

1999 DRAFTING REQUEST

Assembly Amendment (AA-AB133)

Received: **06/7/99**

Received By: **malaigm**

Wanted: **Soon**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-8849**

By/Representing: **Shanovich (RR)**

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Subject: **Employ Priv - job training**

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Pre Topic:

LFB:.....Shanovich (RR) -

Topic:

Youth apprenticeship training grants (LFB paper #1056)

Instructions:

Sec Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
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Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

June 1, 1999

Joint Committee on Finance

Paper #1056

Governor's Work-Based Learning Board -- Youth Apprenticeship Training Grants (DWD -- Employment, Training and Vocational Rehabilitation Programs)

[LFB 1999-01 Budget Summary: Page 664, #1]

CURRENT LAW

The youth apprenticeship program provides high school juniors and seniors with the option of enrolling in a two-year program combining academic classroom coursework with on-the-job training in specific occupational areas. Occupational programs are based on industry skills standards. Pupils who complete the program receive an occupational proficiency or skills certificate in addition to their high school diploma.

The Department of Workforce Development (DWD) is authorized to award grants to employers for each youth apprentice that receives at least 180 hours of paid on-the-job training from the employer during the school year. The maximum training grant is \$500 per year and a grant cannot be awarded for a specific youth apprentice for more than two school years.

GOVERNOR

Transfer the current youth apprenticeship training grant program, funding and appropriation to the Governor's Work-Based Learning Board. Authorize the Board to administer the program and approve occupations and curricula for the occupations. Transfer total youth apprenticeship training grant annual base level funding of \$1,150,000 GPR to a new local youth apprenticeship program and create in a new GPR appropriation for the program. Under the local youth apprenticeship program, the Board would award grants to applying local partnerships for the implementation and coordination of local youth apprenticeship programs. Increase the appropriation for the local youth apprenticeship grant program in 1999-00 by an amount equal to the amount which lapses to the general fund from the current youth apprenticeship appropriation at the end of fiscal year 1998-99.

DISCUSSION POINTS

1. DWD's Division of Connecting Education and Work (CEW) administers the youth apprenticeship program with the assistance of the Department of Public Instruction (DPI) and the Wisconsin Technical College System (WTCS) Board. Staff from the three agencies work with schools, WTCS districts, employers and labor to form local steering committees and set up local youth apprenticeship programs. Schools and WTCS districts provide the academic component of the program through a curriculum developed at the state level. Employers hire youth apprentices for the two school years, pay them at least minimum wage, provide on-the-job training in the occupational clusters set by the statewide curriculum and provide a skilled mentor for the youth apprentices. Students who successfully complete a youth apprenticeship program receive a state skills certificate from DWD and also receive advanced credit standing in WTCS schools.

2. The first occupations developed for the program were printing in 1992-93 and financial services in 1993-94. As of the fall of 1998, 18 curricula had been completed or substantially completed. Table 1 lists these curricula with the implementation year and number of pupils enrolled in the spring of 1999.

TABLE 1
Youth Apprenticeship Curriculum and Enrollment

<u>Occupation</u>	<u>Year Implemented</u>	<u>1998-99 Enrollment*</u>
Graphic Arts/Printing	1992	147
Financial Services	1993	190
Auto Technician	1994	279
Biotechnology	1994	19
Drafting and Design/Architecture	1994	5
Health Services	1994	296
Hotel & Motel Operations	1994	38
Insurance	1994	0
Manufacturing/Machining	1994	155
Auto Collision	1995	54
Drafting & Design/Engineering	1995	32
Drafting & Design/Mechanical Design	1995	16
Manufacturing/Production Technician	1995	105
Tourism	1996	50
Manufacturing/Plastics	1998	13
Logistics	1998	5
Production Agriculture	1998	17
Information Technology	1998	2
Total		1,423

*January 1, 1999

3. The youth apprenticeship program began in the 1992-93 school year in West Bend and the Fox Valley with 17 pupils in the printing program. These pupils graduated with a printing skills certificate in May, 1994. In the spring of 1999, at least 1,423 youth apprentices in 54 communities will study in one of the 18 curricula listed in Table 1. This number may increase during the 1999-00 school year as additional pupils enroll in new or existing programs.

4. As noted, CEW is authorized to award grants of up to \$500 per student to employers that hire youth apprentices during the school year. A total of \$690,000 GPR in 1997-98 and \$1,150,000 GPR in 1998-99 was appropriated for youth apprenticeship training grants.

5. The current school-to-work program includes local partnerships, youth apprenticeships, career counseling centers, technical preparation, youth options and at-risk youth programs. Local partnerships develop and implement school-to-work programs at the local level. Local programs must meet federally established requirements and state standards established by DPI, DWD and the WTCS Board. Local partnerships can include employers, school districts, cooperative educational service agencies (CESAs), post-secondary educational institutions, WTCS districts, labor organizations, private industry councils, chambers of commerce, local government agencies, parent organizations, teacher organizations and student organizations. Local programs are required to have components related to: (a) school-based learning; (b) work-based learning; and (c) activities connecting work-based and school-based components. Wisconsin has 31 local partnerships that provide local school-to-work programs.

6. Local youth apprenticeship programs are provided by smaller consortia of schools, WTCS institutions, employers and labor within school-to-work local partnership areas throughout the state. Local partnerships provide administrative, program and financial support to the local youth apprenticeship programs. Each local partnership has a youth apprenticeship coordinator who acts as liaison between the participating businesses, schools and students. The coordinators' responsibilities include recruiting students and businesses, developing training sites and providing mentor training.

7. A primary source of funding for local partnerships has been federal School-to-Work Opportunities Act (STWOA) grants. The STWOA provides grants to states and local partnerships to implement local school-to-work programs. CEW is the administrative and fiscal agent for STWOA grants. The STWOA grants received by Wisconsin for each federal fiscal year were: (a) \$4.5 million in 1994-95; (b) \$9.34 million in 1995-96; (c) \$6.75 million in 1996-97; (d) \$4.5 million in 1997-98; and (e) \$2.25 million in 1998-99. The federal STWOA grant ends in 1998-99; no STWOA grant monies will be provided to Wisconsin after federal fiscal year 1998-99.

8. STWOA funds can be used for staff salaries and travel costs, professional development and training, materials and supplies, school site training, employer mentor training, purchase of technical assistance, and employer outreach. STWOA monies cannot be used to supplant other local, state or federal funds currently used to support school-to-work positions or activities. In addition, grant funds cannot be used for student wages or stipends, employer reimbursement, mentor wages or equipment. Administrative costs cannot exceed 10% of the total

budget.

9. Table 2 shows STWOA grants received by each local partnership in 1998-99. As noted, this funding will not be provided in 1999-00. (\$415,000 of the total federal STWOA grant was used to fund technical assistance, administrative costs and a program evaluations).

TABLE 2
Federal STWOA Grant Amounts Awarded to Local Partnerships
1998-99

1	CESA 2/Jefferson County	\$37,400
2	CESA 3/Southwest Wisconsin	141,900
3	CESA 4/Western Wisconsin	65,100
4	CESA 6/Oshkosh	100,700
5	CESA 7/Green Bay	152,300
6	CESA 11/Turtle Lake	7,600
7	CESA 2/Dane County	110,800
8	Beloit School District	65,100
9	Hudson School District	35,000
10	S. Milwaukee School District	46,400
11	Elkhorn School District	40,500
12	Wauwatosa School District	21,500
13	Waukesha Co. Technical College	136,400
14	Washington County	73,100
15	Eau Claire School District	21,800
16	Lakeshore Area School-to-Work	83,800
17	Marshfield Chamber Foundation	51,200
18	Milwaukee Public Schools	140,600
19	Nicolet Area Technical College	13,800
20	North Central Technical College	103,200
21	Ozaukee County	60,200
22	Northwest Wisconsin School-to-Work	24,900
23	CESA 10/Chippewa Valley	19,400
24	Monroe School District	9,000
25	Milwaukee Area Technical College-North	800
26	Franklin School District	9,000
27	Racine Area Manufacturers and Commerce	131,200
28	Fox Cities Chamber Foundation	67,200
29	Mid State Technical College	33,200
30	CESA 5/Portage	23,500
31	CESA 8/Gillett	8,300
	Total	<u>\$1,834,900</u>

10. The bill would transfer annual training grant funding of \$1,150,000 GPR to a new local youth apprenticeship program. Under the new program, the Board would be required to award grants to local partnerships for the implementation and coordination of local youth apprenticeship

programs. Under the bill, a local partnership would be one or more school districts, or any combination of one or more school districts, other public agencies, nonprofit organizations, individuals or other persons who agreed to be responsible for implementing and coordinating a local youth apprenticeship program. A local partnership would be required to include in its grant application the identity of each public agency, nonprofit organization, individual and other person who was a participant in the local partnership, a plan to accomplish the implementation and coordination activities that would be funded, and the identity of a fiscal agent who would be responsible for receiving, managing and accounting for the grant moneys.

A local partnership could use grant moneys for any of the following implementation and coordination activities:

- a. Recruiting employers to provide on-the-job training and supervision for youth apprentices and providing technical assistance to those employers.
- b. Recruiting students to participate in the local youth apprenticeship program and monitoring the progress of youth apprentices participating in the program.
- c. Coordinating youth apprenticeship training activities within participating school districts and among participating school districts, postsecondary institutions and employers.
- d. Coordinating academic, vocational and occupational learning, school-based and work-based learning and secondary and postsecondary education for participants in the local youth apprenticeship program.
- e. Assisting employers in identifying and training workplace mentors and matching youth apprentices and mentors.
- f. Any other implementation or coordination activity that the Board may direct or permit.

11. Local youth apprenticeship programs have grown from 348 students, two curricula and 200 participating employers in fiscal year 1994-95 to 1,423 students, 18 curricula and over 900 participating employers in fiscal year 1998-99. This growth has been supported, in part, by federal STWOA funding. However, the federal STWOA funding will not be available after September 30, 1999. Although some local partnerships have been able to find additional funding sources, many have indicated that they would be unable to offer local youth apprenticeship programs without the additional financial support. Many schools have started youth apprenticeship programs within the past two years and have not established an ongoing funding source to continue the programs. Other youth apprenticeship programs did not expand enrollments because the federal grant funding is being eliminated. Moreover, in some cases where programs are discontinued, students will be unable to finish and not receive state skills certification. DWD indicates that program evaluations have determined that over 75% of program employers offer permanent jobs to youth apprenticeship program graduates and over 66% of the graduates work full or part-time for their employers while

attending a post-secondary education institution for further training. It is argued that it is appropriate to transfer the current employer grant funds to provide funding to local partnerships because there would be little need for employer grants if local youth apprenticeship programs are cut back or eliminated. Transferring the existing base funding for employer training grants would permit existing youth apprenticeship programs to continue and permit new programs to be established.

12. The federal STWOA grants were provided as implementation funding; the state and local partnerships were to leverage other funds to support ongoing costs. Using the youth apprenticeship training grant funds complies with this intent of the federal act. However, the level of funding of \$1,150,000 would be lower than the total amount provided through STWOA in 1998-99 (see Table 2). As noted, the Department has indicated that in response to the reduction in STWOA funding, some local partnerships have limited their financial commitment to local youth apprenticeship programs. Also, a 1998 study of the state school-to-work program by the Wisconsin Policy Research Institute found that there were too few students involved in its core work-based activities to have a significant effect on the state's workforce. Consequently, there is a question of whether the amount of funding provided from training grants would be sufficient for the youth apprenticeship program, even at its current level of participation. In addition, some would argue that cooperative education programs in high schools offer an alternative to youth apprenticeship programs. Cooperative education is a one-year, school-supervised paid work experience for junior and senior level high school students. In response to STWOA, these programs have expanded to include industry-based, state approved skills standards. From this perspective, the GPR funding could be used for another state purpose.

13. A total of \$690,000 GPR in 1997-98 and \$1,150,000 GPR in 1998-99 is provided for youth apprenticeship training grants. The bill would increase the appropriation for the local youth apprenticeship grant program in 1999-00 by an amount equal to the amount which lapses to the general fund from the current youth apprenticeship appropriation at the end of fiscal year 1998-99. The administration indicates that it was intended that the lapse amount be provided for the existing youth apprenticeship training grant program for grants to employers. It is estimated that \$940,300 will lapse from the appropriation in 1998-99 and this amount would be provided as GPR on a one-time basis for youth apprenticeship training grants in 1999-00. Current revenue estimates include an estimated 1998-99 lapse of \$700,000. Consequently, if the entire amount of lapse is provided for youth apprenticeship training grants, general fund revenues would be reduced by \$700,000 from the current estimate. As an alternative, the amount of lapse over \$700,000 (\$240,300) could be provided.

14. According to the Department, surveys indicate that that about one-third of employers that participate in the program would not have participated if the grant was not available. Moreover, 41% of employers with fewer than 100 employees would not have participated without the grants. Providing the amount of lapsed funds would permit the Department to make grants to these employers for at least one more year. As an alternative, the Committee could retain \$250,000 GPR of the current funding for grants and transfer \$900,000 for grants to local partnerships through the new program. This would provide funding sufficient to make the maximum grant for approximately one-third of the current 1,423 youth apprentices.

15. Costs incurred by participating employers include: training expenses; purchases of tools, special equipment and uniforms; workers compensation insurance payments; and a risk that the youth will move to another employer when the apprenticeship program is completed. Employers have estimated that training costs can be up to \$20,000 over two years. The Department's surveys indicate that the grants are not a decisive factor in participating in the program for most businesses. Moreover, the transfer of funding under the bill implies that the grant program is not given the same priority as other components of the school-to-work program. From this view, it could be argued to lapse the year-end balance in the appropriation to the general fund and not provide additional funding in 1999-00.

ALTERNATIVES

1. Approve the Governor's recommendation to transfer the current youth apprenticeship training grant program, funding and appropriation to the Governor's Work-Based Learning Board. Authorize the Board to administer the program and approve occupations and curricula for the occupations. Transfer total youth apprenticeship training grant annual base level funding of \$1,150,000 GPR to a new local youth apprenticeship program and create a new GPR appropriation for the program. Under the local youth apprenticeship program, require the Board to award grants to applying local partnerships for the implementation and coordination of local youth apprenticeship programs. Reestimate the amount deposited to the local youth apprenticeship grant program appropriation in 1999-00 to be \$940,300 (the estimated 1998-99 lapse)

<u>Alternative 1</u>	<u>GPR</u>
1999-01 REVENUE (Change to Bill)	\$240,300
1999-01 FUNDING (Change to Bill)	\$940,300

2. Reestimate the effect of the Governor's proposal as in Alternative 1 and modify the Governor's recommendation as follows:

a. Delete \$1,150,000 GPR annual funding and the appropriations for youth apprenticeship training grants and local youth apprenticeship training grants.

<u>Alternative 2a</u>	<u>GPR</u>
1999-01 FUNDING (Change to Bill)	-\$2,300,000

b. Delete the provision that would require the appropriation for local youth apprenticeship training grants to be increased by the amount lapsed from the current youth apprenticeship training grant program in 1998-99. This would eliminate the requirement that the amount lapsed from the youth apprenticeship training grant appropriation be transferred to the Board for grants in 1999-00.

P1446, line 8 delete line 8 to 13.

<u>Alternative 2b</u>	<u>GPR</u>
1999-01 REVENUE (Change to Bill)	\$240,300

c. Require that the youth apprenticeship training grant appropriation rather than the local youth apprenticeship grant appropriation be increased, on a one-time basis in 1999-00, by the amount of the lapse from current appropriation.

d. Provide \$250,000 GPR in annual funding for the youth apprenticeship training grant program and \$900,000 GPR in annual funding for the local youth apprenticeship grant program.

e. Modify the lapse provision to require any amount in excess of \$700,000 that would lapse from the youth apprenticeship training grant appropriation to be placed in that appropriation under the Board rather than in the local youth apprenticeship appropriation.

<u>Alternative 2e</u>	<u>GPR</u>
1999-01 REVENUE (Change to Bill)	\$240,300
1999-01 FUNDING (Change to Bill)	\$240,300

3. Maintain current law and reestimate the 1998-99 GPR lapse from the youth apprenticeship training grant appropriation.

<u>Alternative 3</u>	<u>GPR</u>
1999-01 REVENUE (Change to Bill)	\$240,300

Prepared by: Ron Shanovich



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0563/P ①
GMM... King

LFB:.....Shanovich (RR) – Youth apprenticeship training grants (LFB paper #1056)

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 1446, line 8: delete lines 8 to 13.

3 (END)



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0563/1
GMM:kmg:km

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