



State Senator
Rick Gudex

District 18

February 19, 2013

To: The Senate Committee on Workforce Development, Forestry, Mining, and Revenue
From: Sen. Rick Gudex
Re: LRB 1162, **Wisconsin Fast Forward**

Mr. Chairman, members of the committee, thank you for holding this hearing today.

In 2005, the chairman of Bucyrus International announced that his company was opening a factory in Texas. They had intended to create 80 manufacturing jobs in the Milwaukee area but left the state instead, because it had become “arduous to near impossible” to find the qualified, factory-grade welders they needed.

That is, it was near impossible *in Wisconsin*. Texas bent over backward to support that business. Wisconsin didn’t notice until it was too late.

Years later, that same chairman, Tim Sullivan, became a Special Consultant to the Governor on Economic, Workforce and Education Development, and issued a report that bore his name. The Milwaukee Journal Sentinel called the Sullivan Report a potential game-changer that “deserves action, not just encouraging rhetoric, from state officials.”

I agree, so here we are.

Among the Sullivan Report’s recommendations: immediate implementation of a real time Labor Market Information System (LMIS), and coordinated state worker training and competitive grants at the Department of Workforce Development (DWD). The bill before you today will give us both.

The LMIS will do two things. First, it will act as a job website on steroids. Instead of simply responding to keyword searches, it will actively seek out matches for both employers and potential employees based on keywords and on skills related to those keywords. Instead of only showing potential employees what jobs are available, it will also lead those employees to training that will help them land those jobs.

Second, the LMIS will provide real-time labor market data. One of the deficiencies identified in the Sullivan Report was that, at any given time, we have no idea exactly how many jobs are open, how many workers are needed, and what skills those workers need to fill those jobs. The LMIS will help us compile that information.

Besides the LMIS, this bill provides \$15 million for workforce development grants to help provide job training that isn't normally available. Both public and private organizations, schools, and businesses will be eligible to apply for these grants either on their own or in partnership with each other.

While Wisconsin already provides a great deal of worker education through our universities and technical colleges, no institution can be flexible enough or omniscient enough to fill every specific need that might come up. Therefore, we will create this new net to help catch the needs that fall between what our schools already provide.

If this program had been in place back in 2005, Bucyrus International could have partnered with the state, a technical college, a workforce development board, a nonprofit organization or some combination thereof, to train the workers they needed in the specific skills they needed, and instead of expanding a new facility in Texas, they could have expanded here instead. Today, let's learn from our past failings, and open up new opportunities for Wisconsin's families.



Our View | Workforce Development

Sullivan report outlines promising reform ideas

The state's skills gap can be closed. And with its heritage in manufacturing, Wisconsin can be a national leader in workforce training.

By Journal Sentinel editorial board
Aug. 28, 2012

Too many reports and studies on government are hailed as a good starting point for reform when they are issued and then vanish into that shelf where reports and reform efforts go to die. Talking about true reform is easy; achieving it is something else entirely.

Gov. Scott Walker and the Legislature should not allow that shelf to claim a new report on the gap in Wisconsin between the thousands of unemployed desperately looking for jobs and the thousands of job openings that go unfilled.

The report by former Bucyrus International Chairman Tim Sullivan offers a series of recommendations to fill that gap, all of which deserve serious discussion and some of which no doubt will deserve implementation.

The goal: Close the skills gap and make Wisconsin a national leader in training workers.

Sullivan, who was appointed by Walker as a special consultant for business and workforce development in February, was uniquely positioned to do this study. When he spoke to the Editorial Board in March, he recalled that three years ago he was forced to move work out of Milwaukee because he couldn't find enough workers with the right skills.

The skills gap "is hurting economic competitiveness in Wisconsin," Sullivan said. And Wisconsin families and businesses are hurting as a result.

Sullivan says the first step should be to upgrade some of the state's software; it's hard to disagree with that. The white paper recommends replacing antiquated labor market assessment tools at the state Department of Workforce Development with real-time data available through new software packages. Such an upgrade can help state agencies, technical colleges, employers and school guidance counselors track job trends in real time and have better information about what jobs are available now and in upcoming years.

"There's not a person in this state who can tell you the available jobs in the state of Wisconsin with any accuracy today," Sullivan told Journal Sentinel reporters Karen Herzog and Thomas Content. "We just

don't know how many jobs are available."

Other recommendations also seem like easy calls: Realigning the state's economic development organizations and job training efforts, expanding efforts to turn research funding at the University of Wisconsin into business start-ups and adopting a four-year graduation guarantee for students in the UW System all could help.

So could establishing academic and career planning as early as sixth grade. It could help kids focus on a goal that could lead them to real jobs down the road. It's a good idea, as long it opens multiple pathways to the workforce and doesn't pigeonhole children.

Other recommendations seem promising but will need a full vetting to make sure they're the right steps. Giving the state Department of Workforce Development, rather than local workforce development boards, responsibility for coordinating job training programs could provide a more coordinated statewide approach that better connects workers to jobs. But it runs the risk of muting local voices that might better understand a local or regional job market, a point three leaders of boards in the Milwaukee area make in today's "Another View."

Other recommendations will need to overcome objections. These include expanding funding for part-time technical college students to keep them enrolled while increasing tuition for technical college students who already have four-year degrees. Is that fair?

And still others - such as reforming the state's tax code and welcoming legal immigrants to the state - are large issues that will require political will on the part of the governor and legislators.

Still, Sullivan has outlined a program that could be a game-changer in the way Wisconsin creates a workforce for the global marketplace. It deserves action - and not just encouraging rhetoric - by state officials.

What should be done to close the skills gap? To be considered for publication as a letter to the editor, e-mail your opinion to the [Journal Sentinel editorial department](#).

Find this article at:

<http://www.jsonline.com/news/opinion/sullivan-report-outlines-promising-reform-ideas-ru6lbvp-167761715.html>

Check the box to include the list of links referenced in the article.

Finding skilled workers a struggle for Bucyrus

Bucyrus CEO says Texas did training that Wisconsin couldn't

By John Schmid of the Journal Sentinel
June 11, 2011

West Bend - Not long ago, Bucyrus International Inc. stood out in Milwaukee as a veritable poster child for business opportunity and expansion. Mayor Tom Barrett singled out chief executive Tim Sullivan in his 2005 "state of the city" address: "Thank you for believing and investing in our city."

And so it was awkward last week when Sullivan told a packed auditorium of civic leaders that he needed to make a "confession," something he's kept quiet for years. Finding qualified, factory-grade welders in an old-line industrial city such as Milwaukee had become arduous to near impossible. Calling himself a "killjoy," Sullivan said he quietly phoned a few contacts in Texas to see whether the Lone Star State could provide him enough welders who are qualified to piece together the colossal mining machines that Bucyrus ships to India, China and elsewhere around the world.

A delegation of senior Texas government authorities met Sullivan at the airport, including the mayor of the town of Kilgore. In a one-hour lunch, they matched Bucyrus with a ready-to-occupy factory with every possible amenity.

More important, they asked Sullivan exactly what sort of workers he needed. Sullivan said 80 with specific skill. The state gave Sullivan a guarantee that the workers would be waiting when the doors opened at the expansion site in Kilgore. State officials customized a recruitment, training and certification program. One year later, when the expansion site in Kilgore opened its doors, the 80 welders were waiting.

In the two years since then, the Texas site has more than doubled to 184 total workers and plans to keep hiring. And back in Milwaukee, Sullivan has said next to nothing in public about the Kilgore expansion.

New leg of expansion

That is, until Wednesday, when he spoke in West Bend at a quarterly meeting of the seven-county Milwaukee 7 economic development consortium.

"You could see how pained Tim was to put that plant in Kilgore," said Tim Sheehy, president of the Metropolitan Milwaukee Association of Commerce and senior M-7 planner.

"Push came to shove, and we had to do something," Sullivan said in an interview after the M-7 meeting.

Sullivan can afford to be more blunt than usual these days. He said he would step down this summer

after he closes a \$7.6 billion deal to sell Bucyrus to Caterpillar Inc., the world's largest construction equipment maker. Caterpillar, based in Peoria, Ill., has plants around the world and wants to open new global production sites.

"We shouldn't fool ourselves that if companies cannot find labor in Milwaukee, that they won't look somewhere else," Sheehy said. "The message for Milwaukee is to fix the workforce or die."

Jobs and investment in Texas amount to a new leg of the Bucyrus expansion. In 2004 and 2005, the company accepted state grants and local tax breaks to breathe new life into a vacant plant on the south side and expand the flagship factory in South Milwaukee. At the time, Sullivan said, Bucyrus wanted to show that Milwaukee had retained a competitive industrial base even in an age of high-tech manufacturing.

Bucyrus employs about 1,700 in metro Milwaukee, "going to 2,000," Sullivan said. Worldwide head count is about 11,000, "up from 10,000 18 months ago," he said.

On the subject of politics, Sullivan continues to hold open the option that he will run for the U.S. Senate seat that long-serving Democrat Herb Kohl now occupies, following Kohl's announcement that he won't seek re-election. Asked for his political affiliation, Sullivan replied: "I have none."

Reform job training

Sullivan disclosed his investment in Texas, he said, to build his case for wholesale reform of Wisconsin's job training and education system. Radical action is needed, he warned the M-7.

As chairman of the Governor's Council on Workforce Investment, a state advisory panel, Sullivan wants Gov. Scott Walker to change how the state spends hundreds of millions of dollars each year in federal job training funds - and in the process, link the funds to reforms of local education programs. The proposals would change how workforce investment boards - regional training entities - apply for funds. They would need to justify each allocation with commitments to reform the curricula of each region's kindergarten-through-12th public schools as well as each region's technical colleges.

Those proposals are in early stages, and Walker already signaled that a direct link between the spending formula and education curriculum was too radical.

Chronic skills mismatch

But Sullivan's candor reignited a debate that's infuriated plant managers in the region for years. At issue is a chronic mismatch of skills - a topic that metro Milwaukee leaders have debated loudly for years without making meaningful progress, Sullivan said. Even with employment estimated above 10% in the city, industrial employers such as Bucyrus are unable to fill jobs.

What pained Sullivan most, the CEO said, was that the Milwaukee Area Technical College also said it would customize a welder training program for Bucyrus. But MATC never gave a guarantee as Texas did, Sullivan said. Nor did MATC deliver. Some didn't finish training. Others were certified but failed a drug test.

"We have a complete disconnect between jobs and education and training," Sullivan said. In Milwaukee, "we're a long way" from replicating the feat in Texas.

"There is no stomach in this state to change the curriculum," he said. "Who is initiating education reform in the state right now? No one."

Although taxpayer-funded MATC probably is the institution best suited to address the skills mismatch, the tech school cannot bear all the blame for its inability to deliver customized workforce training, Sullivan said.

Many Milwaukee-trained welders simply are not mentally prepared by metro Milwaukee's grade schools and high schools, Sullivan said.

Lack of basic skills

About 50,000 working-age residents in the city of Milwaukee cannot read beyond the third grade, Sullivan told M-7. In Wisconsin, meanwhile, some 710,000 working-age people did not finish high school.

According to federal data cited by the M-7, 32% of manufacturers nationally report unfilled jobs because they cannot find qualified workers. The nation has nearly 300,000 open positions in manufacturing.

Michael Burke, the president of MATC, said he plans to address the skills disconnect. Burke has been on the job for 15 months, after the previous MATC president, Darnell Cole, was fired following his arrest on drunken driving charges.

"I intend to make this a significant focus," Burke said in response to Sullivan's comments.

Find this article at:

<http://www.jsonline.com/business/123694664.html>

Check the box to include the list of links referenced in the article.

STANDING COMMITTEES:

Committee on Commerce,
Utilities, Energy, and Rail

Committee on Audit

Committee on Administrative Rules



JOINT COMMITTEES

Joint Committee for Review of
Administrative Rules

Joint Committee on Audit

Joint Committee on Information
Policy and Technology

Wisconsin Fast Forward Testimony

First, I would like to take the committee members for taking the time to have a hearing on this legislation, and I would also like to thank Senator Gudex and Representative Bernier for their dedication to such important needs for workforce development and job creation.

Currently, Wisconsin trails behind other states in regards to workforce development technology. We are presently not able to provide Wisconsin's workers with adequate and precise job opening information and we are unable to get the detailed market information that our workforce and economic development agencies need to help tailor worker training requirements that need to be met with Wisconsin employers. This has been a significant setback in our mission to create skilled family supporting jobs in Wisconsin.

The Wisconsin Fast Forward legislation will specifically address those problems. This bill provides funding to implement a state of the art Labor Market Information System (LMIS), which will help direct training resources, help students plan careers, and match employers and employees faster and more effectively than we have ever been able to do.

The system will vigorously seek out job matches for both employers and potential employees based on skills the job seeker has indicated they possess. Additionally, instead of only showing job seekers what jobs are available, LMIS will also lead employees to training that will help them land those jobs. It's estimated that reducing the amount of time it takes for the unemployed to find employment by just one week would save the Unemployment Insurance Trust Fund \$45 million.

The Sullivan Report also identified a number of deficiencies within workforce development. Specifically, that at a given time, we have no idea exactly how many jobs are open, how many workers are needed, or what skills those workers would need to fill those jobs. The limited data that is collected right now is released with delays from six months to two years.

The software is intended to provide real-time labor market data to better serve the unemployed, job seekers, secondary and postsecondary schools, and employers. The LMIS will also improve our understanding of labor market and skill trends, providing accurate timely information on job openings to improve the ability to modify program requirements to meet evolving skill requirements and allocate resources to high demand areas.

As stated in the beginning of the testimony, Wisconsin is trailing behind other states using similar programs like this. If Wisconsin wants to be a model of job creation and workforce development for the nation it will need the tools necessary to do so.

Members of the Wisconsin Legislature:

My name is Richard Best, Executive Director of the West Central Wisconsin Workforce Development Board and Workforce Resource, Inc. I come before you to speak in support of Assembly Bill 14, and its companion Senate Bill 23. This initiative will assist in addressing the skills needs of Wisconsin's employers, workers and job seekers by providing flexible funding to fill gaps in current workforce development resources.

In enacting this legislation, I encourage the Legislature to recognize and reinforce the strategic role of our business-led and locally responsive Workforce Development Boards. Workforce Development Boards provide an efficient and effective structure to convene and mobilize the community partnerships envisioned in this bill. The Boards' business leadership will assure that projects originating within their regions will be responsive to employer needs and maximize the leverage of complimentary resources.

To those ends, the Legislature should consider incorporating provisions, either in legislation or through its oversight of the rule making process, to assure that projects funding under this legislation:

- Are submitted by true local partnerships of Workforce Development Boards, Local Economic Development Organizations and Education and Training Providers working in close collaboration with area employers
- Include employer verification of the occupational skills demand to be addressed by the proposed workforce development strategy and,
- Include an analysis of related resources that documents how those resources are being leveraged in support of the proposed project and identifies the gaps in those resources that the project will address

The West Central Wisconsin Workforce Development Area has just implemented a project that exemplifies the intent of the proposed legislation. Through the combined business outreach of Polk County Economic Development Corporation and Workforce Resource (the service entity for the area Workforce Development Board) occupational skills needs of 12 area manufacturers were identified. Several focus groups and individual employer interviews were conducted over three months to identify the desired skills. Those skills needs were compared to available skills of area dislocated workers and other unemployed individuals. Skills gaps were identified and skill training designed based on the employer input. A training partnership of Wisconsin Indianhead Technical College, Workforce Resource, Wisconsin Job Service, Osceola High School, Polk County Economic Development, Northern Waters Literacy Council and the 12 participating area manufacturers launched this innovative 12- week training on Monday, February 19, 2013. We look forward to replicating this effort across our region in the near future.

Fortunately, this project was made possible by resources provided by a federal dislocated worker supplementary grant. However, individuals have been identified who are not eligible for those funds and access to resources envisioned in this AB14 and SB 23 would be most helpful in meeting employer and job seeker needs. We encourage rapid passage of this much needed legislation.



West Central Wisconsin
Workforce Development Board

Phone: 715.232.7380
Extension: 1010
or 1.800.472.5522
Fax: 715.232.2240
Cell: 715.556.3375

401 Technology Drive E., Suite 100
Menomonie, WI 54751-2383
e-mail: bestd@workforceresource.org

Richard Best
Executive Director



Survival Coalition

of Wisconsin Disability Organizations

*131 West Wilson Street, Suite 700, Madison, Wisconsin 53703
(608) 267-0214 voice/tty • (608) 267-0368 fax*

Date: February 19, 2013

To: Senator Tom Tiffany, Chairperson
Members
Senate Committee on Workforce Development, Forestry, Mining, and Revenue

From: Chris Thomas-Cramer, Staff
Wisconsin Board for People with Developmental Disabilities

Re: SB 23, relating to workforce training

Thank you for the opportunity to comment on Senate Bill 23. My name is Chris Thomas-Cramer and I represent both the Wisconsin Board for People with Developmental Disabilities and the Survival Coalition of more than 30 statewide disability organizations. The missions of both the Board and Survival Coalition include advocating the appropriate supports so that people with disabilities can be full and contributing members of their communities. For most people – including those with disabilities – that means working at a meaningful job and making enough money to support oneself.

However, the employment rates for people with disabilities, and particularly significant disabilities, continues to be abysmal. Only between 9 and 14 percent of individuals with significant disabilities in Wisconsin's long-term care system work in integrated jobs at minimum wage or above. That rate is only 4% for people with physical disabilities in Wisconsin.

We are excited about the state's emphasis on workforce development and preparing more people to be competitive in the workplace. Because people with disabilities experience increased barriers to employment – including inadequate supports and training – we ask that this bill specifically require that the workforce training provide assistance to incumbent and new employees with disabilities. Specifically, we ask that one or more enhanced grant awards are reserved for businesses that demonstrate a commitment to hiring and training qualified individuals with disabilities at competitive wages (at least the minimum wage but no less than the customary wage paid to those without disabilities filling the same position).

Survival Coalition and the Board for People with Developmental Disabilities welcomes further opportunities to talk with this committee about this and other workforce bills in

Sen. Tiffany and Members
SB 23
Page 2

the months ahead, with a particular emphasis on how people with disabilities – including those with the most significant disabilities – can be part of workforce investment efforts and experience improved employment rates.

Survival Coalition Co-Chairs
Maureen Ryan, Wisconsin Coalition of Independent Living Centers, Inc.
608-444-3842; moryan@charter.net

Beth Swedeen, Wisconsin Board for People with Developmental Disabilities
608-266-1166; Beth.Swedeen@wisconsin.gov

Department of Workforce Development
Secretary's Office
201 East Washington Avenue
P.O. Box 7946
Madison, WI 53707-7946
Telephone: (608) 266-3131
Fax: (608) 266-1784
Email: sec@dwd.wisconsin.gov



**Testimony on SB23: *Wisconsin Fast Forward*
Provided by Reggie Newson, Secretary at DWD
February 19, 2013**

Dear Chairperson Tiffany and members of the committee:

I appear before you today to strongly endorse Senate Bill 23 as introduced at the request of Governor Walker by Sen. Gudex. Governor Walker has identified workforce development and job creation as top budget priorities and the Department of Workforce Development plays a crucial role in executing his mission. We are eager to see *Wisconsin Fast Forward* move from concept to reality and we stand ready to implement the three major tenants of the bill in support of the Governor's priorities. Those tenants are: flexible grant funding for worker training, the Office of Skills Development, and a Labor Market Information System.

The bulk of the appropriation in this bill is for grants to support worker training. We at DWD envision a competitive process that would encourage cooperation between consortiums. These consortiums could be made up of any combination of employers, not-for-profits, technical colleges, Workforce Investment Boards, regional economic development organizations, and/or private educational institutions. Grants will be directed to support employers who are adding workers or relocating to Wisconsin, as well as to support training resulting in increased wages for incumbent workers.

The second tenant of *Wisconsin Fast Forward* is the Office of Skills Development. We would like to immediately begin hiring four full-time employees for this office within the Department of Workforce Development. We expect these four employees will be the primary contacts for the administration and oversight of the grant funding. In addition, we will direct existing staff resources to support the office and we will build upon the success of our current case management system, ASSET, to include additional criteria for tracking grant outcomes. We will provide annual reports to the legislature identifying details of job placement and job retention, wage data, cost per trainee, demographics, and geographic impact. Currently, we use ASSET to track more than \$140 million allocated by the federal government in Workforce Investment Funds.

The third tenant of *Wisconsin Fast Forward* is the Labor Market Information System (LMIS) that we believe will be a game-changer in terms of providing real-time data that will benefit a multitude of players. We expect this system will open the door to many more potential employment opportunities because it will be based on a person's skill set and not just a job title. The information gleaned from LMIS will also help employers identify where existing staff resources are strongest which may in turn, help with relocation decisions. We also expect this information will become a crucial component of career decisions for students, parents and educators. As they look to the future, young people will be able to determine where and what kind of jobs will likely be available upon high school graduation or at the close of a two-year or four-year degree program.

Parents and guidance counselors will also have access to the same information and will be able to inform kids of career options they may not have first considered.

Wisconsin's current workforce development program is almost entirely dependent on funding from the federal government which is a risk given the fact that the pool of money sent to our state is shrinking each year. We can continue to accept that as our state's path or we can invest our state resources wisely as other states have done and support this innovative approach to connecting job seekers to jobs. We at DWD are excited about *Wisconsin Fast Forward* and we look forward to the passage of the bill before you.

Thank you for your consideration. We would be happy to answer questions at this time.