



Legislative Fiscal Bureau

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October 15, 2013

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 335: Tuition Reimbursement for Apprentices and Employers

Senate Bill 335 was introduced on October 4, 2013, and was referred to the Committee on Economic Development and Local Government. On October 11, 2013, that Committee adopted Senate Amendment 1 on a vote of 5 to 0 and recommended the bill, as amended, for passage on a vote of 5 to 0.

SUMMARY OF BILL

SB 335 creates a tuition reimbursement program for apprentices and employers to reimburse the cost of tuition and fees charged by a technical college or a proprietary school to enroll in a post-secondary, vocational-adult, or collegiate transfer course providing classroom instruction that is related to an apprenticeship program. The bill requires the Department of Workforce Development (DWD) to administer a tuition reimbursement program under which DWD could reimburse the cost of tuition: (a) incurred by a person who has completed an apprenticeship program and who is employed in the trade, craft, or business in which the person was trained under the program; or (b) incurred by that person's employer.

An eligible person, or that person's employer, could apply for tuition reimbursement for the cost of tuition incurred by submitting an application to DWD that meets all of the following requirements:

- a. is received by DWD within a time limit set by rule by the Department;
- b. contains all the information that DWD determines necessary for the Department to establish eligibility of the person or employer for the reimbursement;
- c. contains: (1) the signature of the person certifying that he or she has completed an apprenticeship program and is employed in the trade, craft, or business in which he or she was

trained under the apprenticeship program; (2) the signature of the person's sponsor certifying that the person has completed an apprenticeship program; and (3) the signature of the person's employer certifying that the person is employed in the trade, craft, or business in which he or she was trained under the apprenticeship program; and

d. contains a statement signed by a representative of the technical college or proprietary school providing the course for which the tuition was paid indicating the amount of tuition paid and whether the tuition was paid by the person enrolled in the course or the person's employer.

If DWD determines that a person is eligible for tuition reimbursement, the Department would have to reimburse the person or the person's employer for 25% of the cost of tuition incurred by the person or employer, but the reimbursement could not exceed \$1,000. If the amount of funds applied for exceeds the amount appropriated for the tuition reimbursement program, DWD could reduce the reimbursement percentage or deny applications for reimbursement that would otherwise qualify. In that case, DWD would have to determine the reimbursement percentage and eligibility on the basis of the dates on which applications for reimbursement were received.

DWD could provide tuition reimbursement to a person who is delinquent in child support or maintenance payments or who owes past support, medical expenses, or birth expenses, as established by appearance of the person's name on the statewide support lien docket, only if the person provides the Department with either: (a) a repayment agreement that the person has entered into, that has been accepted by the county child support agency, and that has been kept current for the six-month period immediately preceding the date of the application; or (b) a statement that the person is not delinquent in child support or maintenance payments and does not owe past support, medical expenses, or birth expenses, signed by the Department of Children and Families (DCF) or its designee within seven working days before the date of the application.

DWD would be required to promulgate rules to implement the tuition reimbursement program. These provisions would take effect on the day following publication of the bill.

SUMMARY OF SENATE AMENDMENT 1

SA 1 to SB 335 would replace the tuition reimbursement program, as proposed under the bill, with an apprenticeship completion award program. SA 1 would require DWD to partially reimburse the tuition costs paid by: (a) apprentices who have successfully completed part or all of their apprenticeship requirements; or (b) the sponsors of those apprentices. As compared to the bill, a sponsor of an apprentice, not limited to only the employer of the apprentice, would be eligible for partial tuition reimbursement for the amount paid. The amendment would permit an apprentice to receive partial tuition reimbursement while participating in an apprenticeship program, rather than only after having completed an apprenticeship program. An individual would not be eligible for the apprenticeship completion award program for tuition paid after expiration of an apprentice contract. The amendment would eliminate the application requirements described previously under "a." through "d." In addition, the amendment would permit reimbursement for any tuition costs paid by apprentices, rather than reimbursing only the cost of tuition and fees charged by a technical college or a proprietary school to enroll in a post-secondary, vocational-adult, or

collegiate transfer course providing classroom instruction that is related to an apprenticeship program.

Similar to the tuition reimbursement program under the bill as introduced, SA 1 would require DWD to provide a completion award equal to 25% of the cost of tuition, but no more than \$1,000, incurred by an apprentice who has successfully completed an apprenticeship program and who is employed in the trade, craft, or business in which the apprentice was trained under the apprenticeship program or by a sponsor of such an apprentice. SA 1 would permit the award to be paid in two parts. The first payment could be made upon the successful completion of the first year of an apprenticeship contract, but the amount of the first payment could not exceed \$250. The remainder of the award could be paid upon the final completion of all apprenticeship requirements. The amendment would require DWD to reduce the amount of a completion award when: (a) the apprentice has incurred a reduced amount of tuition costs; or (b) the sponsor is a unit of state or local government.

The amendment would not change the provisions under the bill regarding how DWD: (a) would have to determine reimbursements if the amount of funds applied for exceeds the amount appropriated for apprenticeship completion awards; (b) could provide reimbursement to a person who's name appears on DCF's statewide support lien docket; or (c) would have to promulgate rules.

FISCAL IMPACT

The apprenticeship completion award program would be funded through a new annual GPR appropriation. SB 335 provides \$225,000 GPR in 2013-14 and 2014-15 for this program. SA 1 does not change the amount appropriated.

DWD anticipates one-time information technology (IT) costs under SB 335 of \$191,000 for implementing a database system to track and record award payments and to cross-match apprentices with DCF's child support database. In addition, DWD estimates annual costs under SB 335 of \$40,000 for system maintenance. According to DWD, SA 1 would reduce estimated one-time IT and annual maintenance costs under the bill because the Department would not have to maintain a database of apprentice contracts subsequent to individuals completing apprenticeships. DWD estimates one-time IT costs of \$85,100 and annual maintenance costs of \$17,100 under the bill as amended. It should be noted that neither the introduced nor the amended version of the bill would provide funding for the Department's estimated administrative costs.

Prepared by: Sean Moran