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March 21, 2017

Senate Majority Leader John J. Flanagan
Room 330, State Capitol Building
Albany, NY 12247

Re: The Empire State Apprenticeship Program

Dear Senator Flanagan:

We request that the Senate support The Empire State Apprenticeship Program (hereinafter "ESAP") in the final budget. This is an innovative program to promote hiring of apprentices and is sponsored in the Senate by Senator Gallivan (S.3395-A). We also acknowledge and appreciate the Senate's inclusion of language supporting programs to incentive apprenticeships.

ESAP would provide \$10 million in refundable tax credits and a grant program to encourage businesses to hire and train apprentices, and provide even greater incentives to employers who hire and train apprentices who are considered "disadvantaged youth." This program would help adults and youth "earn while they learn" the skills they need to obtain well-paying jobs while also helping employers pay for training costs. ESAP also provides for an enhanced tax credit if the employer provides adult mentors to help apprentices overcome barriers to successful completion of the apprenticeship program.

Our member manufacturing companies believe ESAP would further enhance the successful Manufacturing Intermediary Apprenticeship Program that was PILOTED in Central New York last year and hopefully will continue and expand into the Capital District, Finger Lakes and Hudson Valley regions with your support.

Specifically:

- The basic tax credit would be multi-year and refundable to employers for each full-time apprentice (employed for at least six months/year), with annual increases in the credit as the apprentice advances in his or her training, starting at \$2,000/year and increasing an additional \$1,000/year with a cap of \$4,000.
- Employers are eligible for a larger tax credit if the full-time apprentice (at least six months/year) is considered to be a disadvantaged youth, with annual increases in the credit as the apprentice advances in his or her training, starting at \$5,000/year with a cap of \$7,000/year.
- All employers are entitled to enhanced tax credits of an additional \$500 annually if they assign a dedicated mentor, who would help the apprentice overcome hurdles and complete their apprenticeship.
- The credit is aimed at demand occupations and industries including advanced manufacturing

- The Empire State Apprentice Program Grant Program also includes \$2.5 million in grants available to non-profit organizations and small businesses (fewer than 25 employees). Grants may be up to \$50,000 and must be matched on a 1:1 basis by the grantee.
- The program also would require high schools to inform students about apprenticeships.

In today's economy, the income gap is growing and more youth are disconnected from work and school, and are facing an unemployment rate three times the state average unemployment rate. At the same time, there is a "middle skills gap" – which refers to unfilled jobs that require some additional training or education beyond a high school diploma, but that do not necessarily require a four-year degree. ESAP will also help to train workers to fill new emerging workforces as well as expanding workforces.

Apprenticeships combine on-the-job training with targeted school work, while trainees also earn a living. Apprentices provide a pipeline of skilled workers to employers in growing sectors including advanced manufacturing. Despite recognized success, apprenticeships remain a relatively small share of workforce development efforts in New York. This proposal would help expand this successful model to help individuals learn a skill and become employed, close the middle skills gap and rebuild a middle class.

Apprenticeships are a cost-effective use of state dollars. One study found that the taxpayer return on investment of apprenticeship programs was \$27 for every dollar spent. Over the course of their lifetimes, individuals who participate in Registered Apprenticeship programs can expect to earn an average \$300,000 more, including benefits than their peers.

As proponents of apprenticeship programs, we strongly encourage the Senate to include this measure in the final budget in conjunction with the MIAP program.

Very truly yours,

A handwritten signature in black ink that reads "Randy Wolken". The signature is written in a cursive, flowing style.

Randy Wolken, President
The Manufacturers Alliance of New York

cc: Senator Young
Senator Gallivan