



LOREN OLDENBURG

STATE REPRESENTATIVE • 96th ASSEMBLY DISTRICT

Assembly Bill 973

Relating to: apprenticeship and youth apprenticeship completion awards, career and technical education incentive grants and completion awards, technical preparation programs in school districts and technical colleges, creating an individual income tax subtraction for expenses paid for apprenticeship programs, and making an appropriation

Assembly Committee on Workforce Development

February 10, 2022

Good morning, Chairman Petryk and committee members. I want to thank you for your willingness to hear Assembly Bill 973.

Last session, and this session, it was my honor to work with members of this committee, and my local CESA's to increase the funding for Wisconsin's Youth Apprenticeship Program. These increases were needed so that we could meet the demand of the students who wanted to participate in the youth apprenticeship program.

Wisconsin is facing a workforce shortage, and among the hardest hit industries are the trades. We can see that this is a clear issue as this was reported by Staffing Industry Analysts; as of September 2021, 68% of tradespeople have struggled to hire skilled workers, and more than one-third are slightly, or extremely understaffed. Thankfully, Wisconsin has two great recourses for training skilled workers for the trades, and other understaffed industries: the Youth Apprenticeship and Registered Apprenticeship programs.

Assembly Bill 973 updates various aspects of Wisconsin's Youth Apprenticeship and Registered Apprenticeship programs. First, this bill includes a \$2 million expansion for the Apprenticeship Completion Award, and the creation of a \$550,000 Youth Apprenticeship Completion Award Program. The money dedicated to these programs is used to help reimburse eligible apprentices or sponsors for costs associated with participating in the Registered and Youth Apprenticeship programs. This change will help to attract more individuals to participate in these valuable programs, and work in fields like the trades.

The second thing this legislation accomplishes builds on what was included in Senate Bill 125, and was ultimately vetoed by Governor Evers. This bill extends the apprenticeship expenses tax subtraction. This allows an individual filing income tax to deduct expenses deemed eligible by

the Department of Workforce Development (DWD) for an apprenticeship, that were paid for by the apprentice, or the apprentice's dependent. Access to these grants is expanded under this bill to include tools, other materials and travel costs that are associated with participating in an apprenticeship.

Next, this bill adds programs in construction work to the list on industry-recognized certification programs, and requires that DWD approves these programs. These programs would also be eligible to receive the incentive grants, and completion awards that are addressed by this bill.

Assembly Bill 973 provides an additional \$2.5 million in funding for career and technical education incentive grants. These grants incentivize school districts to offer high-quality career and technical education programs, which help to mitigate workforce shortages.

The final thing that this legislation will accomplish makes sure that students who complete a Technical College System Board-approved apprenticeship course in high school do receive technical college credit for that course. By making sure that this program works efficiently we are accelerating number of skilled workers who are looking forward to working in the trades.

Thank you again for hearing Assembly Bill 973.



ROB STAFSHOLT

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TO: Assembly Committee on Workforce Development
FROM: Senator Rob Stafsholt
DATE: February 10, 2022
SUBJECT: Testimony in Favor of Assembly Bill 973

Thank you, Chairman Petryk and members of the Assembly Committee on Workforce Development for allowing me to submit testimony in favor of Assembly Bill 973.

The number of people going into the trades has been steadily declining for years and it has become increasingly more difficult for employers to find and hire skilled workers. Many in the industry are reporting difficulty with recruiting youth into the trades as high schools and parents are still focused on preparing students for 4-year universities. The pandemic has only made this shortage more apparent due to the increased demand for home services and government incentives for workers to stay home.

Assembly Bill 973 would expand the deductibility of postsecondary tuition to apprenticeship instruction. The expansion will include tools and other materials, as well as travel costs in apprenticeship programs. This provides parity for the deduction for tuition and materials paid in an apprenticeship program like in other DWD-approved schooling programs.

In addition, this legislation includes an increase of \$2 million for the Apprenticeship Completion Award Program (ACAP) and \$550,000 for the creation of Youth Apprenticeship Completion Award Program (YACAP). These programs partially reimburse eligible apprentices or sponsors for the costs associated with a registered apprenticeship or youth apprenticeship.

Furthermore, it includes an additional \$2.5 million for Career and Technical Education Incentive grants to encourage school districts to offer high-quality career and technical education programs to mitigate workforce shortages. It also includes changes to provide certainty to students who complete a Technical College System Board-approved apprenticeship course in high school will also receive technical college credit for that course.

This is a common sense bill that will encourage more people to enter the trades. An increase in resources for apprenticeship programs for youth and adults alike will help get the individuals who seek those pathways into solid, family-supporting careers.

Thank you, members. I ask for your support and would be happy to have further discussions on the bill.

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Tony Evers, Governor
Amy Pechacek, Secretary-designee

Date: Thursday, February 10, 2022

To: Chair Petryk, Vice-Chair Dittrich, and Members of the Assembly Committee on Workforce Development

From: Department of Workforce Development Secretary-designee Amy Pechacek

Written Testimony Regarding AB 973

Thank you, Chair Petryk, Vice-Chair Dittrich, and Committee Members, thank you for the opportunity to provide written testimony for information only on Assembly Bill 973.

As you are well aware, industries and employers across the state and the nation are struggling to fill essential positions. The preliminary December 2021 jobs report showed a record-low unemployment rate of 2.8% and the number of people counted as unemployed dropped to 86,200—the lowest number of unemployed Wisconsinites in state history. Meanwhile, the 66.4 percent labor force participation rate, which is a measure of the population actively working or seeking work, remains 4.5 percentage points above the national rate, and is among the best in the nation.

These favorable economic trends are now intersecting with demographic challenges that have been decades in the making. The result is that employers in all sectors are finding it difficult to fill jobs. Demographic factors contributing to the workforce gap include low birthrates, high retirement rates, and low, if not negative, net migration and immigration flows. Beyond the workforce gap, there is also a skills gap – that is, available workers may not possess the skills that growing Wisconsin employers need.

While Wisconsin is not alone in these challenges, the state's innovative responses—made possible by Governor Evers' historic investment in workforce development and DWD's long-standing commitment to apprenticeship—make Wisconsin a leader in addressing them. In particular, the strength of Wisconsin's apprenticeship programs can help elevate the current labor market from a zero-sum game into a league with broader, deeper talent for every employer's team. At the same time, Wisconsin's apprenticeship programs can provide a path forward to help the unemployed and underemployed achieve family-sustaining employment and career advancement. Importantly, apprenticeships also can be a tool for increasing equity, diversity, and inclusion for employers while connecting underserved community members with new opportunities. That's because Registered Apprenticeship is not only an excellent method to upskill an employer's current workforce, but also attract new workers to the industry through the talent pipelines of Youth Apprenticeship and Certified Pre-Apprenticeship.

Apprenticeship is an industry-driven training model that combines on-the-job learning with job-related instruction. As an "earn while you learn" model, apprentices are employed and earn wages from the first day on the job. Apprenticeship training is simple and straight forward in its structure, yet incredibly effective. Apprenticeship opportunities are available in the traditional construction, manufacturing, utility, and service sectors, as well as emerging areas like health care, information technology, finance, transportation, biotech, and agriculture.

AB 973 would expand elements of DWD's Registered Apprenticeship (RA) and Youth Apprenticeship (YA) programs to help employers, sponsors, and apprentices by:

- Expanding the Career and Technical Education incentive grants and completion award program to include construction work;
- Expanding the Apprenticeship Completion Award Program to include Youth Apprenticeship Completion Awards;
- Expanding technical preparation programs in school districts and technical colleges (Dual Enrollment);
- Providing for reimbursement of additional eligible costs in apprenticeship programs;
- Creating tax credits related to costs for participation in these programs; and
- Increasing funding by \$2.5 million for career and technical grants and awards and \$2.5 million for apprenticeship completion awards in additional General Purpose Revenue (GPR) funding in the second year of the biennium. Because the additional funding provided under the bill is added to the second year of the biennium, this will be an ongoing increase to base funding for the two programs.

As some background, the Apprenticeship Completion Award Program (ACAP) reimburses registered apprentices and their sponsors up to 25 percent of the tuition costs associated with apprenticeship classroom instruction. Instructional costs for an individual apprentice can amount to thousands of dollars throughout their contract. ACAP eligibility occurs twice during the apprenticeship program: first, upon the successful completion of the first year, and then, upon the successful completion of the apprentice contract. The reimbursements are capped at \$250 for first year eligibility, and \$1,000 for completion.

ACAP is a direct benefit to registered apprentices who oftentimes pay their own tuition to help defray the costs of the post-secondary education associated with their apprenticeship training. Although registered apprenticeship is a paid training program, apprentice wages increase throughout their contract on a scale commensurate with their experience, so they do not achieve full wages until completion. This makes the first year ACAP reimbursement especially helpful, because it comes when apprentices are at their lowest earning potential. Meanwhile, ACAP is a benefit to those sponsors who have taken it upon themselves to invest in their apprentices and cover the costs of their tuition.

The increase in funding, as proposed in AB 973, would allow a greater number of registered apprentices and sponsors to seek reimbursement of tuition costs and the additional allowable expenses. The addition of a Youth Apprenticeship Completion Award Program (YACAP) would help offset costs to employers as well as provide a significant incentive to students to participate in YA by addressing a funding gap or funding barrier for potential enrollees. The funding would also incentivize employers who have not participated in YA before, or RA employers who have not been a YA sponsor so that they can begin a future talent pipeline in their industry.

In particular, the bill targets the fields of architecture and construction for the YACAP, which will help address the largest barriers to YA program growth. Allowing for reimbursement of worksite mentor expenses will be of benefit to employers new to the YA program and who do not initially see a return on investment. The costs incurred by employers when starting up are heavy on investments like tools, and other materials used in the youth apprentice's trade, craft, or business, including basics like boots or books.

Another major barrier to youth participation in the YA program is transportation. AB 973 would allow students or sponsors to seek reimbursements for travel costs. The expansion of allowing reimbursement of travel costs for ACAP aims to remediate barriers to adult participation in apprenticeship as well.

DWD would like to raise a few issues for the authors' consideration. The bill does not provide emergency rule promulgation authority. However, DWD would need to engage in rule promulgation to amend Ch. DWD 295 with the changes that AB 973 would make to the apprenticeship programs. Without emergency

rule authority, implementation of the new provisions could experience delays through the permanent rule promulgation process.

Second, DWD understands the intent of AB 973 is to allow a variety of apprenticeship- and youth apprenticeship-related expenses to be eligible for reimbursement under ACAP and YACAP. However, as drafted, the bill would not accomplish this intent. As drafted, the Department would continue to find the following types of expenses ineligible for reimbursement: work-related costs, such as clothing, safety equipment, union dues or initiation fees, and commuting costs; education expenses not related to apprenticeship-related instruction; class materials including books, notebooks, class supplies; journey worker or practitioner exam fees; parking fees or transcript fees; paid related instruction wages paid by the employer; licenses and credentials; and expenses incurred outside of the contract period. If it is the intent of the bill authors to include any, if not all, of these expenses, clarification in the proposed legislation would be needed for successful implementation of the changes to the completion awards programs.

Thank you for the opportunity to provide this information.



To: State Legislators
From: Andrew Disch
North Central States Regional Council of Carpenters
Date: February 8, 2022
RE: **Support for LRB 5969/1 incentives for apprenticeship and youth apprenticeship completion**

The skilled trades offer a financially lucrative and personally rewarding career with zero student loan debt through registered apprenticeship. Carpenters Union apprentices graduate with great wages, insurance, benefits and lifelong skills. However, apprentices are responsible for certain out-of-pocket expenses needed to equip them with the tools of the trade so they can achieve success on the construction site.

This proposal will reduce cost burdens and pave the way for more Wisconsin residents to pursue these fulfilling careers in trades. Some key highlights in the bill that will assist our apprentices include:

Expanding the Apprenticeship Completion Award Program (ACAP)

- Allows for the reimbursement of out-of-pocket costs associated with registered apprenticeship like tools, jobsite clothing and safety equipment
- Expands the program to include youth apprenticeship (YA)

Career & Technical Education (CTE) Incentive Grants

- Provides adequate funding for these grants which help school districts offset the costs associated with implementing job-based learning
- Adds the construction workers to the list of eligible high-need occupations to be eligible for the special \$500 student completion award

Wisconsin State Income Tax Deduction

- Allows for a state income tax deduction for eligible out-of-pocket costs associated with registered apprenticeship like tools, jobsite clothing and safety equipment.

Wisconsin Department of Workforce Development
January 15, 2020

Students at KUSD know that #youthapprenticeship is the opportunity to learn a skill while exploring careers. What they're learning: https://youtu.be/V_qUoU...



CG Schmidt, Inc.
January 21 at 2:14 PM

We are proud to announce our first youth apprentice, Jamarion Cooks, will join CG Schmidt. Jamarion attends Horlick High School with an emphasis in construction. He will be working at the Horlick Malted Milk Company project, Belle City Square, under the mentorship of our carpenter experts.

Thank you to Racine Unified Schools, Racine Area Manufacturers and Commerce, Southeast Wisconsin Carpentry Training Center and Building2Learn for being a part of this event.
#youthappren... See more



Wisconsin Department of Workforce Development
February 17

Students at KUSD know that Wisconsin offers three different apprenticeship program areas? Our pre-apprenticeship, and registered apprenticeship programs combine on-the-job learning with job-related instruction. Under this "earn and learn" model, apprentices earn wages their first year on the job. To learn more, visit <https://wisconsin.gov/apprenticeship>. #InvestmentThatWorks



Wisconsin Department of Workforce Development
January 14, 2020

Thanks to the Beaver Dam Daily Citizen for their support in expanding #YouthApprenticeship program at Horizon High School. Programs are always looking for sponsors. https://www.wiscnews.com/education/youth-apprenticeships/article_11ec6a5d-8749-59cc-8c...



Wisconsin Department of Workforce Development
January 5

Congrats to #Wisconsin's newest youth apprentices from the Community Action, Inc. Beloit Fresh Start YouthBuild AmeriCorps program!

Sec. Pechacek was excited to join the 10 new YA construction program students as they showed off the house they're building in Beloit!

Learn more about #YouthApprenticeship today at ya.wi.gov.



School District of New London
November 25, 2021

Students at New London High School in the Youth Apprenticeship (YA) program were featured on the Student Spotlight wall to showcase their contributions to their places of employment. Youth Apprenticeship provides opportunities to earn work experience in fields of interest while still in high school. Pictured is Grant Roe, Easton Sievert and Jane Johnston, all of whom are current YA students.



NEWS8000.COM
Wisconsin construction company offers high school graduates apprenticeships
WESTBY, Wis. (WKBT) — Miron Construction offers students a youth apprenticeship program l...



Findorff
@findorff

It's Youth Apprenticeship Signing Day! Devin, a senior at Memorial High School @jmm Spartans, just signed on as a Youth Apprentice working on CUNA Mutual's new building, The Lighthouse. Congrats Devin, and welcome to the #findorfffamily! #YAworks #construction #youthapprentice



11:04 AM · Sep 27, 2021 · Twitter Web App



International Union of Operating Engineers

* * * Local 139 * * *

Providing a Skilled Workforce for Wisconsin's Future

www.iuoe139.org

Terrance E. McGowan

President/Business Manager
General Vice President

To: State Legislators

From: Local 139 – Wisconsin Operating Engineers

Date: Feb 10, 2022

Re: Support for LRB 5969/1 incentives for apprenticeship and youth apprenticeship completion

Apprenticeship is recognized as one of the most successful workforce training models. In Wisconsin, DWD Bureau of Apprenticeship Standards provides oversight to this partnership between an apprentice, an employer and a training/education provider. A construction apprentice attends an average 400 hours of trade-specific classroom instruction and receives an average of 4000 hours of paid on-the-job training with an employer. Nationally, there has been 70% increase in apprenticeships over the last 10 years likely because the 'earn-while-you-learn' approach is more sustainable than the burden of student loan debt – today averaging over \$37,000.

Since 1911, Wisconsin has been recognized nationally as a leader in apprenticeship because of the focus on providing a continual supply of highly skilled workers to Wisconsin employers, providing additional career opportunities for youth, and the commitment to skilled trades training. The focus in recent years on the expansion of pre-apprenticeship and youth apprenticeship is critical as it allows individuals the opportunity to gain work experience and related instruction prior to becoming registered apprentices.

This proposal provides support for future apprentices and their employers to ensure they have access to the resources that support their career pathway pursuits.

Expanding the Apprenticeship Completion Award Program (ACAP)

- Access to and the cost of reliable transportation is an obstacle for some. The nature of the construction industry requires workers to travel, sometimes extensive, to a jobsite. Providing funding may encourage an individual to pursue apprenticeship if transportation is a concern.
- Apprenticeship is a common means of training for skilled trades, such as construction, that require an apprentice have the appropriate tools, educational materials and protective equipment. Assisting with funding for these costs is an added incentive to complete apprenticeship.
- Assisting youth apprentices or employers for expenses incurred is an added motivator to support this important pipeline of talent for registered apprenticeship.



International Union of Operating Engineers

* * * Local 139 * * *

Career & Technical Education (CTE) Incentive Grants

- Career & Technical Education programs in the K-12 schools have suffered due to tight school budgets, decreasing student enrollment and a lack of CTE instructors. Assisting districts with funding for CTE may ensure they remain options for students.
- Adding construction to the list of eligible programs aligns with our State workforce projections. According to WisConomy employment projections 2018-2028, 11 of the top 30 in-demand occupations are construction- related.

Dual Enrollment

- As a State, we need to be as supportive to students pursuing a technical career path as we are to students pursuing a four-year career path.
- As a State, we need to strengthen the message that apprenticeship, because of its alignment with the Wisconsin Technical College System, is a path of continuing education.
- If pre-apprenticeship curriculum is identical to registered apprenticeship curriculum, there should be no difference in the award of credits within the WTCS.
- Instructors eligible to teach registered apprenticeship curriculum offered through WTCS, are also eligible to teach the identical curriculum offered through pre-apprenticeship.

Thank you for considering this important investment in Wisconsin's skilled workforce.

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