



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #836

### **Eliminate the Wisconsin Service Corps (DWD -- Employment, Training, and Vocational Rehabilitation Programs)**

[LFB 2003-05 Budget Summary: Page 475, #10]

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#### **CURRENT LAW**

The Wisconsin Service Corps (WSC) was created by 1991 Wisconsin Act 39 (the 1991-93 biennial budget) to employ individuals between 18 and 25 years of age to work on projects that address the social, economic, or health needs of the community. The program was modeled after the Wisconsin Conservation Corps, but is limited to projects and activities in Milwaukee.

#### **GOVERNOR**

Repeal the WSC and related appropriations. The GPR appropriation for member compensation and support would be modified to only provide funding for outstanding Service Corps education vouchers. Annual funding of \$89,600 GPR in the appropriation would be deleted. The appropriation would be repealed three years after the effective date of the bill.

#### **DISCUSSION POINTS**

1. The WSC was established to: (a) provide employment for young adults; (b) encourage and develop work skills, meaningful work experiences, and training and educational opportunities for corps members; and (c) address the social, health, and economic needs of Milwaukee County. Corps members are required to work on projects, developed in cooperation with DWD, by state agencies, local units of government or private organizations that operate in Milwaukee County. In order to qualify as an approved project, a project must provide employment opportunities to corps members, consist of community service activities, and be located in Milwaukee County. To be eligible for participating in the WSC, individuals must be unemployed

and between the ages of 18 and 25. The Department of Workforce Development (DWD) is directed to attempt to hire at least 50% of corps members from persons who are receiving public assistance or have received it within a year of application for employment. Corps members who are employed for the term of a project, or are otherwise approved, are eligible for an education voucher of \$1,000 to \$1,800. 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 three years after the date of issuance to use the voucher. Annual funding of \$89,600 GPR is provided for DWD Service Corps member wages, vouchers, and, in certain cases, other project costs.

2. A state agency, local unit of government, or private organization operating in Milwaukee County must apply to DWD for approval of a WSC community service project. Projects are selected and approved based on the following guidelines:

(a) *Employment opportunities.* The extent to which the project will provide employment in meaningful labor-intensive work activities for corps members.

(b) *Community services.* The extent to which the project will address the social, health, or economic needs of the community that is to be served by the project.

(c) *Implementation.* The degree of difficulty in implementing the project and its compatibility with other projects in the area.

(d) *Extent of sponsor's responsibility.* The value of financial support to be provided by the sponsor.

(e) *Public purpose and benefit.* The extent to which the project will serve a valid purpose and benefit a large segment of the public.

3. Before approval of the project, the sponsor is required to prepare and submit to DWD a responsibility agreement that includes the complete project cost estimate and a detailed work plan that specifies the responsibilities of the sponsor and the Department regarding the project. Except as otherwise provided in the responsibility agreement, the sponsor is responsible for implementation and administration of the project and DWD is responsible for recruitment, supervision, control, and training of corps members.

4. Corps members must be paid the greater of the state or federal minimum wage (currently \$5.15) and must sign a statement of intent to serve in the WSC program for nine months. No more than three corps members can work on a single project.

5. Currently, there are seven Wisconsin Service Corps members serving four different organizations--H & R Christian Academy, Grace Christian Academy, Hickman's Academy, and Garfield Avenue School. The H & R Christian Academy has two WSC members working as administrative assistant trainees. Hickman's and Grace Christian Academies have three WSC members in child care trainer positions. Garfield Avenue School employs two WSC members in

clerical positions working towards GEDs.

6. The WSC is intended to develop work skills, discipline, cooperation, and provide meaningful work experience and training to corps members. The program can also provide educational opportunities to corps members. Eligibility criteria target low-income, at-risk youth who are not likely to have other similar opportunities. WSC projects address the social, health and economic needs of the community.

7. The Budget in Brief indicates that elimination of the WSC is one of a number of provisions in SB 44 that are designed to improve government operations and efficiency. These provisions are intended to reduce administrative overhead and increase efficiency by eliminating government entities and consolidating functions. It is also noted that, although the program provides valuable work experience to corps members, there is not always a direct link to further employment after completing the enrollment period. Moreover, historically, WSC expenditures have been less than appropriated amounts, which some have interpreted as an indication of a low level of participation in the program. As a result, some argue that this is not an effective way to provide employment skills and job training to youth.

8. The WSC member compensation and support GPR appropriation is a continuing appropriation. The amount of the appropriation that can be expended for a given fiscal year consists of the unencumbered balance in the appropriation at the end of the previous fiscal year and the monies appropriated for that fiscal year. Dollar amounts shown in the appropriation schedule represent the most reliable estimates of the amounts that will be expended during the fiscal year. Funding for this appropriation would be eliminated for 2003-04 and 2004-05, but the appropriation would not be repealed until three years after the effective date of the bill. This would allow the Department to continue to expend funds that were previously encumbered for education vouchers. At the end of the three-year period, the unencumbered balance in the appropriation account would lapse to the general fund. The April 30, 2003 balance in the WSC appropriation was \$330,500. DWD estimates that, when the monies needed to fully fund the current contracts for WSC member wages and fringe benefits and funding for educational vouchers are accounted for, the 2002-03 year-end, unencumbered balance in the appropriation will be approximately \$260,000. DWD will not need this funding for the costs of outstanding educational vouchers and, under the bill, the remainder of the WSC program will be repealed. As a modification to the Governor's recommendation, the unencumbered balance in the appropriation on July 1, 2003 could be lapsed to the general fund as GPR-earned.

9. DWD indicates that to fully fund the seven WSC contracts, it will need approximately \$68,900 for corps members' salary and fringe benefits and educational voucher expenses in 2002-03. If continuation of the WSC program is viewed as desirable, annual funding of \$68,900 GPR could be provided to maintain the program at its current level. If this action is taken in conjunction with the year-end lapse of the unencumbered appropriation balance, the net effect on the state's general fund would be an increase of \$122,200 when compared to the bill.

## ALTERNATIVES

1. Approve the Governor's recommendation to eliminate the Wisconsin Service Corps and related funding and appropriations.

2. Approve the Governor's recommendation to eliminate the WSC. In addition, require that the unencumbered year-end balance in the WSC general program revenue member compensation and support appropriation be lapsed to the general fund as GPR-Earned on July 1, 2003.

<u>Alternative 2</u>	<u>GPR</u>
2003-05 REVENUE (Change to Bill)	\$260,000

3. Modify the Governor's recommendation to retain the Wisconsin Service Corps and provide \$68,900 GPR in annual funding for Corps members' wages and related expenses.

<u>Alternative 3</u>	<u>GPR</u>
2003-05 FUNDING (Change to Bill)	\$137,800

4. Modify the Governor's recommendation to retain the Wisconsin Service Corps and provide \$68,900 GPR in annual funding for Corps members' wages and related expenses. Require the unencumbered balance in the WSC general program revenue compensation and support appropriation to be lapsed to the general fund as GPR-Earned on July 1, 2003.

<u>Alternative 4</u>	<u>GPR</u>
2003-05 REVENUE (Change to Bill)	\$260,000
2003-05 FUNDING (Change to Bill)	\$137,800

5. Delete provision.

<u>Alternative 5</u>	<u>GPR</u>
2003-05 FUNDING (Change to Bill)	\$179,200

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