

**TESTIMONY OF REP. STEVE DOYLE ON AB 226**

Thank you Chairwoman Loudenbeck for holding a prompt hearing on Assembly Bill 226, the Small Business Diversification and Market Expansion Initiative. This bill was introduced last session, and again this session, as a result of a roundtable discussion which Senator Shilling and I held in La Crosse County. The group consisted of representatives from Western Technical College, Workforce Connections, La Crosse County Chamber of Commerce, La Crosse Area Development Corporation, a union official and other members of the Seven Rivers Alliance. Our request to the group was to come up with ideas that could create jobs in both the near and long term future. And we also told them it couldn't cost any money. This bill meets those objectives: it will create jobs. It will not cost any new money.

This Small Business Diversification and Market Expansion Initiative will expand the existing scope of Workforce Advancement Training Grants available to Wisconsin technical colleges. Currently, WAT grants are awarded to technical colleges to upgrade the skills and productivity of employees of businesses of not more than 100 employees or which had no more than \$10,000,000 in gross annual income in its most recent fiscal year. First, this proposal increases the threshold to 250 employees. Second, AB 226 was designed to allow the grants to be expanded to enable both emerging and existing companies to diversify their operations and compete in new markets. One of the concerns

discussed at our economic development roundtable was the need for businesses who are struggling in the current economy to change their business model to be able to continue in operation through diversification. Again, this proposal does not add new additional money to the program; it simply allows new uses for the current grant money.

The WAT grant program was created in 2005 Wisconsin Act 25 to help address training needs of Wisconsin business and enhance skills of the workforce. When asked about their experience with the program from the first year of operations, 100% of the employers who participated in the program indicated that the customized training improved employee skills.

In a nutshell, here is the problem: Our tech schools are able to use these grants to retrain workers in small businesses. However, that retraining doesn't always do much to help either the worker or the company. That's because sometimes the company is a start-up, still struggling to get a foothold or is an existing company struggling to maintain its market share. Sometimes their competition is domestic; often it is global. Let's say that XYZ Company makes widgets that they are selling throughout Wisconsin. And now they can sell them throughout the Midwest. They are very good widgets but the market for widgets has tanked because the Chinese now have superwidgets. Using a WAT grant under the bill, the tech school can assist XYZ Company to retool its operations to make those superwidgets that are selling like hotcakes. And now they can sell them throughout the Midwest. XYZ's existing employees learn a new skill – super-widget making – and XYZ is able to expand its operation and hire ten more employees. The employer wins. The existing employees win. The new hires win. And the state's economy wins.

In recent years a portion of funds available for this grant program have gone unclaimed because companies weren't in a position to

either diversify or expand. By broadening the eligibility to include market expansion and business diversification and to include businesses up to 250 employees, the funds that are already available will actually be used.

Everyone agrees that job creation needs to be our number one priority. This bill takes an underused resource and directs it toward that goal without adding one dollar in GPR. Last session, this bill passed the Colleges and Universities Committee on a unanimous vote. I appreciate your consideration of this proposal. Thank you again, Madam Chair, for scheduling this hearing.

Assembly Bill 226

Grants to Technical College District Boards under the Workforce Advancement Training Program

Thank you for considering Assembly Bill 226, which modifies the Workforce Advancement Training Grant Program (WATG). The current WATG program has provided thousands of hours of customized training for Wisconsin employers, providing needed skills for incumbent workers. It has been a major tool for job retention and economic growth in Wisconsin. A highly skilled and efficient workforce is of vital importance as Wisconsin companies seek to effectively compete on a global stage.

AB 226 will provide added flexibility to the current program to include technical assistance as an allowable activity. This change is particularly important for small to mid-size companies. Consider this ... as companies develop strategies to become as lean and efficient as possible, they have been able to effectively compete for business. At the same time, because of this focus on maintaining a lean operation, they may lack the resources to plan for new and emerging business opportunities. To be certain, the global marketplace is not static. In order to compete in the long run, Wisconsin companies need to be able to adapt to the changing needs and opportunities in the marketplace.

AB 226 will allow companies to contract with a local technical college for strategic planning and technical assistance in order to develop business plans that can capture new business opportunities. This approach is particularly advantageous because it is built upon the existing relationships between Wisconsin companies and local technical colleges. AB 226 will help Wisconsin companies to be lean and efficient, and yet also be adaptable to the changing business marketplace. I strongly urge you to support Assembly Bill 226.

Lee Rasch, President



LEE NERISON

96TH ASSEMBLY DISTRICT

Capitol:

Post Office Box 8953

Madison, WI 53708-8953

(608) 266-3534

Toll-Free: (888) 534-0096

Fax: (608) 282-3696

Rep.Nerison@legis.wi.gov

District:

S3035 CTH B

Westby, WI 54667

(608) 634-4562

Remarks of Representative Lee Nerison
on Assembly Bill 226
Assembly Committees on Workforce Development
June 4, 2013

Good afternoon, Chairwoman Loudenbeck and committee members. Today, I testify in support of Assembly Bill 226, termed the Small Business Diversification and Market Expansion Initiative, which I have co-authored with Representative Doyle.

As Representative Doyle has explained, this legislation revises the Workforce Advancement Training (WAT) grant program so that more Wisconsin businesses can better address their training needs and enhance the skills of our state's workforce.

Created in 2005, the WAT program's initial goal was to help small businesses of fewer than 100 employees with annual gross sales of less than \$10 million. However, as the years have passed, the roadblock is lower-than-expected participation by businesses because the statutes define specific eligibility for this money.

Also consider that, during tight economic times, one of the expenses that a business looks to cut is worker training, either because the business cannot afford lost productivity, or it simply doesn't have the money, or maybe both. The WAT grant helps businesses address worker training needs in times when they are operating on tight margins.

In closing, this legislation doesn't cost the state government or local government additional money, but it is a worthwhile investment. It is a perfect example of how government can be, and needs to be, more responsive to the changes needs of Wisconsin businesses. It is a common-sense solution to keeping Wisconsin businesses competitive in a global economy. It is an important investment in the future of our skilled workforce.

For these reasons, I encourage you to vote for this legislation so that it can be considered by the State Assembly. Thank you for time and your consideration of this proposal.



Testimony in Support of AB 226
Assembly Committee on Workforce Development
Representative Amy Loudenbeck, Chair
June 4, 2013

Chairperson Loudenbeck and Committee Members,

On behalf of our 16 local governing technical college boards statewide, the Wisconsin Technical College District Boards Association supports AB 226. We thank Representative Doyle, Senator Leibham, and the bill's co-sponsors for this proposal.

Workforce Advancement Training (WAT) grants are an extremely important tool supporting job training, business productivity and Wisconsin's competitiveness in the global marketplace. These grants are awarded competitively to business and industry by the Wisconsin Technical College System (WTCS) Board. The grants support specific worker training projects. The business uses the funds for technical colleges to provide highly customized and targeted training to incumbent workers who directly improve the business or industry's processes, productivity and profitability. Technical colleges provide the training "at cost," and waive indirect overhead/administrative costs.

In 2012-2013, the \$3.97 million WAT grant appropriation has been used to fund 72 projects statewide to train more than 11,000 workers. Examples of recent projects include:

- Moraine Park Technical College trained 153 employees from Badger Mining, Helgesen Industries, Metalcraft, Midstates Aluminum, and Mayville Engineering in GMAW and GTAW welding, blueprint reading, brake press operation, basic machining, and Manufacturing Skills Standards Certification (MSSC). As a direct result, the businesses reported that customer complaints decreased 35%, lead times were reduced, and scrap expense as a proportion of sales was cut in half.
- Waukesha County Technical College provided training to 23 Superior Crane employees to lead the documentation and development of standard operating procedures and process improvements. As a direct result of training and ISO certification, production has expanded resulting in the promotion of eight incumbent staff and hiring of additional engineers, quality technicians, machinists, welder/fabricators, expeditors, and material handlers.
- Blackhawk Technical College provided MSSC, Six Sigma, and leadership training to 94 employees of Diamond (Kettle) Foods, United Alloy, and SSI/SSD. As a result, the five projects identified for implementation are projected to save \$500,000, United Alloy's safety performance improved (decrease in the "DART" rate from 3.92 to 2.26), and several trainees were given significant wage increases or promoted.

AB 226 expands the allowable purpose for WAT grant funding to include technical assistance for market expansion and/or business diversification. This change is proposed in direct response to business requests. It meets a need for services that improve a business's market share or diversify the marketplace for its existing products or for new products. Besides serving individual businesses, grant requests could also support consortia, industry clusters, economic development groups working with business, and other regional or industry-wide projects.

Like incumbent worker training, technical assistance provides customized services that strengthen business and industry, and, in turn, the local economy and job base. Growing business has always been at the heart of Wisconsin technical colleges. This bill provides an expanded purpose for these key competitively awarded grants that builds on that legacy in a mutually beneficial way.

The bill also changes the definition of business size for certain grant funding. While any size business qualifies for WAT grants now, current law provides that a portion of the appropriation may be reserved for small business awards. The pending 2013-15 state budget, AB 40, creates a new "block grant" across a number of existing categorical aid programs including WAT grants. These provisions were proposed by the Governor and have been included (with some helpful amendments) in the Joint Finance Committee bill version to date. These proposals will make this bill's business size definitional change of little consequence because of the new flexibility provided in awarding all grants including WAT grants.

As proposed, we do not believe it is necessary to amend AB 226 to be consistent with the pending 2013-15 budget bill relative to WTCS block grants and the continuation of the WAT grant program. The "small business" language is permissive rather than mandatory now. The WTCS may currently award WAT grants to any size business in the state. We understand that this would not be affected whether AB 226 passes with or without the change in business size language.

Thank you for supporting AB 226.

Paul Gabriel
Executive Director