



Legislative Fiscal Bureau

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May 8, 2003

Joint Committee on Finance

Paper #835

Consolidate Youth Employment Programs (DWD -- Employment, Training, and Vocational Rehabilitation Programs)

[LFB 2003-05 Budget Summary: Page 473, #9]

CURRENT LAW

The Wisconsin Conservation Corps (WCC) was created in 1983 to provide employment to young men and women 18 to 25 years of age through participation in and completion of conservation and natural resource projects. In addition, a major goal of the WCC is to teach young adults basic work habits and job skills, to develop cooperation and discipline through meaningful work experiences, and to provide training and educational opportunities, all of which will improve their chances of securing employment in the private sector. The WCC is attached to the Department of Workforce Development (DWD) for administrative purposes.

The Wisconsin Fresh Start (WFS) program is designed to provide at-risk young people with education, employment skills, and career direction leading to economic self-sufficiency. WFS provides funding for housing rehabilitation and construction projects throughout the state. Governmental units and nonprofit organizations conduct local projects. The program is administered by the Division of Housing in the Department of Administration (DOA).

GOVERNOR

Delete \$2,805,400 SEG, 7.50 SEG positions, \$491,400 PR, and 1.0 PR position annually and eliminate the WCC, related appropriations, and the WCC Board and its functions. Provide the Department of Workforce Development \$1,275,900 conservation fund SEG annually in a separate biennial appropriation for grants to community-based nonprofit organizations for youth employment projects. Transfer responsibility for administering the Wisconsin Fresh Start program from DOA to DWD. In addition, provide DWD 1.0 FED, 1.0 PR, and 1.0 SEG position

and \$109,200 SEG in a separate SEG appropriation for administration of the grant program and WFS.

DISCUSSION POINTS

1. WCC crews perform a variety of conservation and community development projects including timber stand improvement, trail development, planting trees, soil erosion control, and construction of recreational facilities. Projects for WCC crews are developed in association with sponsors, such as governmental agencies, nonprofit organizations, and school districts, and are usually designed to last for one year. Corps members are hired for the duration of the project. Sponsors are responsible for providing transportation for the crew from a designated reporting location to the worksite, for tools, materials, and equipment to complete project activities, for some technical assistance, and for support services for the crew leader.

2. The WCC provides a number of training and development opportunities for corps members. Training is provided through on-the-job skills training, standardized safety training, and learner-based educational training. Safety and educational training is provided through modules in binder and CD-ROM format that contain training curriculums for WCC members to complete at the job site. Educational training modules include: (a) educational achievement including writing skills, science, social studies, literature and the arts, math, and preparing for the high school equivalency exam (GED) and college entrance exam (ACT); (b) career planning; (c) employment planning including preparing a resume, searching for a job, preparing a job application, and preparing for a job interview; (d) life skills including driving rules and practices, preparing tax returns, civics, and voting guides; and (e) environmental education. Safety training modules include attending a first aid class, safe usage of various tools and implements, hazard communications, and awareness and treatment of health hazards.

3. The WCC has 20 crews conducting projects throughout the state. Each crew can have no more than five corps members including the crew leader and assistant crew leader. The average cost per crew has been approximately \$8,500 per month in 2003 (through March). The WCC is currently conducting 20 projects throughout the state. Thirteen of these are scheduled for completion in June, 2003, and seven are scheduled for completion in January, 2004. The projects/sponsors are outlined in the following table.

TABLE 1

Current WCC Projects/Sponsors

Projects Scheduled for Completion by June, 2003

City of Ashland
Bayfield County Forestry, Tourism & Recreation
City of Chetek
Clark County Forest and Parks Department
DNR /Iowa County
DNR Wildcat Mountain
Florence County Forestry and Parks Department
Fort McCoy, Department of the Army
Manitowoc County Soil & Water Conservation Department
City of Middleton Public Lands Department
Milwaukee Community Service Corps (MSCS)/Nehemiah Project
U.S. Dept. of Agriculture, Forest Service, Medford
U. S. Fish & Wildlife Service, Necedah National Wildlife Refuge.

Projects Scheduled for Completion by January, 2004

Brown County Park Department
Eau Claire County Parks & Forestry Department
Fond du Lac County Planning and Parks Department
Iron County Forestry Department
Northern Great Lakes Visitor Center
U. S. Forest Service Lakewood/Laona Ranger District
Wood County Park & Forestry Department

4. WCC pays wages, statutorily set at the higher of the state or federal minimum wage (currently \$5.15 per hour), and worker's compensation, and provides safety equipment for crew members. The WCC also hires and trains a crew leader who is responsible for discipline and paperwork for all crew members. Corps members who successfully complete six months to one year of service are eligible to receive a cash bonus of \$500 or an education voucher that is worth at least \$1,000, but not more than \$2,800. The education voucher may be used for payment of tuition and required program activity fees at any institution of higher education in the state, including vocational, technical, or other training schools. The corps member has four years after the date of issuance to use the voucher for payment of tuition and fees.

5. In 2001-02, a total of 223 corps members were hired. Of the total, nine worked a year or more, 25 worked between nine months and a year, 29 worked between six and nine months, and 160 worked less than six months. For the year, 161 tuition vouchers were requested and 64 cash bonuses were paid. In 2002-03, 110 corps members have been hired. Sixteen have worked between nine months and a year, seven have worked between six and nine months, and 87 have worked less

than six months. A total of 68 tuition vouchers have been requested and 15 cash bonuses have been paid. Some corps members were on crews that worked on projects that began in one fiscal year and that ended in another. These crew members did complete the project, but only worked part of that time during a single fiscal year. As a result, these statistics somewhat understate the number of corps members who actually completed projects. There are currently 268 education vouchers outstanding with a total value of \$523,600.

6. The WCC is provided base level funding of \$2,770,300 SEG from the conservation fund, 7.50 SEG positions, \$494,700 PR, and 1.00 PR position. The program revenue is from DNR parks, and fish and wildlife funding provided through contracts for WCC conservation projects.

7. The WCC Board is composed of seven members and is responsible for establishing policies, and reviewing and approving projects. The Board members must represent regional, environmental, and agricultural interests and one member must also be a member or employee of a workforce development board.

8. The Wisconsin Fresh Start Program was created in 1998 based on the Madison Operation Fresh Start program as a model. The program is designed to provide at-risk young people age 16 to 24 with education, employment skills, and career direction leading to economic self-sufficiency. The program is intended to increase self-esteem and self-sufficiency of youths and young adults who evidence alcohol and other drug abuse problems; poor health and nutrition; low educational achievement; poor employment history; physical, sexual, and emotional abuse; or criminal histories. The program offers an educational component where participants complete classes leading to a high school equivalency diploma and a vocational component where participants learn basic home construction, rehabilitation, and remodeling skills. An additional focus of the work component of the program is to rehabilitate substandard housing into well-built, mechanically sound, and affordable dwellings for low- and moderate-income residents.

9. WFS support services for youth include:

a. *Counseling.* Individual and peer counseling, group sessions, case management, and referrals to outside agencies.

b. *Education.* Academic skills, GED preparation, vocational skills, job and college readiness skills, leadership development, construction theory and terminology, driver's education, follow-up education, and cultural events.

c. *Leadership Development.* Decision-making, speaking, group facilitation, negotiating, community service, retreats, and advocacy.

d. *Construction Training.* Supervised construction training, employer expectations, job readiness skills, vocational education training, and coordination with pre-apprenticeship programs.

e. *Graduate Resources.* Post-high school admission counseling, pre-employment training, career counseling, integration into apprenticeship programs, job search techniques, job

development, job placement, and follow-up counseling and support.

10. DOA uses existing staff in the Division of Housing to administer WFS projects. Staff is responsible for providing technical support and sending, reviewing, and approving applications for grants. There is no ongoing permanent funding source for the WFS initiative. DOA has been able to obtain funding from the following sources: (a) the federal home ownership mortgage loan (HOME) program and other housing programs; (b) oil overcharge funds; (c) Office of Justice Assistance (OJA); (d) Department of Corrections; (e) AmeriCorps; (f) Department of Health and Family Services; (g) the Wisconsin Housing and Economic Development Authority (WHEDA); and (h) WCC. In addition, the sale of rehabilitated housing is expected to provide a source of revenue for the WFS projects.

11. The following table shows the source and amounts of funding acquired for WFS projects in 2001-02.

TABLE 2

WFS Funding--2001-02

<u>Source</u>	<u>Amount</u>
Federal HOME Program	\$477,800
Federal HOME Administration	47,800
AmeriCorps (From National and Community Services Board)	393,700
HUD YouthBuild Program	351,000
Department of Corrections	240,000
Department of Administration Oil Overcharge Funds	100,000
WHEDA--Dividends for Wisconsin	150,000
WHEDA--Reserve Fund	<u>65,000</u>
Total	\$1,825,300

12. In 2001-02, WFS projects were funded in nine municipalities. A total of 135 at-risk young people were hired at an average wage of \$8.18 per hour. The following table provides summary information about WFS projects in 2001-02.

TABLE 3

WFS Projects--2001-02

<u>Project</u>	<u>Funding</u>	<u>Full-Time</u>	<u>Total*</u>
ADVOCAP - Fond du Lac	\$182,300	0	17
Ashland County Housing Authority -- Mellen	210,900	0	11
CAP Services -- Stevens Point	210,900	0	17
Harambee Ombudsman -- Milwaukee	151,300	2	16
Indianhead CAA -- Ladysmith	172,300	1	14
Renewal Unlimited -- Portage	182,300	0	14
Wausau Area Hmong Mutual Association -- Wausau**	344,500	0	20
Western Dairyland -- Eau Claire	165,100	0	14
Western Dairyland -- Jackson	<u>205,900</u>	<u>0</u>	<u>12</u>
Total	\$1,825,500	3	135

*Includes part-time, summer, and other employment.

**Totals reflect two work crews.

13. Between 1998-99 and 2001-02, a total of 381 at-risk youth were employed through the WFS program at an average wage of \$8.04 per hour. According to DOA, 270 (71%) successfully completed the program, with 145 (38%) obtaining permanent jobs, 121 (32%) reenrolled in the program, 92 (24%) obtained a high school equivalency degree, and 30 (8%) enrolled in post-secondary schools. Participants can be eligible for AmeriCorps education awards of up to \$4,725 (depending on length of service and record) and 255 (67%) received such awards.

14. Under the bill, DWD would be provided \$1,275,900 conservation fund SEG annually in a separate biennial appropriation for grants to community-based nonprofit organizations for youth employment projects. [WCC member education vouchers would also be funded from this appropriation for up to four years after the effective date of the bill.] DWD would be required to develop guidelines for youth employment projects designed to promote all of the following objectives:

- a. Provide employment for youth 14 to 21 years old in all regions of the state.
- b. Encourage and develop employment life skills, discipline, and cooperation in project participants by providing meaningful work experiences and training and educational opportunities.
- c. Provide project participants with a wage that is not less than the greater of the federal or state minimum wage.

d. Conserve, develop, enhance, or maintain the natural resources of the state through implementation of projects that have long-term beneficial impact on the environment.

e. Promote the social well being of children, the elderly, persons with disabilities, and persons with low incomes through implementation of human services projects.

15. DWD would be authorized to provide grants to community-based non-profit organizations for projects that are designed to meet the first three objectives listed above and one or more of the last two objectives. DWD would also be provided \$109,200 conservation fund SEG and 1.0 SEG position annually in a separate annual appropriation to administer the youth employment projects grant program. The bill specifies that all contracts entered into by the WCC Board, and all administrative rules, orders, and pending matters of the WCC would be transferred to DWD on the effective date of the bill.

16. Responsibility for administering Wisconsin Fresh Start would be transferred from DOA to DWD. DWD would be provided 1.0 PR position annually to administer the program. The position would be funded with monies obtained for WFS projects. In addition, 1.0 FED position would be provided for administration of youth employment programs. The Secretary of Administration would be required to designate one or more employees of the Department of Commerce, Division of Housing (the Division would be transferred from DOA to Commerce under the bill) to administer youth employment training grants. If either Department was dissatisfied with the Secretary's determination, that Department could submit the matter to the co-chairpersons of the Joint Committee on Finance for consideration by the Committee. The Committee would be authorized to affirm or modify the proposed transfer. Employees transferred from Commerce to DWD by the Secretary of Administration would have the same rights and status as they had at Commerce, and would not have to serve a probationary period.

17. The Budget in Brief indicates that the consolidation of the youth employment programs is part of agency reorganizations and consolidations undertaken to obtain operational efficiencies. According to the document, certain programs are streamlined and administrative layers have been removed to reduce the state workforce. Functions of certain agencies are downsized and transferred between agencies to further streamline government operations and improve service delivery. The Budget in Brief specifically indicates that the new youth employment projects program is modeled after the Wisconsin Fresh Start model. This program has traditionally focused on building and repairing houses and provides more comprehensive support services and is proving to have a higher success rate than programs like WCC. The document also notes that concerns exist that the WCC model has not been successful in retaining participants long enough to complete a full program. It has been noted that the new youth employment program is structured to allow DWD to continue to provide grants to WCC sponsors to conduct WCC-type projects.

18. However, supporters of the current WCC program would argue that the program has been successful in teaching corps members work ethic, social skills, and teamwork. Corps enrollees obtain valuable work-related training along with developing certain educational skills. Corps members develop a wide range of abilities, from working with mechanized equipment to learning

how to use computers and IT equipment. Many crew members obtain GEDs or enroll in post-secondary educational institutions. In addition, WCC projects improve fish and wildlife habitat, build and maintain trails and campgrounds, and conserve natural resources. Individuals who hunt, fish, or engage in other outdoor recreational activities all benefit from such projects. As a result, the state's tourism industry benefits from WCC projects. Supporters also note that many sponsors reapply for WCC projects, which indicates strong support for the program. However, the consolidated program proposed by the Governor is based on a model that focuses on housing rehabilitation projects. Moreover, the target youth group is younger (age 14 to 21 versus age 18 to 25) and must be at-risk. From this view, it would be less likely that current WCC sponsors would want responsibility for projects under the new program.

19. The bill eliminates the WCC program and Board rather than transferring its functions directly to DWD. Instead, the bill allocates conservation fund, forestry account SEG funds to DWD for administration of a new youth employment grant program that is modeled on WFS. Administrative responsibility for WFS is transferred to DWD. However, permanent ongoing state funding has never been provided for WFS. Rather DOA has been able to continually fund the program by acquiring funds from various sources. It could be argued that the state SEG funding is not necessary to provide monies for the youth employment grant program that is similar to the current WFS.

20. In addition, there could be some question as to whether the forestry account monies could be used to fund WFS type projects. Some would argue that, historically, the WCC has used forestry account funds for projects that involved housing rehabilitation activities, such as weatherization of homes in urban areas. Moreover, the WCC Board has statutory authority to use conservation funds for any project that consists in whole or part of conservation activities, and this authority would be retained by DWD.

21. On the other hand, urban housing rehabilitation-type projects were primarily conducted by WCC when the Corps received GPR funding, in addition to forestry account monies. Since GPR funding was eliminated (in the 2001-03 biennial budget), WCC projects have been more closely related to conservation activities.

22. Also, the February, 2002, audit of the Conservation Fund conducted by the Legislative Audit Bureau (LAB) indicated that most of the WCC projects funded in 2000-01 were not directly related to forestry. Article 8 section 10 (3) of the Wisconsin Constitution (and s. 70.58 of the statutes) authorize a state forestry tax of up to 0.2 mills (or 20¢ per \$1,000 of property value) for the purpose of acquiring, preserving, and developing the forests of the state and for the purpose of forest crop law and county forest law administration and aid payments. The forestry mill tax generated \$62.5 million, or approximately 83% of the \$74.9 million in revenues to the forestry account for fiscal year 2001-02. The remaining \$12.4 million in revenues to the forestry account were generated from: (a) the sale of timber on state forestlands; (b) sales from the state's tree nurseries; (c) camping and entrance fees at state forests; and (d) certain timber severance and withdrawal payments. From this view, it could be argued that conservation fund monies should not be used to fund WFS-type projects. As an alternative, the WCC could be eliminated and WFS

would remain in DOA and continue to be funded as it currently is. The SEG funding provided for the new youth employment grant program would revert to the forestry account of the conservation fund. If this alternative were adopted, an appropriation would have to be provided as a mechanism for funding outstanding WCC education vouchers. Current funding could be encumbered for these expenses so that no expenditure authority would be necessary during the 2003-05 biennium.

ALTERNATIVES

1. Approve the Governor's recommendation to delete \$2,805,400 SEG, 7.50 SEG positions, \$491,400 PR, and 1.0 PR position annually and eliminate the Wisconsin Conservation Corps, related appropriations, and the WCC Board and its functions. Provide DWD \$1,275,900 conservation fund SEG annually in a separate biennial appropriation for grants to community-based nonprofit organizations for youth employment projects. Transfer responsibility for administering the Wisconsin Fresh Start program from DOA to DWD. In addition, Provide DWD 1.0 FED, 1.0 PR, and 1.0 SEG position and \$109,200 SEG annually in another separate SEG appropriation for administration of the grant program and WFS.

2. Delete \$2,805,400 SEG, 7.50 SEG positions, \$491,400 PR, and 1.0 PR position annually and eliminate the WCC, related appropriations, and the WCC Board and its functions. Provide DWD with a SEG appropriation from which the Department could encumber existing funds to cover outstanding education vouchers. Retain the WFS in DOA and fund the program as under current law.

<u>Alternative 2</u>	<u>FED</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
2003-05 FUNDING (Change to Bill)	\$0	\$0	- \$2,770,200	- \$2,770,200
2004-05 POSITIONS (Change to Bill)	- 1.00	- 1.00	- 100	- 3.00

3. Delete provision. Under this option, the WCC would be retained in DWD and the Wisconsin Fresh Start program would continue to be administered by the Division of Housing. [Under the bill, the Division of Housing would be transferred from DOA to Commerce.]

<u>Alternative 3</u>	<u>FED</u>	<u>PR</u>	<u>SEG</u>	<u>TOTAL</u>
2003-05 FUNDING (Change to Bill)	\$0	\$982,800	\$2,840,600	\$3,823,400
2004-05 POSITIONS (Change to Bill)	- 1.00	0.00	6.50	5.50

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