

ONE WORKING APPRENTICE FOR EVERY FOUR FULL-TIME COLLEGE STUDENTS



- > We have the greatest higher education system in the world—that is, for those who want to be a full-time student pursuing a traditional four-year degree. But for those who need to work and earn a living, or who would rather learn on the job versus just in a classroom, our education policies allow fewer options than countries where apprenticeship and work-based learning are a common pathway to a skilled career. Apprenticeship allows workers to support themselves and their families while earning a license or postsecondary credential. Some call apprenticeship “the ‘other college’—without the debt.” Yet we have barely one working apprentice for every 40 full-time college students—a fraction of the wage-earning options available to young people and working adults in other parts of the world.

2020 GOAL: The U.S. will have instituted new policies—directed at both students/workers and businesses—that support the development of five million new apprentices, the equivalent of one working apprentice for every 4 full-time college students.

THE CHALLENGE: The U.S. ranks far behind competitor nations in how we use apprenticeship and other forms of work-based learning to prepare students and workers for good-paying, middle-skill careers. Germany and the United Kingdom average more than one apprentice for every two full-time college students; the U.S. has one apprentice for every 40 full-time college students. That's because our education policies favor students who can sit in a high school or college classroom full-time. We disadvantage students who would rather work for a local employer, earn an income while learning skills on the job, and continue to study (even for college credit) while they are promoted and their wages continue to rise.

Our policies have also not done enough to help businesses who have open positions to expand work-based learning offerings at their companies. This is particularly true in communities where applicants with limited skills or work experience will need additional support to ensure their success on the job site. In addition, the incentives we offer for companies to create these work-based learning opportunities are typically not geared to the needs of small- and medium-sized employers. These businesses incur costs and take on financial and operational risks each time they hire and initially train a new apprentice. While some companies can and do absorb these additional costs, others (especially small- and medium employers) may find those costs difficult to carry on their own, particularly if the working learner can be hired away by another (often larger) firm once he or she has gained valuable experience.

We need policies on both the labor supply and labor demand sides to put us on a pathway toward enrolling one new working learner for every four full-time college students (or five million apprentices compared to our current census of twenty million full-time college students). We need to diversify the types of students and workers who can benefit from these earn-and-learn strategies. Many will eventually enroll in postsecondary education while they are working, so we should make it easier for them to do so. We should invest in intermediaries to create these options in new industries, and provide both technical assistance and better targeted financial support to help small as well as large firms participate.

First 100 Days

Create a Registered Apprenticeship/Work-Based Learning working group within the newly formed White House Skills Cabinet. Direct participating agency leaders from, at a

minimum, the Departments of Labor (DOL), Education (ED), Commerce (DOC), Energy (DOE), Transportation (DOT), and Health and Human Services (HHS) to meet with key stakeholders from the business, labor, education, workforce and anti-poverty communities to confirm an administration commitment to pursuing the five million apprentices and work-based learners goal within the first term. Additional activities should include:

- **Identify private sector resources.** Direct the working group to meet with the corporate giving and philanthropic communities to identify means for leveraging private-sector resources to match current federal investments in such efforts, particularly around the diversification of work-based learning students and firms.
- **Establish means to report outcomes.** As one of the first responsibilities of this working group, instruct relevant federal agencies to establish means—in addition to the current Registered Apprenticeships Partners Information Data System (RAPIDS)—to collect and annually report on the number and composition of people in registered and unregistered apprenticeships, pre-apprenticeship programs, and other formalized wage-earning, work-based learning. Establish an effort to better measure the *outcomes* of apprenticeship/work-based learning programs as a means to assess their quality versus relying on *process-based* assessments, such as the quality of their registration application or clock hour requirements. Outcome metrics should include credential attainment, employment outcomes, wages—all of which can be disaggregated by types of apprentices/workers—as well as effectiveness in filling vacant jobs and reducing turnover in skilled occupations along with other industry/employer needs.

Develop guidance to improve apprenticeship registration process. Direct DOL and ED to develop joint guidance on improving the apprenticeship registration process. This guidance should ensure the process is more streamlined and flexible. It should support the ability to use competencies and flexible supervising arrangements as the proposed means to move apprentices toward demonstrated competencies (versus relying exclusively on clock hours and ratios). The registration process should also be made more business friendly through greater involvement of intermediary organizations to help navigate the registration process. Finally, the registration process should outline outcome based metrics in order to measure the relative quality of registered programs (see above).

Establish a working group to expand opportunities for in-school youth. Within ED, establish a new working group focused on options under Every Student Succeeds Act (ESSA) and the Carl D. Perkins Career and Technical Education Act

(Perkins Act) to expand youth apprenticeship, whereby more in-school youth could earn their diplomas while pursuing a wage-earning, registered apprenticeship.

Move the Registered Apprenticeship College Consortium to ED. Bring the Consortium into the Department of Education as one of the responsibilities of the new Office of Community and Technical Colleges (see Community College Compact proposal).

Promote apprenticeship as an allowable Temporary Assistance for Needy Families (TANF) activity. Authorize HHS to issue new guidance on use of apprenticeship and wage-earning learning as a fulfillment of required state activities under current TANF regulations.

Target grants to support diversification of the apprenticeship pipeline. Target likely congressional investments in apprenticeship (estimated to be \$90-100 million in FY17) toward grants to support diversification of the registered apprenticeship pipeline, with a focus on out-of-school youth, low-income adults, women, survivors of domestic violence, veterans, workers underrepresented in work-based learning programming, and those with employment barriers.

First Year (2017-18)

Establish new regional registered apprenticeship and funded on-the-job training strategies. As part of a new initiative to build a national infrastructure of regional industry partnerships (see Industry Partnership proposal), DOL's Office of Apprenticeship should provide additional technical assistance to help these partnerships establish new regional registered apprenticeship and funded on-the-job training strategies to increase registered apprentices and wage-earning learners served under the Workforce Innovation and Opportunity Act (WIOA). This network can work with companies and educators to create work-based learning slots at more firms, including assisting with training, support services and even initial employer-of-record assistance.

Codify and fund the Office of Apprenticeship (OA). In the administration's FY18 budget, codify OA as a national project with an annual appropriated budget of \$175 million (see below).

Increase investments in apprenticeship expansion and diversification. Work with Congress to increase investment in apprenticeship expansion and diversification to \$175 million under the FY18 budget, with \$100 million to support the Work-Based Learning Support Fund (see below), \$50 million in state-directed grants, and \$25 million for employer subsidies (see below).

Promote work-based learning in Perkins and Higher Education Act (HEA) reauthorizations. Work with Congress to develop a new emphasis on work-based learning (including registered apprenticeship) as part of the reauthorization of both the Perkins Act and HEA.

Expand work-based learning opportunities for welfare recipients. Work with Congress to develop new options for registered apprenticeship and wage-earning learning as part of the reauthorization of TANF, so that more working mothers can earn a credential and develop a career while working part- or full-time.

First Term (2017-20)

To further attract and assist new industries and businesses, including smaller businesses:

- **Provide subsidies to smaller firms to help cover initial costs of hire, orientation and training-related instruction of new apprentices.** Employers would be eligible for up to \$25,000 in subsidies for expanding or starting registered apprenticeship programs, based on the number of apprentices in the program year to year. This fund would offset initial recruitment, screening, and orientation costs. Employers could access upfront subsidies, which have been cited by small- and medium-sized employers as more effective in addressing these initial costs. This would spur more hiring than tax credits, effectively addressing long-term costs incurred by running an apprenticeship program.
- **Redesign a New Work-Based Learning Tax Credit.** Work with Congress to replace the \$1 billion Work Opportunity Tax Credit (WOTC) with the Work-Based Learning Opportunity Tax Credit. This business tax incentive would reward companies that hire individuals with particular needs. Eligible costs would be those incurred by companies that invest in on-site training or pay the tuition of such employees who are learning off site at a community college or other training institution, who are pursuing that training as part of an apprenticeship or other formalized work-based learning program.

To further diversify the students and workers transitioning into a full-time, wage-earning apprenticeship or work-based learning opportunity, create a new Work-Based Learning Support Fund. Work with Congress and relevant agencies to establish a Work-Based Learning Support Fund to better assist young adults not in school as well as adults with limited work experience as they transition into employer-sponsored registered apprenticeship or work-based learning opportunities. The fund would be supported by congressional appropriations of \$100 million annually. The Fund should

be based out of OA, HHS, or jointly managed. It should be jointly overseen by agencies represented in the Registered Apprenticeship/Work-Based Learning working group.

This fund would build upon the lessons of many current pre-apprenticeship efforts to diversify the apprenticeship pipeline, while at the same time incorporating feedback from employers about the need for greater attention to both the newly placed apprentice and the business *after* hire during the critical first 6-12 months of employment. The fund would bring together a range of services that ensure newly placed apprentices are fully work-ready and that they are receiving the necessary supports and training to succeed on the job during the first critical months of their employment. It would also ensure that the risks taken on by their new employers are minimized in order to make it easier for businesses—particularly smaller firms—to give these new workers a chance to build a new career while working. As such, the Work-Based Learning Support Fund would provide services during three critical phases:

■ ***Pre-Employment (up to four months)***

- Grants to community-based organizations, labor management partnerships, or industry-based intermediaries to provide traditional pre-apprenticeship services to aspiring apprentices, including skills training, work attire and necessary tools for the job, wrap-around services such as transportation and childcare assistance, and job placement assistance.
- Grant funding should be used to support a mentor for each apprentice over the duration of services. Mentors and mentees should receive training to ensure a successful relationship. Funds should support the mentorship program and mentors' time commitment.
- In addition to funding granted to community-based organizations, the Work-Based Learning Support Fund should support national technical assistance to ensure program success in reaching underrepresented populations. Resources should be set aside to build a network of registered apprenticeship support providers, with leveraged support from philanthropic partners to create a community of practice around these diversification strategies.

■ ***Early Employment (up to six months)***

- Ongoing case management and support services provided by assisting organization to the new apprentice. This could include a continuation of services provided during the pre-employment phase as well as additional training to succeed in non-work-related responsibilities, such as financial literacy training, time management and studying skills.
- Continued skills training conducted either on- or off-site by the assisting organization in collaboration with the new apprentice's employer.
- Additional mentorship and retention supports for participants and targeted training for frontline managers, journey level workers with whom the apprentice works, and human resource representatives within the business where the apprentice is placed.
- Where appropriate, the assisting organization can serve as the new apprentice's employer of record, providing publicly subsidized wages and benefits for up to six months before transitioning the new apprentice to the employer's payroll.

■ ***Unsubsidized Apprenticeship (after six months on the job)***

- If the apprentice has completed the six-month on-the-job transition, the company would formally hire the apprentice at the legally required wage with full employee benefits.
- Company would continue to qualify for supports and tax incentives above for continued investment in apprentice's learning, as long as the worker continues to receive prescribed wage increases as skills and credentials are acquired per the approved apprenticeship plan.
- The assisting organization should continue to work with the fully hired apprentice to ensure his/her successful completion of the full apprenticeship program, including providing mentorship and retention supports.

