Registered Apprenticeship Challenges and Solutions
Introduction

Members of the National Network of Business and Industry Associations support the apprenticeship model of workforce preparation. Combining job-related instruction with hands-on application, skills assessment, mentorship and paid work with a pathway to a permanent position is a proven model for successful employment. When work and learning are aligned to industry-required skills, the benefits for the student/worker, the employer and the entire economy are clear and demonstrable.

Today, too many employers in a wide range of business sectors find the Registered Apprenticeship Program, as administered by the U.S. Department of Labor and State Apprenticeship Agencies, as overly bureaucratic, cumbersome, rules-driven and costly. As a result, employers across multiple sectors are calling for a new version of apprenticeship that is competency-based – related directly to nationally portable, industry-recognized credentials and updated to today’s realities of learning and work.

Successful Work-and-Learn models that incorporate key principles and components of competency-based apprenticeship have been implemented by many employers that are members of National Network associations. These proven approaches can form the basis of a new model for apprenticeships.

In support of efforts to reform the current Registered Apprenticeship System to a 21st-century, employer-driven model that can and will engage more employers, the membership of the National Network has identified specific challenges they have encountered with the current system and outlined solutions to encourage greater involvement by employers and industry sectors. Challenges and corresponding solutions are presented in this document.
Administration and oversight of the Registered Apprenticeship Program are carried out by both federal and state governments, which adds to the difficulty in navigating its rules. In 27 states and territories, the registering agency is the Federal Office of Apprenticeship at the Department of Labor. In the remaining 28 states, territories and the District of Columbia, a State Apprenticeship Agency is responsible for registering programs that meet federal standards. After registration, apprenticeship programs are subject to ongoing oversight from the applicable federal or state agency. Many of the issues that prevent employers from participating in the Registered Apprenticeship Program arise from the arbitrary interpretation and implementation of regulations at the federal and state levels. The major issues are described below.

1 **Programs must meet outdated time requirements for worker training, journeyworker-to-apprentice ratios and wage rules**

The Registered Apprenticeship Program has traditionally been seat-time based, with a specific number of hours set for both classroom training and the full program. The traditional time-based apprenticeship model involving 144 hours of Related Technical Instruction and the completion of at least 2,000 hours of on-the-job experience does not reflect 21st-century business realities across different industry sectors.

For example, a national trade organization trying to create a hospitality services-related apprenticeship requested the Federal Office of Apprenticeship deviate slightly from the traditional requirement of 144 hours of classroom instruction and accept the hospitality industry’s expert experience requiring 126 hours of instruction. The request was approved, however a large state with a designated State Apprenticeship Agency advised that the program must be revised to include the full 144 hours of instruction to train workers within that state. The bottom line: The 144-hour model continues to prevail today, as both federal and state administrators emphasize or mandate required hours of instruction.

In addition, apprenticeship programs must meet established ratios of journeyworkers to apprentices on a job site. These ratios are based on ratios in the construction sector and some heavy manufacturing programs, which require a higher number of journeyworkers to apprentices due to hazardous work conditions. Such ratios, however, are irrelevant to many business and industry sectors and are in fact unworkable for small and medium-sized employers. For example, a ratio of three journeyworkers to one apprentice on a construction job site is not relevant to the lodging sector, where a ratio of one mentor to one apprentice is realistic and even advisable.

Finally, restrictive wage issues, such as wage progression set in labor market contracts, are a significant hindrance in the construction sector and wholly inapplicable to other sectors.

For example, the *Davis-Bacon Act* directs the Department of Labor to determine locally prevailing wage rates. Registered Apprentices in construction programs are paid fractions of these prevailing wages, which escalate as they progress through training milestones. Only Registered Apprentices are permitted to participate in the wage progression scale established in accordance with the percentages outlined in an apprentice wage schedule. As a result, non-unionized industries are discouraged from participating in Registered Apprenticeship Programs due to the federal enforcement of such rules.

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1 **Office of Apprenticeship States**: Alabama, Alaska, Arkansas, California*, Colorado, Georgia, Idaho, Illinois, Indiana, Iowa, Michigan, Mississippi, Missouri, Nebraska, New Hampshire, New Jersey, North Dakota, Oklahoma, Puerto Rico, South Carolina, South Dakota, Tennessee, Texas, Utah, Virgin Islands, West Virginia and Wyoming


*California is both an Office of Apprenticeship and State Apprenticeship Agency State*
The Department of Labor and some states do not recognize competency-based apprenticeship programs

Many industry training providers are moving toward competency-based models of learning that emphasize outcomes – what individuals know and can do – instead of time-based models that strictly emphasize time spent in classrooms and on-the-job training. In competency-based approaches, apprentices advance when they demonstrate mastery of a competency, which is defined as “a combination of knowledge, skills and abilities needed to perform a task in a specific context.” Mastery is a determinant of progress, and an apprentice can move forward after passing assessments at each level at his or her own pace. Industry-recognized credentials that are at the heart of specialties in growing industries are competency-based. Unfortunately, the Department of Labor and many states continue to require competency-based programs to include time-based program components for Registered Apprenticeship Programs or, in some cases, do not recognize competency-based models at all.²

Employers are required to register apprenticeship programs with multiple state and local governments

Even when employer business operations are consistent nationwide, the federal-state Registered Apprenticeship System requires an employer to register the same apprenticeship program in multiple jurisdictions. A national employer, such as a hotel chain, must register a program federally and with each State Apprenticeship Agency where it operates if the employer wants to connect with the workforce system. Furthermore, only by registering in multiple jurisdictions is a program eligible for all federal, state and local workforce training funds and tax credits that are available.

Registration processes, requirements and approval times differ across state apprenticeship agencies

Not only must employers register programs in multiple jurisdictions, they must comply with a patchwork of different procedures and requirements in each one. While certain states closely follow federal protocols for registering programs, others require considerable additional justification to satisfy state regulations, largely on matters of Related Technical Instruction, wage progression and journeyworker-to-apprentice ratios.

Many states also set additional regulations over and above Department of Labor requirements. One industry sector leader registering a national program with multiple state locations reported “add-on” state requirements, including (1) the organizing entity must have a physical location in the state where one of its members was operating; (2) wage progression had to have three tiers, rather than that industry’s two-tier progression; and (3) there must be an additional apprenticeship training committee specific to the state.

In many instances, state apprenticeship agencies seek external review and comment from other employers to ensure that an employer-sponsored apprenticeship aligns with the general expectations of others in the sector. Moreover, approval times vary by state based on apprenticeship committee procedures and calendars that dictate how and when an apprenticeship sponsor may present a program for consideration. This adds multiple months and increased costs to the registration process.

Finally, while state Apprenticeship Training Representatives are generally available to provide technical assistance to apprenticeship sponsors, their knowledge of regulations can be limited and assistance varies considerably by state.

² New York, Oregon and Washington do not recognize competency-based apprenticeship models.
5 Reporting requirements are onerous

In the sprawling patchwork of Registered Apprenticeship Programs, record-keeping and reporting mandates are formidable, and frequent requests for additional details by the National Apprenticeship System are commonplace. The administrative capacities required of employers to navigate the Apprenticeship System, understand regulations, collect and input data and complete required paperwork prevent small and mid-sized businesses from even considering Registered Apprenticeship.

For example, a National Network member association has reported the need to dedicate at least 80 percent of an administrative staff member’s time to data entry for its apprenticeship program. The time required to understand the regulations, aggregate the data and traverse the data-reporting system nationally and in the states quickly becomes a resource drain that prevents small and mid-sized companies from considering Registered Apprenticeship as an option.

6 Employers are required to use multiple reporting formats and technology that are not integrated

Multiple data systems and measures require apprenticeship sponsors to painstakingly collect, validate and report programmatic data – often in different formats. The federal Registered Apprenticeship Partners Information Management Data System (RAPIDS) is set up for employers to track and report on numerous programmatic measures. RAPIDS is designed for individual employer reports; it is not enabled for industry intermediaries with multiple employer apprenticeship sponsors. This requires intermediaries to create their own database systems to collect data. Moreover, employers are also required to use Salesforce and National Reporting System databases for apprenticeship-related data, which often require separate input of the same information. In addition, certain states do not use RAPIDS, requiring employers to report data in differing forms across state lines.

7 Federal resources are insufficient and difficult to access

The federal financial incentives that exist for employer sponsors to participate in Registered Apprenticeship are insufficient compared to the considerable resources required to establish, register and maintain a program.

Moreover, uneven interpretation of guidelines and regulations by the Workforce Investment System makes it difficult, if not impossible, for employers to access the relatively limited funding available to support apprenticeship through the Workforce Innovation and Opportunity Act. In some cases, Workforce Investment Boards are unaware of funds available to support incumbent worker training. In others, apprenticeship sponsors have been notified that funds are not a priority, since apprentices do not count toward the board’s performance metrics.

Sponsors must also navigate additional federal agency structures and processes to access apprenticeship support funding, such as that available through the U.S. Departments of Education and Veterans Affairs.
Solutions at Hand

National Network members are committed to competency-based apprenticeships and stand ready to work with federal and state officials to modernize the Registered Apprenticeship Program for today’s economy. They have identified the following specific reforms to modernize the system and encourage greater involvement by employers and industry sectors.

1. **Work with business to update and simplify regulations**
   - Eliminate mandatory and minimum threshold hours associated with both classroom instruction and program length.
   - Apply journeyworker-to-apprentice ratios only to industry sectors where they make sense. The term “mentor” should be used in place of journeyworker for those business sectors where mentors serve an integral role in facilitating work-based learning.
   - Remove the linkage between the National Apprenticeship System and *Davis-Bacon Act*-related prevailing wage rates.
   - Establish and enforce time limits for acting on pending applications with all registering agencies.

2. **Recognize competency-based apprenticeship programs**
   - The Office of Apprenticeship and State Apprenticeship Agencies should prioritize and support competency-based apprenticeships, as well as encourage the integration of nationally portable industry-recognized credentials into apprenticeship program designs.

3. **Eliminate the need to register in multiple states and meet multiple rules**
   - Enforce reciprocity between state agencies and the Federal Office of Apprenticeship. Current regulations require state agencies that administer apprenticeships to “accord reciprocal approval for federal purposes to apprenticeship programs and standards that are registered in other states by either the Federal Office of Apprenticeship or a separate State Agency authorized to register apprenticeships.” That reciprocity is not apparent to employers attempting to navigate the bifurcated system.
   - Review “add-on” state regulations to make them more consistent with federal regulations.
   - Create a common registration application and streamlined process to be used by both federal and state agencies.
   - Bolster the ability of Apprenticeship Training Representatives to provide quality and informed technical assistance to apprenticeship sponsors.

4. **Simplify federal reporting requirements**
   - Conduct a thorough review of information and reporting requirements to identify unnecessary burdens and cut federal paperwork.
   - Select and/or develop a single technology platform that accommodates individual program sponsors, as well as intermediaries supporting multiple employers as the sole repository for data across the National Apprenticeship System.
5 Improve access to federal resources

- The Department of Labor, alongside other federal agencies, should ensure that federal financial resources through the Workforce Innovation and Opportunity Act, Pell grants, Work-Study, GI Bill, etc., are known and readily accessible to support apprenticeship programs in all states, regardless of place of registration.
- Local workforce boards also should be encouraged to support apprentices who are incumbents, not just new hires.
- Policymakers should provide financial incentives to national industry and/or trade associations to facilitate multiple employers’ participation in the National Apprenticeship System. Such entities are prepared to take on this role – serving as subject matter experts, developing program and training standards and providing technical assistance and administrative support – but they do not have immediate staff or resource capacity to do so.

Other Changes to be Considered

1 Rename and redefine the program

- The National Network recommends redefining and renaming the Registered Apprenticeship Program as “Work-and-Learn,” to engage employers across all economic sectors in providing the blended concept of theory and applied learning, mentorship, paid employment opportunities and learning pathways to nationally portable, industry-recognized credentials. A national Work-and-Learn initiative would leverage new approaches rather than making marginal changes to decades-old programs.

2 Convert federal resources devoted to apprenticeships into a federal tax credit

- A tax credit for hiring apprentices – regardless of whether federal- or state-based – could have a significant impact. This approach would avoid the tremendous difficulties of tapping into the public Workforce Investment System and, instead, directly motivate employers with some cost-recovery mechanism to take on the responsibilities of designing and implementing an apprenticeship model.
- For example, a tax incentive popular with employers in South Carolina helps to offset costs associated with Registered Apprenticeship. Tax credits are available to businesses that have employees who are in an Office of Apprenticeship-recognized Registered Apprenticeship Program. A state corporate or individual tax credit, equal to $1,000 for each apprentice employed under an apprenticeship agreement, can be claimed for up to four tax years for each apprentice.

Final Note

The member associations of the National Network are driving forward in developing competency-based Work-and-Learn programs that deliver for their member employers, individual Americans and the economy as a whole. Federal and state officials have a stake in their success – and these public officials are on the lookout for the new ideas to make their programs deliver results.

This powerful combination sets the stage for successfully modernizing the Registered Apprenticeship Program. By engaging with the National Network and other leaders in business, the federal and state governments can put workable reforms into action – and deliver for their constituents and our nation.
About the National Network of Business and Industry Associations

The National Network includes leaders in the manufacturing, retail, professional and business, real estate, health care, energy, construction, hospitality, transportation and information technology sectors, which represent the source of nearly 75 percent of projected U.S. job growth by 2020 (an estimated 30 million new jobs). These leaders are united in their commitment to help individuals understand and gain the skills they need to enter into and advance in the jobs of today and tomorrow. This unprecedented collaboration of typically competitive industries signals a commitment to support a better prepared and more fulfilled workforce.

For more information, please visit nationalnetwork.org.

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