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Registered Apprenticeship: Federal Role and Recent Federal Efforts

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Summary

Apprenticeship is a workforce development strategy that trains a worker for a specific occupation using a structured combination of paid on-the-job training and related instruction. Increased costs for higher education and possible mismatches between worker skills and employer needs have led to interest in alternative workforce development strategies such as apprenticeship.

The primary federal role in supporting apprenticeships is the administration of the registered apprenticeship system. In this system, the federal Department of Labor (DOL) or a DOL-recognized state apprenticeship agency (SAA) is responsible for evaluating apprenticeship programs to determine if they are in compliance with federal regulations related to program design, worker protections, and other criteria. Programs that are in compliance are "registered." While registration does not trigger any specific federal financial incentives, registered programs may receive preferential consideration in various federal systems and apprentices who complete a registered program receive a nationally-recognized credential.

In the federal context, "apprenticeship" has historically been synonymous with registered apprenticeship programs. Programs that may have a strategy or format similar to apprenticeship but are not registered are not typically considered apprenticeships by the federal government, though they may be considered on-the-job training under other federal workforce programs.

To register an apprenticeship, a sponsor (an employer, union, industry group, or other eligible entity) submits an application to the applicable registration agency (either DOL or the appropriate SAA). The application must include a work process schedule that describes the competencies that the apprentice will learn and how on-the-job training and related instruction will teach those competencies. The application must also include a schedule of wage increases for the apprentice, a description of safety measures, and various assurances related to program administration and recordkeeping.

If the registration agency finds that the program is in conformity with the requirements, the program receives provisional registration. Once a program receives permanent registration, the registration agency is responsible for reviewing the program for conformity not less than once every five years.

In recent years, the federal government has supplemented its typical registration activities with competitive grants to support the expansion of registered apprenticeship as a workforce development strategy. These grants have gone predominantly to states and other intermediaries to support apprenticeship expansion through partnerships with apprenticeship sponsors.

While registered apprenticeship sponsors do not necessarily qualify for federal funding, several education and workforce programs have identified apprenticeship as an eligible use of funds. For example, some veterans may qualify to receive GI Bill benefits while participating in a registered apprenticeship and registered apprenticeships are eligible for federal workforce development funds through the Workforce Innovation and Opportunity Act (WIOA).

DOL recently proposed a rule that would create an additional system in which "industry-recognized apprenticeship programs" could be approved by DOL-approved standards recognition entities. This proposed policy would have no direct effect on the registered apprenticeship system. The proposed rule has not been finalized.

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Introduction

Apprenticeship is a workforce development strategy that trains a worker for a specific occupation using a structured combination of paid on-the-job training and related instruction. Increased costs for higher education and possible mismatches between worker skills and employer needs have led to increased congressional interest in alternative workforce development strategies such as apprenticeship.

Compared to some other developed nations, utilization of apprenticeship in the United States is relatively low.[1] Some commentators have interpreted the relative dearth of apprenticeship programs in the United States as an opportunity for large-scale expansion.[2] Others have suggested that other nations' labor market institutions and employers are more accommodating to apprenticeship models and prospects for domestic growth may be limited.[3]

Historically, the primary federal mechanism in the United States for supporting apprenticeships has been registering individual programs that comply with federally directed standards ("registered apprenticeships"). Registration is carried out by the Department of Labor (DOL) or a DOL-approved state agency. In recent years, DOL has supported expanded use of apprenticeship through a series of grants to states and other entities.

This report discusses federal efforts related to apprenticeship. It begins by describing the long-established federal role in certifying apprenticeships programs through the registered apprenticeship system. It then discusses more recent federal efforts to support the expansion of registered apprenticeship as a workforce development strategy. The appendix of the report discusses federal funding streams that focus on other human capital development strategies but can support apprenticeship in certain circumstances.

Industry-Recognized Apprenticeship Programs

This report focuses on registered apprenticeship and provides only brief discussion of recent efforts by DOL to establish Industry-Recognized Apprenticeship Programs ("Industry Programs"). As of this writing, proposed regulations on Industry Programs have been published, but the regulations have not been finalized and no Industry Programs have been approved. Under the proposed regulations, Industry Programs would operate independently from registered apprenticeship programs and would have no direct effect on the existing registered apprenticeship system.

For a brief discussion of the proposed regulations on Industry Programs, see the section "Proposed Rule on Industry-Recognized Apprenticeship Programs" later in this report. For a more detailed discussion, see CRS Report R45835, *Proposed Rule on Industry-Recognized Apprenticeship Programs*.

[1] Apprentices make up less than 0.5% of the U.S. labor force, less than Canada (2.2%), Britain (2.7%), and Germany (3.7%). See Robert Lerman, "Expanding Apprenticeship Opportunities in the United States," The Hamilton Project, 2014, http://www.hamiltonproject.org/assets/legacy/files/downloads_and_links/expand_apprenticeship_opportunities_united_states_lerman.pdf.

[2] Ibid.

[3] For example, see Gail Heriot, "Apprenticeships: Useful Alternative, Tough to Implement," Cato Institute Policy Analysis No. 805, November 17, 2016.

Registered Apprenticeship

The National Apprenticeship Act of 1937 directs DOL to "formulate and promote the furtherance of labor standards necessary to safeguard the welfare of apprentices."[4] DOL has carried out these provisions by developing a system in which DOL or a DOL-recognized state apprenticeship agency registers individual programs as meeting federal and/or state standards. Registration agencies also issue certificates of completion to apprentices who complete a registered program.

The National Apprenticeship Act is relatively concise, and the Registered Apprenticeship system has been established and developed predominantly through regulations and non-regulatory guidance.[5] The agency within DOL that carries out the National Apprenticeship Act is the Office of Apprenticeship; the office's chief official is the administrator.

Registration of an apprenticeship program does not entitle an apprenticeship sponsor (often an employer, although it can also be a labor union, industry group. or other eligible entity) to direct financial support from the federal government. Registration can make it easier for an apprenticeship program to operate within the eligibility rules of some federal programs and systems. For example, registered apprenticeship programs are approvable for GI Bill support, and are automatically eligible training providers for federal workforce funds.[6] It is very likely, however, that at least some federally registered programs do not receive any federal funds.[7]

In the federal context, "apprenticeship" has historically been synonymous with registered apprenticeship programs. DOL has engaged in recent efforts to develop an alternative apprenticeship framework that would operate in parallel with the established registered apprenticeship system, but the alternative framework has not been finalized and no apprenticeship programs have been recognized. (See the "Proposed Rule on Industry-Recognized Apprenticeship Programs" section later in this report.) Unless specified otherwise, when this report refers to apprenticeship, it is referring to registered apprenticeship.

Related Instruction Component of Registered Apprenticeship

While on-the-job training is the most visible component of apprenticeship, registered apprenticeship programs are also required to have a "related instruction" component. Regulations define related instruction as "an organized and systematic form of instruction designed to provide the apprentice with the knowledge of the theoretical and technical subjects related to the apprentice's occupation." While there is no required amount of related instruction, regulations recommend at least 144 hours per year.[8]

Related instruction can be provided by a postsecondary institution such as a community college, directly by the apprenticeship sponsor, or through another provider. It can be provided in a classroom setting or through other means, such as self-study. Related instruction may lead to a degree or other credential, but it is not required to do so. It is often provided at no cost to the apprentice, but there is no requirement to that effect.[9]

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[4] See 29 U.S.C. 50 et seq.

[5] Primary regulations are at 29 C.F.R. 29-30.

[6] For more information on how registered apprenticeship operates in these and other systems, see the **Appendix** of this report.

[7] Some states may offer tax benefits to apprenticeship sponsors. DOL has compiled a list of state-level tax benefits at https://doleta.gov/oa/taxcredits.cfm.

[8] See 29 C.F.R. 29.5(b)(4).

[9] A 2007 survey of apprenticeship sponsors found that 23% of apprentices paid some or all of the costs associated with related instruction. The most common funder of related instruction was the sponsor, though in other cases sources such as public funding or joint labor-management training funds were used. See Table A.9 of Robert Lerman et al., *The Benefits and Challenges of Registered Apprenticeship: the Sponsor's Perspective*, Urban Institute, 2009,

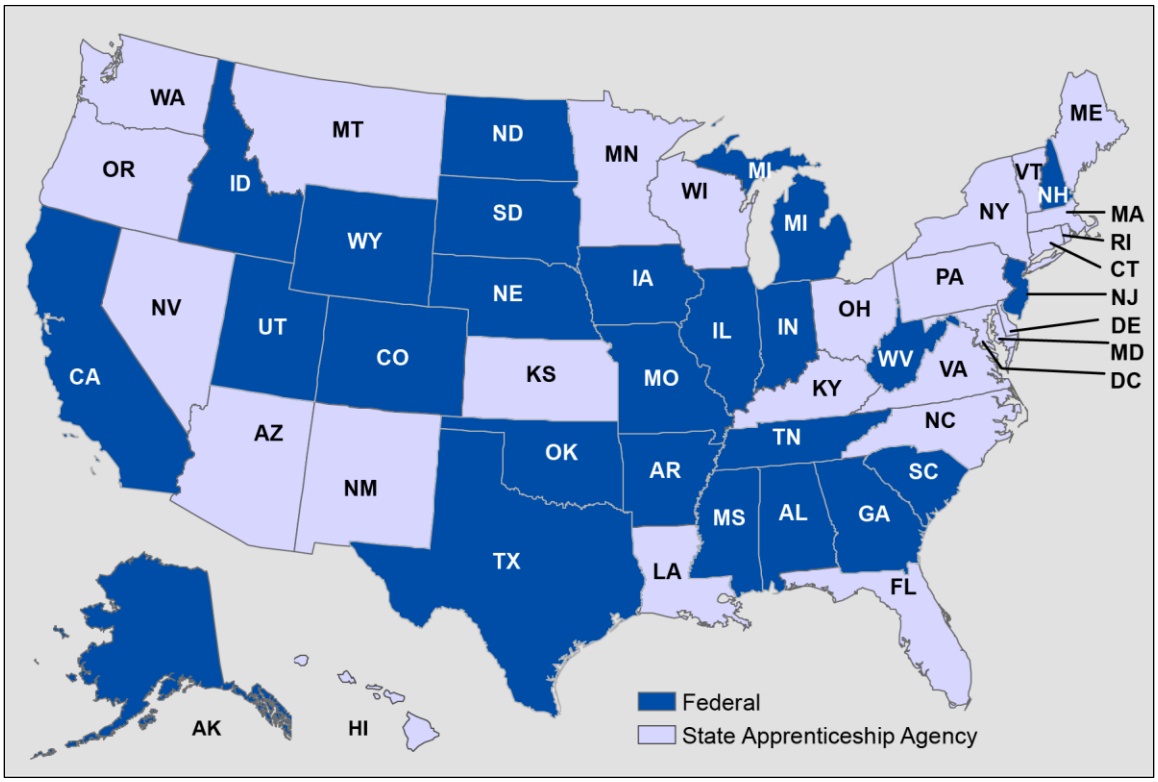
Registration Agencies

Registered apprenticeships are programs that have been certified by a qualified registration agency as being in compliance with applicable standards. DOL's Office of Apprenticeship may register programs. A state may also elect to establish a state apprenticeship agency (SAA) that can register apprenticeship programs in the state.

If a state elects to establish an SAA, the SAA must be approved by the federal DOL using a process established in regulations.[10] The state must submit an application to DOL that specifies the applicable agency and describes its standards, criteria, and requirements for registration. Once approved by DOL, an SAA's recognition is effective for five years, during which DOL will monitor the state agency. After five years, DOL may notify the SAA that it is in conformity with regulations and renew its recognition for an additional five years. If the SAA is not in conformity, DOL will notify the state of its nonconformity and provide technical assistance. After the nonconformities are corrected, DOL will renew recognition for another five years.

Currently, 25 states operate an SAA and 25 states register programs through DOL (see **Figure 1**). The District of Columbia and Guam operate SAAs. Apprenticeship programs in Puerto Rico and the U.S. Virgin Islands are registered through DOL.

Figure 1. Entity Responsible for Registering Apprenticeship Programs in Each State



Source: Map created by CRS GIS Analyst Jim Uzel based on data from U.S. Department of Labor, Office of Apprenticeship, https://doleta.gov/OA/contactlist.cfm.

http://webarchive.urban.org/UploadedPDF/411907_registered_apprenticeship.pdf.

[10] See 29 C.F.R. 29.13.

Pre-apprenticeship Programs

Pre-apprenticeship programs are educational programs designed to prepare individuals for a registered apprenticeship program. Pre-apprenticeship programs can provide instruction in general education (e.g., mathematics) or vocational fields. DOL does not register or regulate pre-apprenticeship programs, though it has issued guidance on the characteristics of a quality pre-apprenticeship program.[11] Among other attributes, DOL specified that a quality pre-apprenticeship program should have facilitated entry into a registered apprenticeship program.

Registration Criteria and Process

To register an apprenticeship program, the apprenticeship sponsor must submit an application to the applicable registration body (either DOL or an SAA).[12] The application must include a description of the program and how it complies with standards established in regulation.

Apprenticeship sponsors have several options for assistance in developing their programs and corresponding registration applications. Sponsors can seek assistance directly from the registration agencies or from an intermediary such as an industry group.

Why Register an Apprenticeship Program?

Because many apprenticeship sponsors receive no direct financial benefit from the federal government, it may be reasonable to ask why a sponsor would choose to register a program. There are several potential benefits:

- *Ease of operation in other federal contexts*. Some federal programs and policies may offer preferential treatment or simplified processes for registered apprenticeship programs. For example, registered apprenticeship programs have an abbreviated approval process for GI Bill funding and workforce funding under the Workforce Innovation and Opportunity Act (WIOA). Unregistered apprenticeship programs would have to apply for these programs under separate on-the-job training criteria. See the **Appendix** for more interactions between registered apprenticeship and other federal policies.
- *Widely recognized indicator of program quality*. Workers who finish a registered apprenticeship receive a DOL certificate of completion, which is a nationally recognized credential. The wide acceptance of this credential may make a registered apprenticeship more attractive to a prospective apprentice.
- *Technical support*. Sponsors of registered programs can receive assistance from registration agencies in program design and delivery as well as marketing and recruitment.

Qualified Occupations

Not all occupations can be taught through an apprenticeship. Regulations specify that an occupation for which a worker can be trained through an apprenticeship must

- involve skills that are customarily learned in a practical way through a structured, systematic program of on-the-job supervised learning;
- be clearly identified and commonly recognized throughout an industry;
- involve the progressive attainment of manual, mechanical, or technical skills and knowledge which, in accordance with the industry standard for the occupation,

[11] Department of Labor Training and Employment (TEN) No. 13-12, "Defining a Quality Pre-Apprenticeship Program and Related Tools and Resources," November 30, 2012, https://wdr.doleta.gov/directives/corr_doc.cfm?DOCN=5842.

[12] In the case of an apprenticeship that will operate in multiple states, the sponsor can apply for approval from DOL as a National Program.

would require the completion of at least 2,000 hours of on-the-job learning to attain; and

- require related instruction to supplement the on-the-job learning.[13]

DOL maintains a list of more than 1,300 apprenticeable occupations.[14] Sponsors who wish to establish an apprenticeship in a new occupation should contact DOL or the applicable SAA for an apprenticeability determination.

Program Frameworks and Standards of Apprenticeship

Sponsors have a number of options in designing an apprenticeship program. Regulations establish three general frameworks for a program:[15]

- *Time-based approach* measures skill attainment through completion of a specified number of hours of on-the-job training (at least 2,000), as specified by the work process schedule (see below).
- *Competency-based approach* measures skill attainment through the apprentice's demonstration of specified skills and knowledge, verified by the sponsor. A competency-based program must still address how on-the-job training is incorporated into the program.
- *Hybrid approach* measures an apprentice's skill attainment through a combination of a specified minimum number of on-the-job hours and verified demonstration of competencies.

Each registered apprenticeship program must have a written plan specifying the terms and conditions of the apprenticeship ("program standards"). Among other required content, the plan must include a *work process schedule*, which outlines the major competencies of the occupation and how a combination of on-the-job training and/or related instruction will lead to the worker demonstrating proficiency in those competencies.

Regulations specify a number of components that the apprenticeship sponsors' standards must address. Standards relate to program design, apprentice protections, and rules related to administration and recordkeeping. Some key standards include the following:

- Outline of the work processes in which the apprentice will receive supervised experience and training and the approximate amount of time spent on each process.
- Description of the related instruction the apprentice will receive in a classroom or alternative setting. A minimum of 144 hours of related instruction per year is recommended.
- Schedule of progressively increasing wages for the apprentice. The entry wage may not be less than the federal minimum wage, or a higher wage level if required by another federal law, state law, or collective bargaining agreement.
- Assurance of adequate and safe equipment and facilities and safety training for apprentices.

[13] See 29 C.F.R. 29.4.

[14] See https://doleta.gov/OA/occupations.cfm.

[15] For more details on each of these approaches, see Department of Labor Apprenticeship Circular 2016-01; "Guidance for Competency-based, Hybrid, and Time-based Apprenticeship Training Approaches;" October 20, 2015; https://doleta.gov/OA/cir16/Cir2016-01.pdf.

- Definition of probationary period for apprentices in the program. The probationary period cannot exceed 25% of the length of the program or one year, whichever is shorter.
- Contact information for the appropriate authority to receive, process, and make disposition of complaints.

Additional standards relate to administrative matters such as the construction of apprenticeship agreements, credit for previous experience, compliance with Equal Employment Opportunity provisions, and records maintenance.[16]

Program Approval and Registration Process

If the registration agency finds that the program conforms to standards in regulation, the program is granted provisional approval for one year. At the conclusion of the provisional year, the registration agency reviews the program for quality and conformity with regulations. After the review, the registration agency may make the program's registration permanent; continue provisional approval through the first training cycle; or, if the program is not in compliance, recommend the program for deregistration.[17]

Oversight, Program Performance, and Deregistration

Once a program is permanently registered, the registration agency must review the program not less than once every five years to ensure that it remains in compliance with the required standards. Regulations specify that factors in evaluation must include, but are not limited to, the following:

- *Quality assurance assessments*. These reviews determine that programs are providing on-the-job training, related instruction, wage increases, and meeting other requirements consistent with registration standards.
- *Equal Employment Opportunity (EEO) Compliance Reviews*. The registration agency may review company records or interview employees or hiring officials to ensure compliance with EEO requirements.[18]
- *Completion rates*. To evaluate completion rates, the registration agency compares a program's rate to the national average. Apprenticeships that are cancelled during the probationary period do not have an adverse effect on the program's completion rate.

In cases where a program sponsor has completion rates below the national average, the registration agency will provide technical assistance. In cases of persistently low completion rates, the program may be subject to deregistration.

[16] Full standards are in regulations at 29 C.F.R. 29.5(b). DOL also presented the standards as a 23-item checklist in DOL Circular 2015-01; "Policy on Authentication and Issuance of Certificates of Registration of Apprenticeship Programs;" June 24, 2015; https://doleta.gov/OA/cir15/Cir2015-01.pdf.

[17] See 29 C.F.R. 29.3 for more details.

[18] See 29 C.F.R. 30 for full EEO information and 29 C.F.R. 30.13 for information on compliance reviews.

Deregistration Process

A registration agency may undertake deregistration proceedings if a program fails to comply with the required standards of apprenticeship or demonstrates "persistent and significant failure to perform successfully."[19] Regulations define a program that fails to perform as one that

- consistently fails to register at least one apprentice,
- shows a pattern of poor quality assessments by the registration agency over a period of several years,
- demonstrates an ongoing pattern of very low completion rates over a period of several years, or
- shows no indication of improvement in the areas identified by the registration agency during a review process as requiring corrective action.

If a program is not performing in accordance with standards or requirements, the registration agency must notify the sponsor in writing of the shortcomings and the remedies required. Following this notice, the registration agency must "assist the sponsor in every reasonable way to achieve conformity." If the program does not demonstrate the required corrections in the allotted period of time, the registration agency notifies the sponsor of deregistration proceedings.[20] The sponsor may request a hearing with an administrative law judge. If the sponsor does not request a hearing, the recommendation for deregistration and all supporting documents are submitted to the administrator of the Office of Apprenticeship. The administrator makes the final decision regarding deregistration.

Role of Intermediaries in the Registration Process

While a sponsor has the option of designing an apprenticeship program independently and then registering the program directly with the applicable registration agency, many sponsors work with an intermediary in the development and registration of a program. Intermediaries can include public agencies, private nonprofits, labor organizations (unions), or industry groups.

Intermediaries can assist employers with the construction of a program that will meet the required standards. Intermediaries can facilitate connections with providers of related instruction or help sponsors develop their own instructional programs. Intermediaries can also assist sponsors with applying to a registration agency.

In some cases, an intermediary can develop a program, register it, and then partner with individual employers to carry out the actual apprenticeships. This approach allows individual employers to participate in an apprenticeship program without the burden of developing and registering it.[21] For example, the American Hotel and Lodging Association (AHLA) developed and registered an apprenticeship program for the occupation of lodging manager. Individual employers that wish to use the program complete an *employer acceptance agreement*, committing to the work processes and other standards developed by the AHLA and approved by DOL.[22]

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[19] See 29 C.F.R. 29.8 for more information on deregistration.

[20] Specifically, the registration agency may establish that a reasonable cause for deregistration will be made unless the sponsor demonstrates corrective action within 30 days. This period can be extended for an additional 30 days.

[21] For more information on workforce intermediaries serving at the sponsor, see Department of Labor Office of Apprenticeship Bulletin 2016-16; "Guidance on Organizations that can serve as Registered Apprenticeship Sponsors;" March 21, 2016; https://doleta.gov/OA/bul16/Bulletin_2016-26.pdf.

[22] See program description at https://chooserestaurants.org/NationalRestaurantAssociation/media/NRAEF/Donors/Lodging-Mgmt-Apprenticeship-Program_FINAL.pdf.

Individual hotels are then responsible for recruiting apprentices and carrying out the program, using AHLA's standards.

United Services Military Apprenticeship Program (USMAP)

In some circumstances, members of the Armed Forces may complete a registered apprenticeship program while serving on active duty. Typically, USMAP participants may complete at least some apprenticeship requirements through their normal military duties.

Military apprenticeships are registered with DOL using an application process that is similar to the process used by civilian employers. Members of the Armed Forces who complete a USMAP apprenticeship receive a certificate of completion from DOL, which can serve as a nationally recognized indicator of proficiency in an occupation to civilian employers.

USMAP participants must pursue an apprenticeship that is related to their military occupational specialty (MOS), though there may be several apprenticeship options within a single MOS. For example, an utilitiesman in the Navy (an occupation responsible for working with plumbing, heating, steam, fuel, and other systems) may pursue an apprenticeship in six different occupations.[23]

Registered Apprenticeship Participation Data

Table 1 presents participation in registered apprenticeships from FY2014 through FY2018. The "National Total" columns include all registered apprenticeship programs. The "Military Apprenticeship Program" column is members of the Armed Forces in the USMAP; these participants are a subset of the national totals.

The table includes counts of active, new, and completer apprentices. Readers should not use the data in the table to calculate annual completion percentages. The multiyear nature of most programs means that most new apprentices would not complete a program until a subsequent fiscal year. Further, new apprentices who discontinue a program within the probationary period may be included in **Table 1** but would not be counted in the eventual calculation of the program's completion rate.

[23] Robert Lerman et al., The United States Military Apprenticeship Program: Implementation Study and Feasibility for an Impact Study," Urban Institute, November 2015, https://www.dol.gov/asp/evaluation/completed-studies/The_United_Services_Military_Apprenticeship_Program_(USMAP).pdf. See p. 8 for utilitiesman example.

Table 1. Registered Apprenticeship: Participation and Completion

FY2014-FY2018

	National Total			U.S. Military Apprenticeship Program		
Fiscal Year	**Active Apprentices**	**New Apprentices**	**Total Completers**	**Active Apprentices**	**New Apprentices**	**Total Completers**
2014	410,375	170,544	44,417	95,452	54,430	9,834
2015	447,929	197,535	52,717	95,770	55,445	11,511
2016	505,371	206,020	49,354	95,001	54,756	11,104
2017	533,607	191,563	64,021	89,301	48,715	12,063
2018	585,026	238,549	71,789	98,435	59,379	12,125

Source: Department of Labor, "Registered Apprenticeship National Results," https://doleta.gov/oa/data_statistics.cfm.

Notes: U.S. Military Apprenticeship Program participants are included in National Totals.

While total participation is available for registered apprenticeships nationwide, some data are limited to programs that are registered with DOL (not state apprenticeship agencies). **Table 2** is limited to federally registered apprentices and presents industries with the most apprentices in FY2018. About 68% of active apprentices were in the construction industry. The data in the table exclude apprentices in the USMAP and apprenticeships registered by state approving agencies.

Table 2. Active Apprentices in Registered Programs by Industry for FY2018

Data are limited to nonmilitary apprentices in federally registered programs

Industry	Active Apprentices	Share
Construction	166,629	68.1%
Public Administration	19,447	8.0%
Manufacturing	15,630	6.4%
Transportation	12,335	5.0%
Utilities	7,281	3.0%
Health Care and Social Assistance	4,507	1.8%
Educational Services	3,690	1.5%
Other[a]	15,090	6.2%
Total	**244,609**	**100.0%**

Source: Department of Labor, Registered Apprenticeship National Results Fiscal Year 2018, https://doleta.gov/oa/data_statistics.cfm.

Notes: Table excludes apprentices in United Services Military Apprenticeship Program and apprentices in states with state approving agencies.

a. Total of industries with less than 1.5% of total apprentices.

Recent Federal Activity

While registered apprenticeship has historically been primarily a private sector initiative with federal oversight, there have been several efforts in recent years to expand the federal role and support apprenticeship more directly. These efforts have included grants that supported varied

approaches to expanding apprenticeship and efforts to propose a system that would support industry-recognized apprenticeship programs that function independently from the registered apprenticeship system.

Recent Grant Programs

In recent years, the federal government has supplemented its registration and technical support efforts with grants supported by multiple funding streams.

Grants Supported by Appropriated Funds

In each of the past four fiscal years, Congress has appropriated an increasing level of funds to DOL "to expand opportunities relating to apprenticeship programs registered under the National Apprenticeship Act ... through grants, cooperative agreements, contracts, and other arrangements." Appropriations were $90 million in FY2016, $95 million in FY2017, $145 million in FY2018, and $160 million in FY2019. The apprenticeship funds were typically available through the end of the DOL program year that aligned with the appropriated fiscal year (i.e., FY2018 funds were available through the end of program year 2018, which ended June 30, 2019).

The appropriated funds have supported a variety of apprenticeship-related initiatives. The largest portions of the funds have supported a series of funding opportunities described by DOL as "state apprenticeship expansion grants" or SAE grants.

The most recent SAE grants were announced in May 2019. Total funding was $73 million and the funds were from FY2018 appropriations.[24] Eligible applicants were state agencies (one per state as specified by the governor). The announcement specified that funds would be allocated to states and territories via formula.

Required activities under the grant included "system-level activities" and "program-level activities." System-level activities included strategic planning to embed apprenticeship as a workforce strategy in the state, outreach to stakeholders, and modernization of data systems. Program-level activities included the development of curricula and standards for new programs; recruitment, screening, and enrollment of new apprentices; and supportive services to enrolled participants.

Grants Supported by H-1B Training Funds

When sponsoring temporary foreign workers on H-1B visas, employers pay a fee that is subsequently allocated to DOL to support training programs.[25] The department has some flexibility in choosing the exact activities that are supported by these funds. Statute specifies that the funding must support training in "high growth industries and economic sectors."[26] In recent years, appropriations laws have further specified that the funds must be used for grants intended

[24] Training and Employment Guidance Letter 17-18; "Availability for Program Year 18 Funding for State Apprenticeship Expansion;" May 3, 2019; https://www.doleta.gov/grants/pdf/TEGL_17-18.pdf.

[25] See 8 U.S.C. 1356(s)(2). H-1B visas typically require a bachelor's degree and are for temporary workers in "specialty occupations," an employment category closely associated with science, technology, engineering, and mathematics (STEM) fields, but not limited to them. For more information, see CRS Report R43735, *Temporary Professional, Managerial, and Skilled Foreign Workers: Policy and Trends*.

[26] See 29 U.S.C. 3224a(4).

to support training in occupations and industries for which employers are using H-1B visas to hire foreign workers.[27]

DOL has used this funding stream to support a variety of grants. In 2015, it used $175 million of the H-1B training funds for "American Apprenticeship Initiative Grants." These grants were awarded to partnerships of public and private entities to create new registered apprenticeship programs and expand existing programs.[28]

In 2018, DOL used this funding to solicit grants to expand apprenticeship in industries and occupations that rely on H-1B visas and have not traditionally used apprenticeship as a workforce development strategy.[29] The grants were awarded to institutions of higher education (or consortia thereof) working in partnership with industry associations or consortia of employers. Grant funds could be used for the development or expansion of apprenticeship programs. The solicitation did not explicitly limit funding to registered apprenticeship programs. Applications for this grant closed in October 2018. DOL awarded approximately $184 million in grants to 23 partnerships in June 2019.[30]

In June 2019, DOL solicited another series of grants using this funding stream.[31] These grants were made available to various educational entities, industry or employer associations, labor unions, or labor management organizations. Similar to the prior round of grants, these grants focused on developing apprenticeship in occupations and industries that utilize H-1B visas. As of this writing, grantees have not been announced.

Proposed Rule on Industry-Recognized Apprenticeship Programs[32]

In June 2017, President Trump issued Executive Order (EO) 13801.[33] Among other directives, the EO instructed the Secretary of Labor to "consider proposing regulations" that "reflect an assessment of whether" to modify the registration process to increase the role of nongovernment entities.

In June 2019, DOL published a proposed rule in the *Federal Register* to establish a process for recognizing new Standards Recognition Entities (SREs) that would be authorized to approve Industry-Recognized Apprenticeship Programs (hereinafter, "Industry Programs") as being in compliance with federal standards.[34] The proposed standards that SREs would apply to Industry

[27] For example, see Section 104 of the "General Provisions" of the Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act portion of the Consolidated Appropriations Act, 2017 (P.L. 115-31).

[28] See announcement of awards at https://www.dol.gov/apprenticeship/pdf/American-Apprenticeship-FACTSHEET.pdf.

[29] U.S. Department of Labor; FOA-ETA-18-08; "Scaling Apprenticeship Through Sector-Based Strategies;" https://www.doleta.gov/grants/docs/FOA-ETA-18-08.pdf.

[30] Department of Labor; "U.S. Department of Labor Makes Major Announcements on Apprenticeship Expansion;" June 24, 2019; https://www.dol.gov/newsroom/releases/eta/eta20190624.

[31] Department of Labor, Funding Opportunity FOA-ETA-19-09, https://www.grants.gov/web/grants/view-opportunity.html?oppId=317245.

[32] For a more detailed discussion on the proposed rule, see CRS Report R45835, *Proposed Rule on Industry-Recognized Apprenticeship Programs*.

[33] See the full text at https://www.gpo.gov/fdsys/pkg/FR-2017-06-20/pdf/2017-13012.pdf.

[34] The full notice was published as pages 29970-30020 in Vol. 84, No. 122 of the *Federal Register*. See https://www.federalregister.gov/documents/2019/06/25/2019-13076/apprenticeship-programs-labor-standards-for-registration-amendment-of-regulations.

Programs were specified in the same proposed rule. The new system of SREs and Industry Programs would operate as an alternative system, co-existing with the established registered apprenticeship system in which governmental agencies approve apprenticeship programs as being in compliance with federal standards. The proposed rule would not have a direct impact on the existing registered apprenticeship system and associated processes. The proposed rule specified that DOL would accept comments related to the proposed rule through August 26, 2019. As of this writing, a final rule has not been published.

Department of Commerce Report on Business Perspective of Apprenticeship

In November 2016, the Department of Commerce issued an agency-commissioned report that discussed apprenticeship from a business perspective and provided detailed case studies of 13 existing programs.[35] The case studies included firms in health care, information technology, and several industrial fields. The study acknowledged that firms included may not be representative of all firms that have started or considered apprenticeship programs. Still, the report may offer some useful "on the ground" perspectives on how employers develop and implement apprenticeship programs.

Several themes emerged throughout the report:

- *Employer investments in apprentices are substantial*. The report found that "Not considering start-up costs, the most expensive program in our sample of firms cost $250,000 per apprentice; the least less than $25,000."[36] The variation was at least partially attributable to differences in program lengths: the longest program was four years, and the shortest was one year. All companies reported that the major cost for their program was apprentice wages. Other costs included program start-up, tuition and materials for related instruction, staff time, and overhead.[37]
- *Companies in the sample were generally satisfied with the results of their programs*. The report found that "the companies in our sample were unanimous in their support of apprenticeships." It also noted that the "poaching" of apprentices by other employers was not a major issue for apprenticeship sponsors. The report further noted that some firms reduced the cost risks of poaching by developing their apprenticeship programs in consortia with similar employers.[38]
- *At least some programs were very competitive*. Not all programs in the study described the number of applicants relative to the number of apprentices, but the programs that did were selective, with sponsors selecting approximately 10% to 15% of applicants for an apprenticeship.[39]

[35] Susan Helper et al., *The Benefits and Costs of Apprenticeship: A Business Perspective*, November 2016, https://www.esa.gov/sites/default/files/the-benefits-and-costs-of-apprenticeships-a-business-perspective.pdf.

[36] Notably, employers receive the benefits of the apprentices' labor during an apprenticeship program, so employer investments are not purely "costs." For example, one medical assistant program in the study noted that apprentices' labor allowed for a reduction in overtime costs for other staff.

[37] Ibid., pp. 1-3.

[38] Ibid., pp. 1-3, p. 14.

[39] Ibid., see Dartmouth-Hitchcock health systems, p. 32; Siemens USA, p. 39; and Hypertherm, p. 53.

Appendix. Federal Funding Streams that May Directly Support Apprenticeship

In addition to the activities at the Department of Labor's Office of Apprenticeship, there are other federal funding streams that can directly support apprenticeship or individual apprentices. These funding streams most frequently support other means of human capital development, but they can also support apprenticeship in some circumstances. This section highlights federal funding streams in which the administering departments have issued guidance on how to utilize funds for apprenticeship. It is likely that there are other federal funding streams that could support apprenticeship in certain circumstances.

This section focuses on existing programs' relationships with registered apprenticeship. It is unlikely the policies described in this section would directly apply to the proposed Industry-Recognized Apprenticeship Program. In the proposed rule, DOL noted that "recognition as an Industry Program does not confer categorical eligibility for government programs which provide special status to programs registered under the National Apprenticeship Act."

Workforce Funding through the Workforce Innovation and Opportunity Act

The Workforce Innovation and Opportunity Act (WIOA) authorizes formula grants to state workforce agencies to support job training and career services.[40] WIOA funding is administered at the state and local levels by Workforce Development Boards (WDBs), which are partnerships of local employers, training providers, and other workforce stakeholders. State and local WDBs have autonomy to support workforce development through a variety of activities.

Statute and guidance have specified a number of ways in which WDBs can use WIOA funds to support apprenticeship.[41] For example, the on-the-job training provisions of WIOA allow WDBs to reimburse apprenticeship sponsors for a portion of wages paid to apprentices. The training provisions of WIOA allow funds to be used for expenses related to an apprenticeship program's related instruction.

In addition to potentially providing direct financial support for apprenticeship programs, WIOA contains several administrative provisions that institutionally integrate local registered apprenticeship programs into state workforce systems. WIOA specifies that there must be a representative from a registered apprenticeship program on each state and local WDB. These boards are responsible for recognizing local workforce programs that meet local needs and approving those programs for WIOA funding. Registered apprenticeship programs are automatically eligible for WIOA funding; they do not need to be approved by a WDB.

[40] For more information on WIOA and the funding streams and state workforce agencies it authorizes, see CRS Report R44252, *The Workforce Innovation and Opportunity Act and the One-Stop Delivery System*, by David H. Bradley.

[41] For a more-detailed discussion of the integration of WIOA and registered apprenticeship, see Department of Labor Training and Guidance Letter 13-16, "Guidance on Registered Apprenticeship Provisions and Opportunities in the Workforce Innovation and Opportunity Act (WIOA)", issued January 12, 2017, https://wdr.doleta.gov/directives/corr_doc.cfm?docn=9125. Section 7 of the TEGL explicitly aligns allowance uses of WIOA funds with registered apprenticeship activities.

GI Bill and Veterans Education Benefits[42]

Individuals eligible for a GI Bill, including former members of the Armed Forces, can typically use their benefits while pursuing an approved apprenticeship. For example, veterans who use the Post-9/11 GI Bill (the most common education benefit for recent veterans) while pursuing a registered apprenticeship program qualify for a housing allowance while participating in the apprenticeship. The amount of the housing allowance varies by geographic location and other factors. Post-9/11 GI Bill participants in a registered apprenticeship program receive up to 100% of the housing allowance for the first six months of the program. The allowance then declines 20 percentage points every six months until reaching 20%. The declines in the housing allowance are intended to align approximately with scheduled wage increases in the apprenticeship program.[43] Post-9/11 GI Bill participants pursuing apprenticeship more than half-time also receive a books and supplies stipend.

In cases where GI Bill-eligible apprentices are required to pay for their related instruction, an apprentice may also be able to use his or her GI Bill benefits to cover tuition and fees associated with related instruction.

Federal Student Aid

In some circumstances, individual apprentices may be able to access federal student aid (FSA) funds such as Pell Grants or subsidized student loans. Eligibility for FSA funds is largely contingent on whether the apprenticeship (or a component of the apprenticeship, such as the related instruction component) is an academic program that is eligible for federal student aid.[44] Notably, registration of an apprenticeship program does not necessarily qualify it for federal student aid, and it is possible that there are apprenticeship programs that are not registered by a registration agency but are eligible for FSA funds.

Apprenticeship programs (or components thereof) that are eligible for federal student aid must (1) lead to a degree, diploma, certificate, or other recognized credential; (2) be provided by an eligible institution; and (3) meet program length requirements in terms of credit hours or clock hours.[45] For need-based FSA, a student must also meet the financial criteria for a given program.[46]

The FSA eligibility criteria can be applied separately to the on-the-job training and related instruction portions of an apprenticeship. For example, the related instruction portion of a program may be eligible while the on-the-job training portion is not. The on-the-job training portion of an apprenticeship program can be eligible for FSA if the on-the-job training portion of

[42] For more information on the Post-9/11 GI Bill, see CRS Report R42755, *The Post-9/11 GI Bill: A Primer*, by Cassandria Dortch.

[43] See Department of Veterans' Affairs "On-The-Job Training and Apprenticeship," https://www.benefits.va.gov/gibill/onthejob_apprenticeship.asp.

[44] More details on FSA in the context of apprenticeship is available in Department of Education Dear Colleague Letter GEN-14-22, "Apprenticeships and Federal Student Aid Programs," issued December 18, 2014, https://ifap.ed.gov/dpcletters/GEN1422.html.

[45] Ibid., p. 2.

[46] A student's eligibility for need-based aid is determined by the program's cost of attendance and the student's expected family contribution (EFC). The EFC is calculated on the basis of information provided by the student and applicable family members on the Free Application for Federal Student Aid (FAFSA). For more information on the FAFSA and the EFC calculation, see CRS Report R44503, *Federal Student Aid: Need Analysis Formulas and Expected Family Contribution*, by Benjamin Collins.

the program is for qualified credit from an FSA-eligible institution. Guidance specifies that there are no federal limits on the percentage of a qualified program that may consist of on-the-job training, so long as the training is provided by the institution of higher education. Using these criteria, on-the-job training that is either not for credit or is provided by an entity other than an eligible institution (such as an employer) would not qualify for FSA.[47]

In limited cases, institutions may choose to use Federal Work Study (FWS) funding to cover a portion of an apprentice's wages during on-the-job training.[48] If an institution chooses to include apprenticeship employment as part of its FWS program, selected eligible students may receive FWS wages for employment in the apprenticeship, even if the apprenticeship is not part of the student's educational program.[49]

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[47] In some cases, an institution of higher education may contract out a portion of the on-the-job training to an outside entity. If an entity other than the institution of higher education provides a portion the on-the-job training, that portion must be 25% or less of the program. With permission of the accrediting agency of the institution of higher education, the outside entity may provide more than 25%, but less than 50%, of the program.

[48] Unlike some other forms of aid, FWS funds are allocated to institutions of higher education, not individual students. The institutions are responsible for allocating the funds to qualified programs and students.

[49] For more information on potential uses of FWS funds for apprenticeship, see the aforementioned Dear Colleague Letter GEN-14-22.