include AFDC and TANF federal dollars used to support Wisconsin's W-2 program.

<sup>2</sup> Wisconsin's WIA allocation will increase in 2009 to \$47.7 million, which will bring WIA funding back within reach of 2005 levels.

<sup>3</sup> "The Allocation of TANF and Childcare funding in Wisconsin," Brookings Institution, August 2006

<sup>4</sup> "GROW Report: Regional Workforce Funding," Urban Strategies, November 2007.

<sup>5</sup> "WMC Economic Outlook Survey," Wisconsin Manufacturers and Commerce, June 2008.

<sup>6</sup> "GROW Report on Milwaukee 7 Regional Workforce Funding," Urban Strategies, November 2007.

<sup>7</sup> The \$120 million figure is an estimate. It assumes a 50/50 cost-sharing partnership with employers and is based on a per-worker training cost of \$3,700 which is the average cost to graduate an adult from the WIA program in 2006. For comparison, this estimate is only slightly higher than the average per-worker training cost of \$3,200 budgeted for a new Milwaukee Area Technical College program targeted at training workers for advanced manufacturing jobs.

SEPTEMBER 2008

## WISCONSIN'S WORKFORCE DEVELOPMENT SYSTEM

A graphical guide to employment and training resources in Wisconsin



On the reverse side we present a resource map of Wisconsin's workforce development system that is intended to graphically bridge together state and federal funding specifically devoted to employment and training programs administered by the State of Wisconsin. These programs encompass a broad spectrum of publicly funded workforce development services from on-the-job-training to job search and placement to help with overcoming transportation and language barriers. The purpose of the map is to give policymakers and service providers a clear picture of the state's current offerings and to serve as a guide in ongoing reform efforts.

### What can we learn from the map?

The following are key findings from Wisconsin's first-ever workforce development resource mapping effort:

- Organization - Wisconsin's many workforce development programs may not be organized in the most effective manner.
- Need - Demographic and economic shifts are projected to increase the need for employment and training services.
- Resource mix - Wisconsin's workforce development system is largely funded with federal dollars, which may indicate a need to grow the state's share of investment.
- Resource trends - A steep drop in federal funds allocated to workforce development signals the need for regions to shift their attention to securing alternative public and private dollars to finance their training needs.
- Resource gap - Securing additional "flexible" funding will likely be necessary to meet training demand.

Research by:



www.publicpolicyforum.org (414) 276-8240

Funded by:



www.dwd.state.wi.us



www.joycefdn.org

## ORGANIZATION

Wisconsin's many workforce development programs may not be organized in the most effective manner.

At first glance, the resource map on the back of this report appears to depict a workforce development system that is both broad and fragmented. The map identifies \$339 million in state and federal dollars that will be spent in fiscal year 2008 to address the employment and training needs of Wisconsin's workforce and charts these dollars as they flow through six federal agencies, eight state administrative departments and 36 different programs. However, despite the involvement of so many state administrative departments, the vast majority of funding is concentrated in just two departments – the Department of Workforce Development and the newly created Department of Children and Families (Table 1). A question that may merit further study is the degree to which current programs could be further consolidated under fewer administrative departments to achieve potentially improved service delivery.

Table 1: Workforce development funding by state administrative department

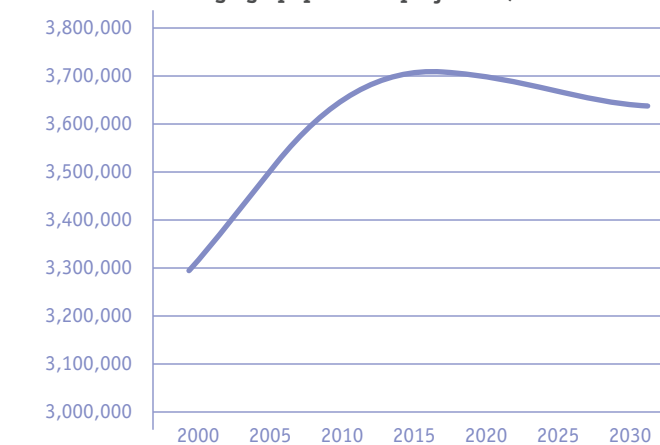
	Number of programs	Total funding for Fiscal Year 2008	% of total funding
Department of Workforce Development	12	\$143,273,663	42%
Department of Children and Families	2	\$96,716,100	29%
Wisconsin Technical College System	5	\$34,475,693	10%
Department of Health Services	6	\$29,057,786	9%
Department of Corrections	2	\$20,845,200	6%
Department of Public Instruction	1	\$9,803,101	3%
Department of Commerce	5	\$3,974,784	1%
Department of Veterans Affairs	3	\$1,117,500	0.3%
<b>Total</b>	<b>36</b>	<b>\$339,263,827</b>	

## NEED

Demographic and economic shifts are projected to increase the need for employment and training services.

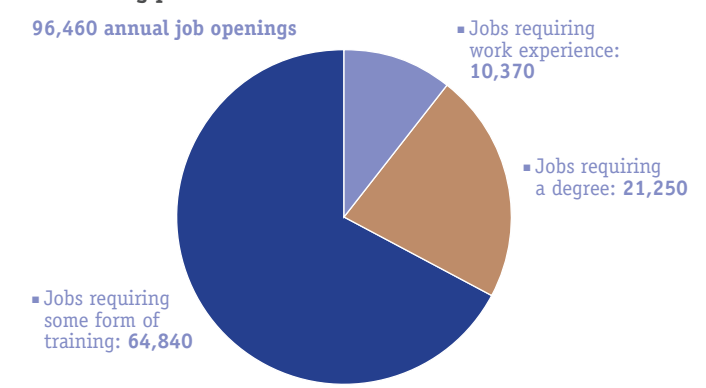
Wisconsin faces a dual imperative over the next two decades to simultaneously increase the supply and skills of its workforce. Though not particular to Wisconsin, the state's labor force is expected to experience a decline in the number of participants due to the impending wave of retirements from the aging of the baby boom generation. According to the Wisconsin Department of Administration, the projected working age population in the state (ages 18-64) will peak in 2015 at 3.70 million and then decline to 3.63 million by 2030 (Chart 1). A constricting labor supply is a concern because economic growth is inhibited without a steady supply of workers.

Chart 1: Working age population projection, 2000-2030



Source: "Wisconsin Population 2030," Wisconsin Department of Administration, March 2004.

Chart 2: Projected annual number of job openings in Wisconsin between 2006 and 2016, by typical education or training path



Source: "Wisconsin Occupational Projections, 2006-2016," Wisconsin Department of Workforce Development Office of Economic Advisors.

Over the next decade, Wisconsin also will have to address a shortage of skilled workers. In large part, these workers will need specific job skills, not formal degrees. Of the 96,460 projected annual job openings between 2006 and 2016 (Chart 2), those jobs that will require some form of "training" make up 67% of all openings. As will be the case in all parts of the world, Wisconsin will need to bridge the gap between underskilled jobseekers and employers in need of more qualified workers.

# A SUMMARY OF WORKFORCE DEVELOPMENT PROGRAMS IN WISCONSIN

Federal Agency	U.S. Department of Labor										U.S. Department of Education	U.S. Department of Transportation	U.S. Department of Health and Human Services										U.S. Department of Agriculture	Corporation for National and Community Service	U.S. Department of Labor										U.S. Department of Education									
State Agency	Department of Workforce Development										Department of Children and Families					Department of Health Services					Department of Commerce					Department of Corrections			Department of Veterans Affairs			Department of Public Instruction		Wisconsin Technical College System										
Program name	Workforce Investment Act (WIA)	Wagner-Peyser Labor Exchange (Job Service)	Veterans Employment and Training Programs	Trade Adjustment Assistance (TAA) and NAFTA-TAA	Workforce Information Grants	Work Opportunity Tax Credit	Children First Program	Vocational Rehabilitation Act	Youth Apprenticeship	Wisconsin Employment Transportation Assistance Program <sup>5</sup>	Boys and Girls Clubs	Refugee Employment and Training	Wisconsin Works (W-2)	T.E.A.C.H. and R.E.W.A.R.D.	Wisconsin Pathways to Independence	Brighter Futures Initiative	Community Services Block Grant	FoodShare Employment and Training (FSET)	AmeriCorps	Wisconsin Senior Employment Program <sup>6</sup>	Wisconsin Fresh Start	Minority Business Employees' Skills Training	Rural Business Employees' Skills Training	Business Employees' Skills Training	Customized Labor Training	Community Corrections Employment Program	Badger State Industries <sup>7</sup>	Retraining Grant	Veterans Assistance Program	Troops-to-Teachers	Carl Perkins Vocational and Technical Education	Carl Perkins Vocational and Technical Education	Carl Perkins Tech Prep	Adult Education & Family Literacy	Workforce Advancement Training Grants	General Purpose Revenue Grants <sup>8</sup>	Total							
Federal funding <sup>1</sup>	\$37,086,620	\$13,108,238	\$2,954,000	\$9,680,883	\$605,539	\$255,840	\$0	\$55,705,100	\$0	\$3,238,049	\$350,000	\$1,594,194	\$93,241,100	\$3,475,000	\$7,575,600	\$1,697,000	\$7,911,700	\$1,044,462	\$6,420,154	\$2,212,702	\$687,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$108,600	\$0	\$0	\$0	\$0	\$9,803,101	\$12,300,457	\$2,106,802	\$7,887,634	\$0	\$0	\$281,049,775				
State funding <sup>2</sup>	\$0	\$0	\$0	\$0	\$0	\$0	\$1,140,000	\$15,156,500	\$1,512,600	\$886,100	\$0	\$0	\$0	\$0	\$296,800	\$1,749,500	\$0	\$149,868	\$0	\$0	\$330,000	\$254,200	\$606,500	\$50,000	\$2,047,084	\$691,800	\$20,153,400	\$210,000	\$798,900	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$2,000,000	\$10,180,800	\$58,214,052					
Total funding	\$37,086,620	\$13,108,238	\$2,954,000	\$9,680,883	\$605,539	\$255,840	\$1,140,000	\$70,861,600	\$1,512,600	\$4,124,149	\$350,000	\$1,594,194	\$93,241,100	\$3,475,000	\$7,872,400	\$3,446,500	\$7,911,700	\$1,194,330	\$6,420,154	\$2,212,702	\$1,017,000	\$254,200	\$606,500	\$50,000	\$2,047,084	\$691,800	\$20,153,400	\$210,000	\$798,900	\$108,600	\$9,803,101	\$12,300,457	\$2,106,802	\$7,887,634	\$2,000,000	\$10,180,800	\$339,263,827							
Service providers	Workforce Development Boards, Job Centers	Job Centers	Job Centers	Job Centers	Department of Workforce Development	Employers	W-2 agencies	Contractors	High schools, Tech schools, Chambers, CESAs	Community-based organizations, local transit system	Boys and Girls Clubs	Community-based organizations	W-2 agency contractors	Wisconsin Early Childhood Association	Potentially any entity delivering employment services to individuals with disabilities	County government, tribal and non-profit contractors	Wisconsin Community Action Agencies	County government, tribal and W-2 agency contractors	Community-based organizations	Community-based organizations	Community-based organizations	Employers	Employers	Employers	Employers	Community-based organizations	Correctional institutions	State employees	Veterans Assistance Centers	State employees	School districts	Wisconsin technical colleges	Wisconsin technical colleges	Wisconsin technical colleges, community-based organizations	Wisconsin technical colleges	Wisconsin technical colleges	Wisconsin technical colleges							
Services	■	■	■	■			■	■	■			■	■		■			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■						
Job training	■	■	■	■			■	■	■			■	■		■			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■					
Job search	■	■	■	■			■	■	■			■	■		■			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
Job placement	■	■	■	■			■	■	■			■	■		■			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
Work supports	■	■	■	■			■	■	■			■	■		■			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
Work readiness	■	■	■	■			■	■	■			■	■		■			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
Basic education	■	■	■	■			■	■	■			■	■		■			■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■	■				
Other services	Career planning	Online job search tool (JobNet)	Case management		Workforce information (WORKnet)	Federal income tax credit for employers	Case management	Case management		Job retention				Job retention, career advancement	Strategic planning effort to remove barriers to employment for those with disabilities																						Case management							
Target customer	Adults; dislocated workers; youth	Job seekers and employers	Veterans	Individuals displaced by industry changes due to foreign imports	Universal	Employers that hire individuals of certain target groups	Non-custodial parents (NCP's) behind on child support payments	Individuals with disabilities	High school students	Low-income workers	Youth, ages 6-18, eligible to receive TANF	Refugees	Cash assistance recipients	Employed child care workers	Individuals with disabilities	At-risk youth in ten counties	Low-income individuals including the unemployed, homeless, migrants and elderly	Food Stamp recipients	Young adults, 18-24 years of age	Low-income, unemployed individuals 55 years and older	At-risk young adults, 16-24 years of age	Minority incumbent workers	Rural incumbent workers	Incumbent workers	Incumbent workers	Ex-inmates released on parole	Inmates	Unemployed or under-employed veterans enrolled in a training program	Homeless veterans and those at risk of becoming homeless	Veterans	Secondary students, 7th to 12th grade	Technical college students	High school students	Adults without a high-school diploma, inmates	Incumbent workers	See footnote #8								
Number of participants <sup>3</sup>	16,615 WIA participants in 2006 <sup>4</sup>	106,467 registered to receive program services	11,500 veterans receiving service	1,933 program exits in 2006	270,293 visits to WORKnet website in 2006	1,248 employers	4,000 NCP's served annually	30,000 individuals served with 3,167 successful rehabilitations	3,900 students trained in the 2005-07 biennium	Services provided by 17 transportation agencies	Services provided at 32 club sites	900 refugees gained employment in the 2005-07 biennium	19,289 W-2 participants	2,148 stipends awarded	136,621 Wisconsin residents currently receiving SSI benefits are targeted by this program	BFI collaborative projects serve 100,000 annually	404,297 program participants in 2005	4,242 enrolled as of April 2008	1,093 AmeriCorps members for the 2007-08 program year	309 funded positions in 2006	200 participants	3 employers awarded grants between SFY02 and SFY05	27 employers awarded grants between SFY02 and SFY05	48 employers awarded grants between SFY02 and SFY05	142 employers awarded grants between SFY02 and SFY05	175 open program slots	471 inmate employees during SFY2006	87 grant recipients in the 2005-07 biennium	4,803 assisted in the 2005-07 biennium	91 participants hired since 1994	38,120 11th and 12th grade participants	20,480 participants	19,296 participants	27,895 participants	Helped 90 employers train 12,000 workers in the 2005-07 biennium	19,558 participants								

**Services** Each service category is inclusive of the following workforce development activities

- **Job training**.....Occupational skills training, on-the-job training, apprenticeship, and work experience.
- **Job search**.....Provide clients with job listings, access to on-line job banks, resume support, job fairs, assistance with job applications.
- **Job placement**.....Build relationships with employers to place clients into jobs. Includes post-placement follow-up.
- **Work supports**.....Assistance other than academic or skills training to help clients overcome barriers to employment. Services include transportation and wage subsidies.
- **Work readiness**.....Assistance with interviewing, grooming, attendance, punctuality and other "soft skills."
- **Basic education**.....ESL instruction, GED/HSED preparation, adult basic education including reading, writing, math and other required employment skills.

\*Service definitions from "The Milwaukee Workforce Development Landscape Report", UWM Center for Workforce Development, January 2006

**Footnotes**

<sup>1</sup> Federal funding amounts are for Federal Fiscal Year 2008 (FFY08), which runs from October 1, 2007 to September 30, 2008. In certain cases where FFY2008 data were not available, federal program year 2007 data were used. FFY2007 runs from July 1, 2007 to June 30, 2008.

<sup>2</sup> State funding amounts are for State Fiscal Year 2008 (SFY08), which runs from July 1, 2007 to June 30, 2008. State revenue figures include General Purpose Revenue (GPR), Segregated Revenue (SEG) and Program Revenue (PR).

<sup>3</sup> "Number of participants" is an annual figure for 2007 unless otherwise noted. Great care should be used in interpreting data in this category. Participant data should not be used to produce cost efficiency comparisons between programs because data in this field varies greatly by source and type.

<sup>4</sup> The WIA number of participants listed does not reflect the actual total number of people having been served by Title I funds. This figure only reflects the number of participants for purposes of performance measure reporting in a snapshot-in-time using Department of Labor requirements.

<sup>5</sup> WETAP program administered and funding in partnership with the Wisconsin Department of Transportation.

<sup>6</sup> Funding data for the Wisconsin Senior Employment Program are FFY2006.

<sup>7</sup> Badger State Industries is funded with self-generated program (SEG) revenue. Funding data shown is SFY07.

<sup>8</sup> "General Purpose Revenue grants" are made up of seven separate competitive grant programs: Basic Skills, Adult Literacy, Workplace Adult Basic Education, Health Care Education Grants, Minority Student Participation and Retention Grants, Transition Services for Individuals with Disabilities Grants, and School-to-Work for At-Risk Youth.

**Notes on methodology and what's excluded from the matrix**

Data in this report come from communication with State of Wisconsin department staff, annual state program reports, Legislative Audit Bureau audit statements, Legislative Fiscal Bureau budget informational papers, previously published research and various federal reporting documents. Unless otherwise indicated, the funding amounts are for Fiscal Year 2008. These are budgeted figures and not actual expenditures. All funding figures include administrative costs. The matrix includes public (federal and state) funding streams only and does not include "leveraged" contributions from employers, foundations or local governments. The purpose of the matrix is to graphically map the flow of competitive and formula federal grants as they pass through various state administrative departments. Therefore, federal grants made directly to local agencies are not included. Community Development Block Grant and Social Services Block Grant programs were not included due to the limited role they play in funding workforce development. Funding for Job Corps and the National Farmworker Jobs Program were not included because funding flows directly to local service providers from the U.S. Department of Labor, bypassing state oversight. Financial aid (Pell Grants), child care subsidies and unemployment insurance payments are not included. While each program certainly addresses workforce issues, direct cash payments were not generally included in this map as a workforce development activity.

**Credits**

The template for the resource map was adapted from similar projects in Illinois by the Chicago Jobs Council, in New York by the Center for an Urban Future, and in Texas by the Center for Public Policy Priorities. This report was supported by The Joyce Foundation and the Wisconsin Department of Workforce Development. The report was written by Ryan Horton, Senior Researcher at the Public Policy Forum - a Milwaukee, WI based non-partisan think tank. The author wishes to extend a special "thank you" to Linda Preysz at DWD for her able assistance.