



Legislative Fiscal Bureau

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February 13, 2018

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Assembly Bill 872: Career and Technical Education Grants

Assembly Bill 872 (AB 872) was introduced on January 23, 2018, and was referred to the Assembly Committee on Workforce Development. On February 6, 2018, the Assembly Committee on Workforce Development recommended passage by a vote of 13 to 0, and AB 872 was referred to the Joint Committee on Finance.

Senate Bill 746 (SB 746), a companion bill to AB 872, was introduced on January 29, 2018, and was referred to the Senate Committee on Workforce Development, Military Affairs and Senior Issues. A public hearing was held for SB 746 on February 8, 2018.

CURRENT LAW

The Career and Technical Education (CTE) Incentive Grant program was established by 2013 Act 59 and took effect on December 11, 2013. Under current law, the Department of Workforce Development (DWD) is required to annually award to a school district \$1,000 per pupil for each pupil in the school district who, in the prior school year, obtained a high school diploma or a technical education high school diploma from a school in the school district, if: (a) the school district has an industry-recognized certification program approved by DWD; and (b) the pupil successfully completed the school district's industry-recognized certification program in any school year in which the program was approved by DWD.

Currently, DWD, the Department of Public Instruction (DPI) and the Wisconsin Technical College System Office (WTCS) create an approved list of industries and occupations with workforce shortages. DWD approves industry-recognized certification programs in the industries or occupations identified and school districts apply annually to DPI with a listing of their students that have earned approved certifications. The CTE grant program is jointly administered by DWD and DPI.

DWD is appropriated GPR funding for certain workforce development grant programs, including "Fast Forward" workforce training grants, youth apprenticeship grants and teacher

development grant programs. From this appropriation, DWD is also required to allocate not less than \$3,500,000 in each fiscal year for CTE incentive grants to school districts effective in 2017-18 under 2017 Act 59, the 2017-19 biennial budget act. Prior to 2017-18, DWD was required to allocate not less than \$3,000,000 for CTE incentive grants. While the Department is allowed to allocate more than the statutory minimum total for the program, to date it has not done so. If the annual allocation of \$3,500,000 is insufficient to pay the full amount per pupil, DWD may prorate the amount of its payments among school districts eligible for an incentive grant under this section.

SUMMARY OF BILL

The bill would direct DWD to approve industry-recognized certification programs designed to prepare individuals for occupations as fire fighters, emergency medical responders or emergency medical services practitioners (public safety occupation training program). Under the bill, DWD would be required to award a CTE incentive grant to a school district that has a public safety occupation training program approved by DWD, for each student the meets the current law requirements for a CTE incentive grant. The amount of the incentive grant would be \$1,000 for each qualifying student that completes a public safety occupation training program and would be paid from the existing allocation. Under the bill and under current law, DWD may prorate payments among those eligible to receive incentive grants if the allocation is insufficient to pay the full amount per student in any fiscal year.

The bill would also create a career and technical education completion award program and direct DWD to award a \$500 completion award to a student for each industry-recognized public safety occupation training program approved by the Department that the student successfully completed in a school year in which the program was approved by DWD. The bill would create a new sum sufficient GPR appropriation for the career and technical education completion awards program.

DWD and DPI would be required to enter into a memorandum of understanding (MOU) setting forth their respective responsibilities in administering the CTE incentive grant program and the CTE completion grant program. The MOU would be required to provide that DWD annually furnish funds to DPI for the payment of career and technical education incentive grants and completion awards.

The bill would first apply to the completion of an industry-recognized public safety occupation training program approved by DWD, by a student in the 2018-19 school year.

FISCAL EFFECT

The bill would create a new sum sufficient GPR appropriation for the career and technical education completion awards program. In its fiscal note to the bill, DWD estimates that 300 students would participate annually in an approved public safety occupation training program and qualify for a \$500 completion award for a total estimated annual cost of \$150,000 when the program is fully implemented. The bill would first apply to the completion of a DWD-approved public safety occupation training program by a student in the 2018-19 school year. Based on the

amount of time required to certify a public safety occupation training program and to process and remit a completion award, the first year that an award would likely be issued by the Department would be the 2019-20 fiscal year. Therefore, the bill would have no fiscal effect in the current biennium. The number of school and student participants in the first year of the program would be less than when fully implemented because DWD would be required to initiate the administration of the newly-created completion awards program. While the fiscal estimate in the first year is uncertain, it is estimated that AB 872 would cost \$80,000 GPR in 2019-20 and \$150,000 GPR in 2020-21. Under the bill, any amount exceeding these estimates would still be paid to completion award claimants because the program would be funded through a sum sufficient GPR appropriation.

The bill would increase the number of CTE incentive grant claims received by DPI. CTE grant funding is awarded to school districts and is intended to support programming that results in students earning these certificates. There is \$3,500,000 allocated in grant funding for this program for each fiscal year. If more than 3,500 valid claims are submitted, the \$1,000 award amount may instead be prorated among all applicants. There were 4,682 valid paid CTE grant claims for 2016-17, resulting in a prorated equal distribution of \$640.75 per student (the 2016-17 allocation was \$3,000,000). The CTE incentive grant program has grown each year since the first year of the program in 2014. The effect of adding an estimated 300 additional valid CTE claims under the bill would increase the overall number of grant claims and thereby reduce the award amount per valid claim.

Prepared by: Ryan Horton