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**Date:** Wednesday, Jan. 17, 2024

**To:** Chair Feyen, Vice-Chair Stafsholt, and Members of the Senate Committee on Economic Development and Technical Colleges

**From:** Department of Workforce Development Secretary Amy Pechacek

**Written Testimony Regarding SB 747**

Chair Feyen, Vice-Chair Stafsholt, and committee members, thank you for the opportunity to provide testimony for information only on SB 747, which proposes several changes to the Department of Workforce Development's (DWD) apprenticeship programming. DWD welcomes the interest in Registered Apprenticeship and Youth Apprenticeship, and celebrates the hard-working people and partnerships that have helped thousands of workers achieve family-supporting wages in programs that are models for the nation. DWD appreciates the Legislature's support through the years.

Over the past two years alone, Wisconsin's apprenticeship programs have broken records on several fronts, with record participation, a record number of career pathways, and a record number of participating employers. The foundation for this success was laid in 1911, when Wisconsin became the first in the nation to offer Registered Apprenticeship under a unique earn-while-you-learn model with safeguards and incentives for both employers and apprentices. The collaboration among employers, labor leaders, and educators that started 112 years ago continues to this day and remains key to Wisconsin Apprenticeship's latest milestones.

In November 2023, Gov. Tony Evers and DWD announced that the Registered Apprenticeship program reached a new record total of 16,384 enrolled apprentices, with more than 200 pathways, and some 2,600 participating employers. This is up from the previous record of 15,800 apprentices in December 2022. In April 2023, Gov. Evers and DWD also celebrated record-breaking participation in Youth Apprenticeship during the 2021-2022 school year with 8,357 participants and 5,719 employers. Youth Apprenticeship, which started in 1991 and was also the first program of its kind in the nation, is a strong connector to registered apprenticeship programs. Previously, in August 2022, Gov. Evers and DWD announced 14 new occupational pathways for the Youth Apprenticeship program thanks to ongoing modernization efforts. The new pathways include agriculture, natural resources, health science, manufacturing, aviation maintenance, and more.

These successes reflect continued efforts by DWD and all the stakeholders in apprenticeship – employers, labor leaders, educators, job seekers, and apprentices themselves – to innovate and evolve. Well-established entities including the Wisconsin Apprenticeship Advisory Council, various apprenticeship committees representing the trades, and school consortia provide formal mechanisms for stakeholders to reach consensus on key issues, elevate ideas, and maintain safety and other standards.

DWD welcomes opportunities to continue improving apprenticeship and works closely with stakeholders to assure that apprenticeship programs support a thriving Wisconsin economy.

Unfortunately, as currently drafted, the proposed bill misses opportunities to further strengthen apprenticeship, and also diminishes the competitive advantage Wisconsin employers now enjoy in attracting young workers into key industry and occupational pathways.

Among DWD's key concerns:

- The proposal misses opportunities to remove barriers to participation for some apprentices and fails to account for the needs of a broader pool of potential apprentices who would benefit from support in the initial phase of their participation.
- The proposal undermines the tradition of fair wages due to proposed changes to the skilled wage rate.
- The bill misses opportunities to establish a more level playing field for all employers and occupations by creating carveouts that favor some occupations over others.
- The bill misses opportunities to expand the pool of participating employers.
- The bill increases competition for funds in an already fully subscribed grant program without increasing funding.
- The bill raises questions about inconsistencies with federal apprenticeship standards set by U.S. Department of Labor.

Chief among DWD's concerns is the provision that would undermine the department's authority to approve skilled wage rates for apprentices under Wis. Admin. Code § DWD 295.05 by creating Wisconsin Statute 106.01(3) with a new skilled wage rate methodology. Providing apprentices with a pathway to economic prosperity represents a foundational principle of apprenticeship. Under the bill, sponsors would be able to determine wages based on the average rate paid to journeymen in an "area" they would define, which could result in inadequate or noncompetitive wages.

The bill also adds construction workers to the list of occupations eligible for Career and Technical Education Incentive Grants and Completion Awards under s. 106.273(2)(b). To address the labor market quantity challenge, DWD favors other approaches to encourage apprentices across a broad array of industries and occupations.

Other provisions of the bill eliminate apprenticeship sponsors' eligibility for reimbursement under the Apprenticeship Completion Award Program (ACAP), add apprenticeship-related costs as eligible for reimbursement, and create a Youth Apprenticeship Completion Award Program (YACAP). DWD's experience and input from stakeholders points to the need for more strategic and effective updates to the ACAP. Additionally, DWD does not support the YACAP provision. Local consortia are already permitted to use YA grant funding to cover student costs and a YACAP would be duplicative of currently allowed practice.

The department recognizes the bill authors' interest in encouraging youth participation in apprenticeship programming and reducing costs for adults participating in registered apprenticeship. However, for the reasons above, the department has significant concerns about the impact of this legislation on apprentices, employers, and the apprenticeship ecosystem.

At the same time, this legislation does not address priorities identified by key stakeholders and the department to incent employer participation in apprenticeship programming across sectors. DWD is eager to collaborate with bill authors and stakeholders to incorporate provisions aimed at supporting all apprentices in their chosen pathways, while encouraging employers and sponsors to help expand the apprenticeship ecosystem through novel approaches and innovative programming.

The department applauds the growing statewide interest in apprenticeship and would welcome the opportunity to engage with bill authors and stakeholders in a systematic way to assure any proposed legislation contributes to the success of Registered Apprenticeship, Youth Apprenticeship, and a thriving economy for generations to come.

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