



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #560

### **Apprenticeship Examination Exemption (Safety and Professional Services -- Regulation of Professions)**

[LFB 2017-19 Budget Summary: Page 404, #6]

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#### **CURRENT LAW**

Individuals who want to work in certain occupations must first pass an examination and obtain a license administered by the Department of Safety and Professional Services (DSPS). DSPS requires that before an applicant can take an examination for certain licenses, the applicant must have successfully completed an apprenticeship program or met certain work or educational experience requirements. The Department of Workforce Development (DWD) regulates apprenticeship programs. Apprentices participating in approved apprenticeship programs must complete certain amounts and types of classes, training, and hours of on-the-job experience to successfully complete an apprenticeship program.

#### **GOVERNOR**

Exempt individuals who successfully complete the relevant apprenticeship program from the requirement to pass an examination to be licensed as a: (a) journeyman electrician; (b) journeyman plumber; (c) journeyman automatic fire sprinkler system fitter; (d) automatic fire sprinkler contractor; (e) cosmetologist; and (f) barber. Eliminate temporary permits for a journeyman plumber pending examination.

Provide an effective date for the exemption on the general effective date of the bill. Estimate the provision would result in a program revenue (PR) fee decrease in examination fee revenue of \$24,900 annually, including: (a) \$14,700 annually in the industry, safety and buildings appropriation (for journeyman electricians, journeyman plumbers and journeyman fire sprinkler system fitters); and (b) \$10,200 annually in the professional regulation and administrative services appropriation (for cosmetologists and barbers).

## DISCUSSION POINTS

1. The administration indicates the rationale for creating the exemption for persons who successfully complete an apprenticeship from taking the license examination is that it would allow the applicant to obtain his or her license quicker and with less expense.

2. On March 31, 2017, the Department of Administration (DOA) submitted budget errata requesting that the bill be amended to eliminate the reference to automatic fire sprinkler contractor. DSPS indicates that this credential does not require an apprenticeship, but requires an examination and completion of certain work experience as a licensed journeyman automatic fire sprinkler fitter, education, or a combination of specified work and education. The bill could be amended to accomplish this change [Alternative 1]. Further, DSPS indicated the estimated revenue decrease for cosmetologists and barbers should have been \$8,100 rather than \$10,200. In addition, DSPS indicates the estimated revenue of \$8,100 is received by a contractor that administers examinations for the two occupations, not DSPS. It represents only the examination fees for those who first completed an apprenticeship and not all those who took an examination for a barber or cosmetologist license. This reestimate is also included in Alternative 1.

3. The remaining five occupations affected by the bill (journeyman electricians, journeyman plumbers, journeyman fire sprinkler system fitters, cosmetologists, and barbers) have apprenticeships designed to lead to an entry-level license. The five occupations are the only ones regulated by the Department that allow completion of an apprenticeship as a way of being eligible to take the license examination.

4. Apprenticeship programs are intended to provide the proper training for individuals to perform accurately and safely. The programs often require completion of two to four years of practical on-the-job experience, specific classes, and training. DSPS indicates that approved apprenticeship programs provide well-rounded training, which includes both workplace and school training, and direct involvement of employers in the training program. They further indicate that by granting a license after successful completion of the apprenticeship program without taking the examination, people can start working in the occupation more quickly and can save on the expense of the test. The exam fee for the five occupations ranges from \$20 to \$30 for the three trades occupations, to \$105 for barbers and cosmetologists.

5. Table 1 shows the number of licenses issued by DSPS for the five occupations during calendar year 2015, and the examination fee, number of licenses, and examination fee revenue. DSPS is unable to determine how many of the trades-related licenses were issued to people who successfully completed apprenticeships and how many were issued to people who qualified to take the examinations due to work or education experience, or other reasons, such as coming from out-of-state. However, DSPS indicates the 77 licenses shown for barber or cosmetologist were only for those who had first completed an apprenticeship. Additional licenses were issued for barbers or cosmetologists who did not first complete an apprenticeship.

6. DWD regulates apprenticeship programs in collaboration with the Apprenticeship Advisory Council, which advises DWD on apprenticeship programs, local apprenticeship councils, and industry organizations. DWD approves completion of the apprenticeship program for all

individuals who complete an apprenticeship in one of the five occupations affected by the bill.

**TABLE 1**

**DSPS Licenses Issued in 2015**

<u>Profession</u>	<u>Exam Fee</u>	<u>Number of Licenses</u>	<u>Estimated Annual Examination Revenues</u>
Automatic Fire Sprinkler Journeyman	\$20	12	\$240
Journeyman Electrician	30	309	9,270
Industrial Journeyman Electrician	30	99	2,970
Residential Journeyman Electrician	30	15	450
Journeyman Plumber	20	68	1,360
Journeyman Plumber - Restricted Service	20	4	80
Journeyman Plumber - Restricted Appliance	20	15	300
Barber/Cosmetologist*	105	<u>77</u>	<u>8,085</u>
Total		599	\$22,755

\*Includes only the licenses issued by a DSPS contractor that administers examinations, and only for the licenses issued to those who completed an apprenticeship for barbers or cosmetologists.

7. Applicants for a license for journeyman plumber or journeyman automatic fire sprinkler fitter must first complete an apprenticeship. Applicants for a journeyman electrician license have the option of completing an apprenticeship or demonstrating a certain amount of work or education experience, such as from a college, technical or vocational school. Applicants for a cosmetologist or barber license have the option of completing an apprenticeship or graduating from a cosmetology or barber school licensed by DSPS, including completion of a certain number of hours and months of instruction.

8. Under the bill, the license applicants who qualify through work or education experience would continue to have to take the examination, and the applicants who qualify through successful completion of an apprenticeship would become exempt from having to take the license examination. DSPS indicates the bill is intended to only provide an exemption from the examination for those who complete an apprenticeship. The administration indicates that the differing requirement is intended because apprenticeship programs provide well-rounded training, and thus they should not have to take the test. The administration intends that persons who qualify through work or education would still have to take the examination.

9. Currently, applicants who want to obtain a license in one of the five occupations submit a paper application to DSPS. As part of the application, the applicant indicates whether he or she qualifies through completion of an apprenticeship, work experience, or classroom training. DSPS asks DWD to verify whether an applicant completed an apprenticeship. After DSPS verifies that an applicant meets the required qualifications to take the license examination, DSPS authorizes

the person to take the examination. DSPS does not enter information into the DSPS electronic database stating the method an applicant used to qualify to take the examination.

10. DSPS has data about whether people who took the license examination passed or failed. However, the Department does not have information readily available about whether people who failed the examination had qualified to take the examination through completion of an apprenticeship, work experience, or classroom training. DSPS officials indicate that since they do not enter this information into their database, they would have to review thousands of paper files to determine what percentage of people who qualified to take the examination because of completing an apprenticeship passed or failed the examination, and how the percentage of passage or failure for those who completed an apprenticeship compared with the percentage for those who qualified to take the examination in other ways.

11. Table 2 shows the number of people who took the examination for the five occupations affected by the bill during the three years between 2014 and 2016. The table shows the number of people who passed or failed the examination, and the percent of those who passed the examination. Table 2 shows separate totals for the two parts of the examination for journeyman plumber, cosmetologist and barber. The examination for journeyman plumber has two parts, both of which must be passed to obtain the license. A person may take both parts of the journeyman plumber examination on the same day or different days. If the applicant fails one part of the test, he or she may retake it within one year without having to retake the other part. The two parts of the examination for cosmetologist and barber must both be passed, and include a written part and a practical part for which the applicant does a live demonstration of cutting hair, coloring, and other required skills. For any of the five occupations, as soon as a person is notified that he or she failed a test, he or she is allowed to register to take the next available test.

**TABLE 2**

**DSPS Examinations, 2014 Through 2016**

<u>Examination Type</u>	<u>Number of Examinations</u>	<u>Passed</u>	<u>Failed</u>	<u>Percentage Passed</u>
Journeyman Electrician	1,137	707	430	62.2%
Journeyman Plumber - Part 1	244	215	29	88.1
Journeyman Plumber - Part 2	357	312	45	87.4
Journeyman Automatic Fire Sprinkler System Fitter	95	86	9	90.5
Cosmetologist - Written	3,355	2,644	711	78.8
Cosmetologist - Practical	3,280	3,052	228	93.0
Barber - Written	112	93	19	83.0
Barber - Practical	<u>100</u>	<u>92</u>	<u>8</u>	92.0
Total	8,680	7,201	1,479	83.0%

12. It appears likely that some applicants who failed an examination had successfully

completed an apprenticeship. For example, people who take the examination for journeyman electrician may have either completed an apprenticeship or work experience, and DSPS data shows that 62% of those who took the examination passed the test during the preceding three years. It is unknown how many of the people who failed the journeyman electrician examination had completed an apprenticeship. All people who take the journeyman plumber examination had to first complete an apprenticeship, and DSPS data shows that 88% of those who took the Part 1 and 87% of those who took the Part 2 examination passed the test. Thus, it is known that all of the people who failed the journeyman plumber examination had first completed an apprenticeship.

13. Some may argue that the proposal should be approved because eliminating the license examination requirement for persons who complete the apprenticeship eliminates an unnecessary step in the process of becoming licensed [Alternative 1]. Some might consider the completion of an apprenticeship program a better measure that the person has the training needed to perform the job than passing an examination provides, and that the apprenticeship program provides a sufficient level of training to expect that all persons who complete the apprenticeship will pass the examination to become licensed. However, as indicated earlier, statistics are not available to determine the examination failure rate for persons who completed an apprenticeship.

14. Others argue that elimination of the requirement for people who complete apprenticeships to take the examination could allow unqualified individuals to obtain a license, which could diminish the quality and safety of work done by the affected occupations. Further, the current requirement for all license applicants to take an examination increases the credibility of the license. Also, the requirement for passage of an examination before licensure is a way of ensuring that the applicant has demonstrated mastery of the knowledge acquired during the apprenticeship program. Finally, DSPS data shows that less than 100% of people who take the examination pass, and it is fairly certain that some people who failed the examination had successfully completed apprenticeships, and thus had not demonstrated mastery of the needed occupational skills through taking the examination. Under these views, the current law examination requirement should be maintained [Alternative 3].

15. Since the provision would become effective on the effective date of the bill, any person who took the test for one of the five licenses before the effective date of the bill, and failed the test, could submit an application as of the effective date, and would be eligible to receive the license. DSPS would have to issue the license to the person no matter how long ago the person successfully completed their apprenticeship, when they had taken the exam, and how many times they failed it. The administration and DSPS indicate that this is consistent with the intent of the bill to make it quicker for a person completing an apprenticeship to obtain a license. Under this rationale, even if a person who completed an apprenticeship failed the examination before the effective date of the bill, they would be able to obtain their license as soon as the bill is enacted.

16. DSPS officials expressed concern that if the apprenticeship program were completed too long a time prior to the effective date of the bill, the skills acquired during the apprenticeship might have diminished to safely work in the occupation. They have suggested that it may be desirable to require that an apprenticeship must have been completed no longer than six months prior to the granting of the license. The Committee could consider requiring that a person must have

successfully completed their apprenticeship program within six months prior to the effective date of the provision, or within six months prior to applying for a license, whichever is later [Alternative 2a].

17. DSPS officials also indicate that it might be desirable to have a delayed effective date for the provision to provide time for DWD and associated apprenticeship councils to reevaluate and adjust their apprenticeship training programs to include additional training or testing, because individuals would no longer need to take a DSPS license exam after completing an apprenticeship program. However, the Department did not make a recommendation for a specific length of delay in implementing the provision. Given that apprenticeship programs can take two to four years to complete, it is uncertain how long it might take to modify training programs, or what types of modifications might be made, if DWD and apprenticeship councils determine that modifications are needed. DWD and apprenticeship councils will have to modify their programs if necessary to ensure the apprentices are ready to obtain a license without taking the required examination.

18. The Committee could consider delaying the effective date of the exemption so DSPS could provide outreach to potential applicants for the five licenses and make necessary changes to procedures. In addition, DWD could review apprenticeship programs to determine whether any short-term modifications need to be made in training requirements. For example, a delayed effective date of six months might provide time for the agencies to notify potential applicants and make modifications to procedures and training requirements [Alternative 2b]. However, it is unlikely a six-month delay would be long enough to modify the training programs for those who are almost done with a two- to four-year apprenticeship program. In addition, it is unknown how many persons might complete an apprenticeship program during the delay and wait until the exemption goes into effect to apply for a license to avoid taking the examination.

19. The examination fees are deposited in two separate program revenue operations appropriations: (a) for health and business professions, including barbers and cosmetologists; and (b) for the building trades professions, including journeyman electricians, journeyman plumbers and journeyman automatic fire sprinkler fitters. The appropriations also receive revenues related to license fees, credentials, building plan reviews and building inspections. The estimated fee revenue decrease under the bill reflects the administration's estimate of the reduction in examination fees that would be received by DSPS.

20. As shown in Table 2, DSPS administered almost 8,700 examinations for the five occupations during the prior three years, equaling an average of almost 2,900 annually. The bill does not provide any changes in staff levels associated with the workload of the examinations. Annual DSPS staff costs associated with the three trades examinations total approximately \$21,200 PR and 0.25 PR position annually. This includes the time of a permanent licensing examination specialist to administer and score building trades profession examinations, and limited-term employees to proctor the examinations two times per month (once in Pewaukee, and every other month in Eau Claire and Appleton). DSPS also spends approximately \$400 annually for one hour per month of staff time to administer the cosmetologist and barber examinations. The Department also has a contract with a private entity to administer the cosmetologist and barber examinations, under which DSPS does not pay the contractor, but rather, the contractor keeps a portion of fees

received from examinations. If the requirement for the examination is eliminated for those who have completed an apprenticeship, the Committee could eliminate \$21,200 PR and 0.25 PR position annually in the industry services (building trades) appropriation annually related to DSPS workload of administering the examinations [Alternative 2c].

21. As mentioned earlier, the bill would not change the requirement that license applicants who qualify through work or education experience would continue to have to take the examination for the affected occupations. It is uncertain whether this would create a competitive advantage for those who completed an apprenticeship in comparison with those who qualify to take the license examination through work or education experience. Some might argue that the apprenticeship provides a better measure of qualifications for the licenses than work or education experience, and if so, those who qualify through work or education should continue to have to take the examination. Under this view, the proposed exemption in the bill could be approved [Alternative 1] and persons who qualify for the license through work or education experience would continue to be subject to the current requirement to take a license examination.

22. Others suggest that apprenticeship, work, and education experience provide equal paths to licensure opportunity for the occupations, and the examination requirement should also be eliminated for those who qualify for the license through work or education experience, so that no one has to take an examination for the five occupations [Alternative 2d]. However, it is uncertain what the additional fee decrease would be because DSPS indicates it is unable to determine how many persons qualify to take the examinations through work or education experience, rather than through completion of an apprenticeship.

23. Maintenance of current law would continue the current system of requiring that applicants for a license in the five occupations would have to take an examination, whether they qualify as a result of completing an apprenticeship, work or educational training [Alternative 3].

**ALTERNATIVES**

1. Approve the Governor's recommendation to exempt individuals who successfully complete the following apprenticeship programs from the requirement to pass an examination to be licensed as a: (a) journeyman electrician; (b) journeyman plumber; (c) journeyman automatic fire sprinkler system fitter; (d) cosmetologist; and (e) barber. Eliminate temporary permits for a journeyman plumber. Provide an effective date for the exemption on the general effective date of the bill. In addition, approve the DOA errata to remove the fire sprinkler contractor from the list of licenses for which completion of an approved apprenticeship would exempt a person from the requirement to pass an examination. Finally, reestimate the revenue decrease for professional regulation to \$0 annually, instead of \$10,200 under the bill. Estimate a program revenue decrease of \$14,700 annually in industry services, safety and buildings.

ALT 1	Change to	
	Base	Bill
PR-REV	-\$29,400	\$20,400

2. In addition to Alternative 1, approve one or more of the following:

a. Require that the applicant for one of the five licenses must have successfully completed the apprenticeship program within six months prior to the effective date of the elimination of the exam requirement, or within six months prior to applying for the license, whichever is later.

b. Provide a delayed effective date for the elimination of the examination requirement, for license applications submitted on the first day of the seventh month after the effective date of the bill.

c. Delete \$21,200 PR and 0.25 PR position annually in the industry, safety and buildings operation appropriation.

ALT 2c	Change to Base		Change to Bill	
	Funding	Positions	Funding	Positions
PR	-\$42,400	- 0.25	-\$42,400	- 0.25

d. Eliminate the examination requirement completely for all five occupations, for people who qualify to take the examination under current work or educational training requirements.

3. Maintain current law.

ALT 3	Change to	
	Base	Bill
PR-REV	\$0	\$49,800

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