



MEMORANDUM OF SUPPORT

Young Invincibles Strongly Supports

A.2225a (Bronson) / S.3395 (Gallivan): Empire State Apprenticeship Program

BILL PURPOSE: An act to enact the Empire State Apprenticeship Program establishing a tax credit available to employers who hire and train a disadvantaged young adult as an apprentice. The program also provides grants to nonprofit organizations and small businesses to establish apprenticeship programs.

Allocating \$10 million annually to provide certified employers with resources to offset training costs associated with taking on apprentices. For each disadvantaged young adult apprentice, employers can claim \$5,000 for the first year, \$6,000 for the second year, and \$7,000 for each of the third, fourth, and fifth years. Employers can also claim an additional \$500 enhanced tax credit each year if they have a mentoring component. Under this program, employers can claim a total training investment of \$34,500 over the course of five years.

The Empire State Apprenticeship Program also allocates \$2.5 million annually to establish a dollar-for-dollar grant matching fund that would make as much as \$50,000 available to nonprofits and small businesses to take on disadvantaged young adults as apprentices.

STATEMENT OF SUPPORT

The Empire State Apprenticeship Program (ESAP) is an important strategy to tackling the state's high young adult unemployment and poverty crisis. ESAP is designed to significantly offset employer costs associated with training, support disadvantaged young adults through mentoring and skill development, and will leverage growing sectors to ensure that opportunities enable young adults to set up financially secure lives in New York State.

New York's High Young Adult Unemployment is Alarming & Bad for the Economy

High young adult unemployment in an economy that increasingly requires some type of postsecondary credential or training should put policymakers on alert. One analysis found that a young person who is unemployed for six months can expect to earn \$22,000 less over the following ten-year period. With more than 15 percent of 16-to-24-year-olds unemployed and looking for work, this could translate to a potential loss of about \$8.8 billion in earnings to New Yorkers over the course of the next decade. What's worse is that African American and Latino young adults face unemployment rates as high as 25 and 19 percent, respectively.

Unemployed Young Adults Need Training to Fill New York's Middle Skills Gap

Most of the jobs across the state require some type of postsecondary credential or training but the number of adequately trained and credentialed workers doesn't fully meet this need. This is a trend that's estimated to continue with a 12 percent gap between jobs requiring a postsecondary credential and the workforce able to fill those jobs. New York's more than 300,000 disconnected, unemployed 16-24 year olds can help fill this gap--but only if given the training to develop the skills--and only if the state better supports employers to train these young adults and link them to careers.

Empire State Apprenticeship Program Supports Employers to Train Young Adults

Unfortunately, the state's single largest youth jobs strategy--the Urban Youth Jobs Program--is a stand alone tax credit doesn't provide training and recent research questions its efficacy. The ESAP is designed to not only train disadvantaged young adults but to also link them to careers through one of the most time-tested, proven workforce development models--apprenticeships. However, employer costs of training, not considering start-up costs, an apprentice can range from \$25,000 to as high as \$250,000, depending on the industry. But we know the payoff for the employee is worth it with more than 90 percent of apprentices finding employment with an average salary more than \$60,000 after their program.

Empire State Apprenticeship Program is Smart Policy We Can Measure

Unlike many other strategies that include tax credits, the ESAP includes more data and annual reporting so policymakers can better understand how effective the program is. The legislation requires the Department of Labor to align ESAP outcomes and performance measures with the federal Workforce Innovation & Opportunity Act (WIOA), as a first step to better understanding the state's workforce development system as a whole. Further, the legislation mandates a comprehensive evaluation before the sunset of the program allowing lawmakers to make informed decisions on the future of the program.

In conclusion, the state should include \$12.5 million in the final FY18 budget to fund the Empire State Apprenticeship Program as part of a larger strategy to tackle New York's alarmingly high young adult unemployment situation by investing in opportunities that help disadvantaged young adults access training so they can acquire the skills employers need.

ABOUT YOUNG INVINCIBLES

Young Invincibles (YI) is a national non-partisan policy and advocacy organization working to elevate the voices and economic opportunities of the Millennial generation. Our New York office focuses on health, higher education, and economic security and employment issues facing young adults through research and organizing. Contact the Northeast Director, Kevin Stump, at kevin.stump@younginvincibles.org or 845-224-8374.