

# CHALLENGES AND RECOMMENDATIONS TO LAUNCH AND EXPAND APPRENTICESHIP PROGRAMS

November 2021



## A CONVERSATION WITH STAKEHOLDERS

Apprenticeship providers, sponsors and other industry stakeholders joined in a Roundtable series to provide feedback directly to U.S. Department of Labor leadership and to revitalize the National Apprenticeship system through a conversation addressing the challenges occurring when creating earn-and-learn training programs and by providing recommendations to improve the effectiveness of Apprenticeship across all industries.

FASTPORT and the Department of Labor facilitated this important roundtable discussion hosted by Nestlé's Project Opportunity Alliance.

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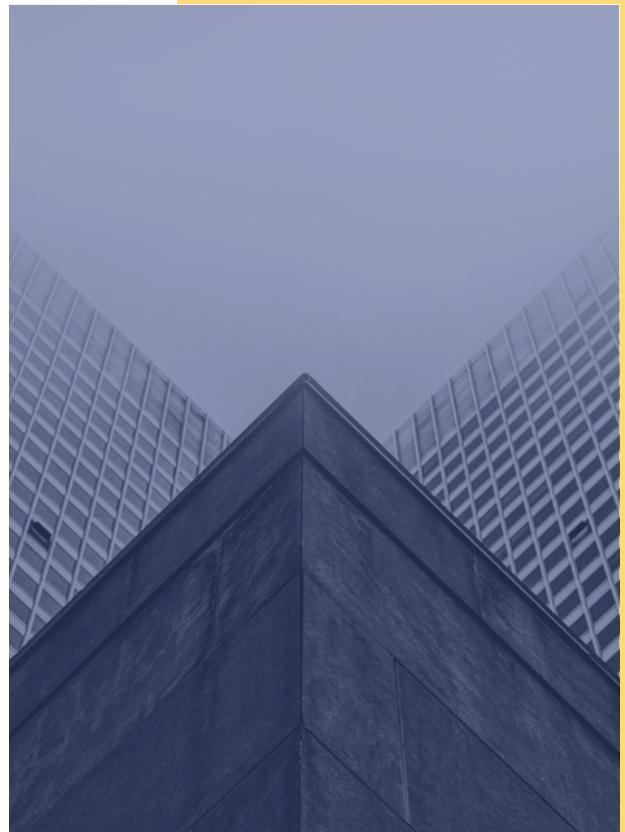
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# About Us

As an Industry Intermediary, FASTPORT is selected by the US DOL to:

- *Streamline* apprenticeship creation, maintenance, and funding process for employers.
- *Promote and Source* candidates for the industry with a special focus on difficult-to-fill roles, to both civilians and the military community.
- *Provide Access* to resources such as pre-approved, standardized, and industry-endorsed online instruction and on-the-job learning.

Additionally, our Subject Matter Experts are ready to give you technical assistance and personalized coaching on program set-up and funding opportunities.



## Letter from AppreNEXT

As evidenced by this roundtable series, there is important and exciting work to be done in the continuing effort to develop, launch and sustain apprenticeship programs across industries and throughout the nation.

We know apprenticeship affords vast opportunity. It creates an avenue to improve companies with budding talent and to directly, unequivocally benefit the lives of the next generation as they become experts in their field.

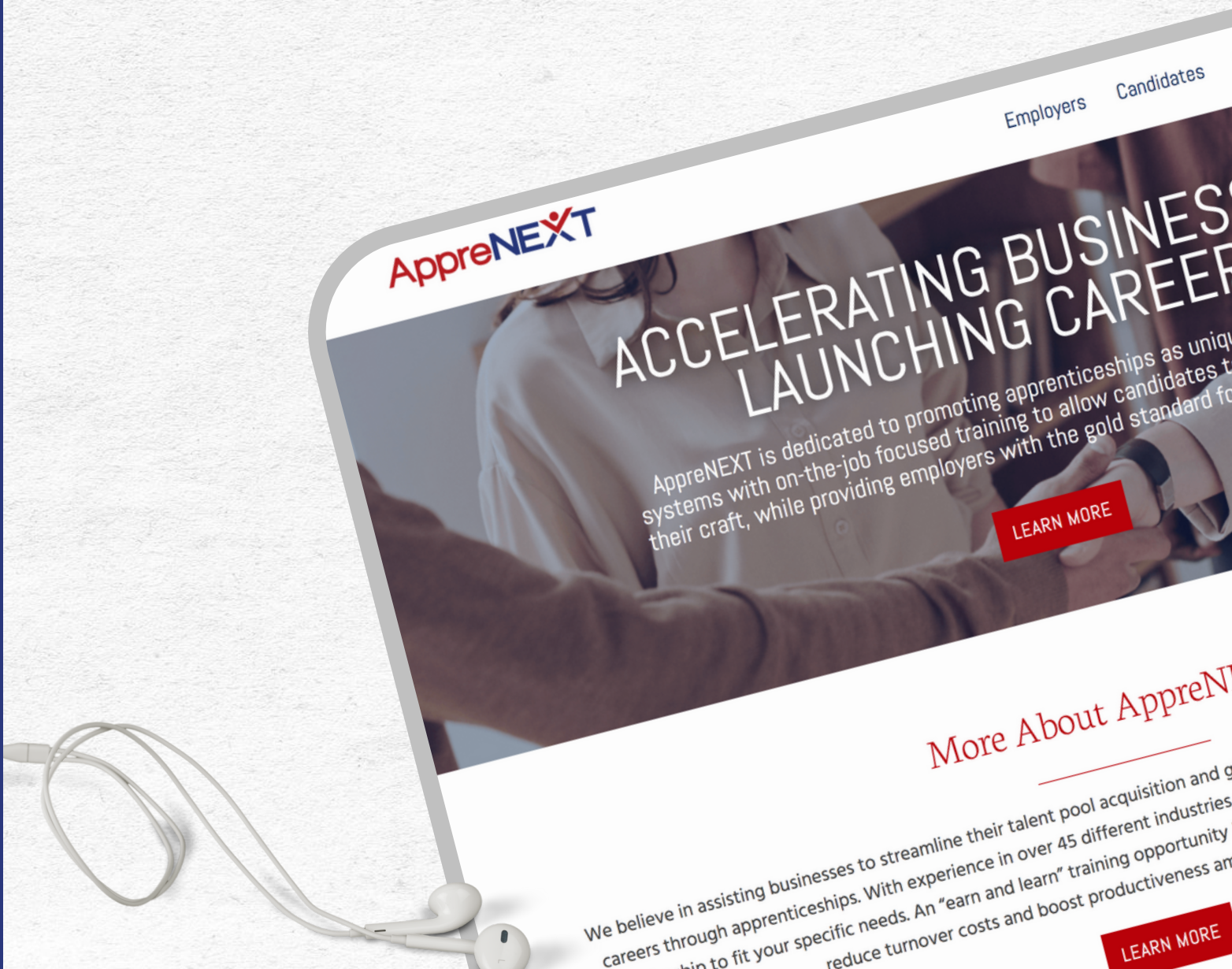
A special thank-you to the US DOL for openly listening and engaging in the feedback process and also to the Project Opportunity Alliance and Nestlé for supporting both this event and the apprenticeship model. Lastly, a thanks goes out to the readers of this report; we are looking forward to future meetings and conversations.



"THERE IS NO OTHER VEHICLE ANYWHERE IN THE COUNTRY THAT HAS MORE TO DO WITH ADDING AND RETAINING HUMAN CAPITAL INTO A VALID WORKFORCE THAN AN APPRENTICESHIP.

APPRENTICES FEEL LIKE THEY'RE PART OF SOMETHING THAT IS BIGGER THAN THEMSELVES, AND WHEN PEOPLE FEEL LIKE THEY'RE PART OF SOMETHING BIGGER THAN THEMSELVES, THEY FEEL LIKE THEY BELONG AND BECOME **SELF-ACTUALIZED**."

- Dave Harrison, Executive Director





# CHALLENGES

## ENCOUNTERING BARRIERS

Understanding the challenges to the earn-while-you-learn model

## ACTUALIZING CHALLENGES TO APPRENTICESHIP

### That which makes us stronger

The goal of these listening and discussion sessions was to actualize the challenges surrounding Apprenticeship and to afford viable solutions for growing and expanding the earn while you learn model. Challenges to Apprenticeship center around a variety of avenues including: lack of funding; return on investment (ROI) calculations; skewed perceptions; administrative burdens; skills gap fulfillment; and formalized approaches for different populations.



# Funding

**FUNDING GAPS, DIFFICULTY IN OBTAINING FUNDING, AND SHEER LACK OF FUNDING ARE MAJOR CONTRIBUTING ISSUES.**



Grant funding is often consistently utilized by many of the same parties and tends to require previous grant experience while Workforce Innovation and Opportunity Act (WIOA) monies are treated differently from location to location, and the requirements are inconsistent and ambiguous. A panelist mused that when a dollar is used to stimulate new apprenticeships and work-based learning models, the sheer amount of processes attached to that dollar coupled with the administration of the grant itself tends to create a negative impact, especially on the private side. One panelist further added that WIOA funding is “not feasible” in having to consistently chase funding and adapt to the different rules in each state, including being added to the individualized Employer Training Providers Lists (ETPL) in each state just to pursue state allotted funding.

Another panelist added that many of the states are not taking into account remote workers in relation to the recently occurring workforce shift, and some states require not only the business to be based in the state but also the employee. What happens when an employer-based in Colorado hires an out-of-state employee from Texas? The business, despite being on the ETPL list, is unable to obtain any WIOA monies for that hire because Colorado requires the hire to live in the state of Colorado, and Texas requires the business to be based within its borders.

Employers, education providers, and stakeholders (herein, known as “panelists”) are often unable to visualize clear monetary pathways. Panelists voiced frustrations regarding the number of rules and regulations surrounding funding opportunities and how the majority of those opportunities are not announced in avenues readily accessible for all apprenticeship providers.



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## CHALLENGES

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Further, funding gaps are apparent—particularly in the lack of industry knowledge and understanding by grant designers. For example, a panelist noted that current processes create an artificial funnel right at the mesh point and expressed the desire for those who design the grants to speak with the industry as a whole, not just the large-scale associations which have oftentimes become political lobbyists with their own agendas. Another panelist provided a real-life example regarding H1-B grants in cybersecurity. That panelist stated that the majority of growth for cybersecurity occurs in the space of Department of Defense contractors, yet there exists a lack of ROI in these awards. When Company A is paid in a contract to provide for cybersecurity for Company B, Company A is not being paid to produce somebody who needs to be trained. Instead, Company A is paid to produce an employee who is already working in the cybersecurity space. In light of these issues, it is apparent that ***funding has the potential to open a variety of doors for active and new apprenticeship providers, but the difficulty in obtaining those funds is counterintuitive to expanding apprenticeship.***

## Monthly Housing Allowance

In relation to funding, the Monthly Housing Allowance benefit (MHA) for Veterans is also cumbersome to navigate. The Valor Act sought to mitigate state-to-state approval issues and align the process, but it, unfortunately, did just the opposite by allowing the State Approving Agencies (SAAs) to retain control as the approving authorities for facility codes. Each SAA requires specific state approval and, oftentimes, SAAs do not understand the difference between state- and federally-approved programs, which adds to the confusion and frustration by placing the burden on any employer seeking a facility code. Additionally, one panelist added that the 30-day allotted response timeline to a facility code request is too long, and SAAs do not always honor that timeline.

## Return on Investment

Another facet of funding, return on investment (ROI), is often misunderstood. Several panelists voiced the difficulty in creating ROI, as most ROI associated with Apprenticeship is long-term funding recovery. Employers must see the benefit of short-term ROI to immediately recoup hiring and training costs in exchange for the perceived administrative burdens of realizing an apprenticeship. Coming out of the pandemic, companies are very concerned about financial risk as budgets are limited and payroll is tight. One panelist noted that companies need something, like a tax credit or incentive funds, to give them that extra push to actually take that first step into recognizing short-term ROI, particularly within this soft economy.



# Administrative Burden

A contributing factor to ROI and the lack of funding is the administrative burden due to the sheer amount of paperwork, required reporting, Affirmative Action Plan requirements and funding obtainment needs. One panelist, an employer currently utilizing an H1-B grant award, stated that the administrative portion of its current grant was a burden due to the reporting itself, including the varying ways that reporting occurs and one-off requirements. Other administrative burdens include the amount of paperwork and approval process for the MHA benefit and the utilization of the RAPIDs data inputting coupled with the ETA 671 forms. Many potential apprenticeship providers find all of this information daunting, especially smaller companies that have less bandwidth.



# Occupational Pathways

Another issue verbalized by panelists was the disconnect between occupations and pathways. The maintained occupational lists are consistently running behind emerging occupations and industries. For example, railroad conductor was not a job pathway despite it being one of the largest occupations within the rail industry. Notwithstanding the push for these pathways, there are still no formalized approaches to apprenticeship in high schools or youth populations which presents a disconnect between standalone high school classes and college transfer credits. One panelist requested an effort within the high schools, especially in the K-12 realm to encourage apprenticeship tracks right out of high school whether certifications be obtained through university study or trade colleges. Further, there exists difficulty in filling occupations requiring technical skills with people who have no previous experience.

# Resources

All of these issues are exacerbated by the discombobulation of resources for Apprenticeship. From funding to ROI calculators to rules and regulations—none of these resources are located in one centralized hub. The majority of the information is spread out over a variety of websites and government departments and oftentimes requires an apprenticeship provider or potential provider to research or even to have already established basic knowledge of a variety of government websites. Panelists discussed the individualized state-to-state hubs is problematic coupled with the fact that grant funding information and published grants were in one location while actionable rules like 29 CFR are elsewhere, apprenticeship information is posted on apprenticeship.gov, and MHA is tied to the VA websites.

Lack of resource information and no consolidated hub for information contributes to misunderstandings in relation to Apprenticeship. Oftentimes Apprenticeship is perceived only as a source of education for trades, not degreed or management positions. One panelist stated that in some industries Apprenticeship is unique and not always viewed as a valid model since there is a lack of understanding within the industry well as within the government on how to apply Apprenticeship to that particularized industry.





# SOLUTIONS AND RECOMMENDATIONS



## OVERCOMING BARRIERS TO APPRENTICESHIP

### SOLUTIONS

- INCENTIVIZED FUNDING
- INDUSTRY INTERMEDIARIES
- PARTNERSHIPS
- EDUCATION EXPANSION
- ACCOUNTABILITY

Delving into the specific challenges presented to Apprenticeship, panelists sought viable solutions for growing and expanding the earn-while-you-learn model. This whitepaper, while providing some new and innovative content, addresses consistent concerns that have been voiced but unresolved for years.

Panelists felt that **now is the time** for great change, particularly after the hiring deficits and turmoil created by the recent pandemic. Therefore, the focus of these solutions centers on incentivized funding, utilization of industry intermediaries, the extension of partnerships, expansion of education, and accepting accountability.

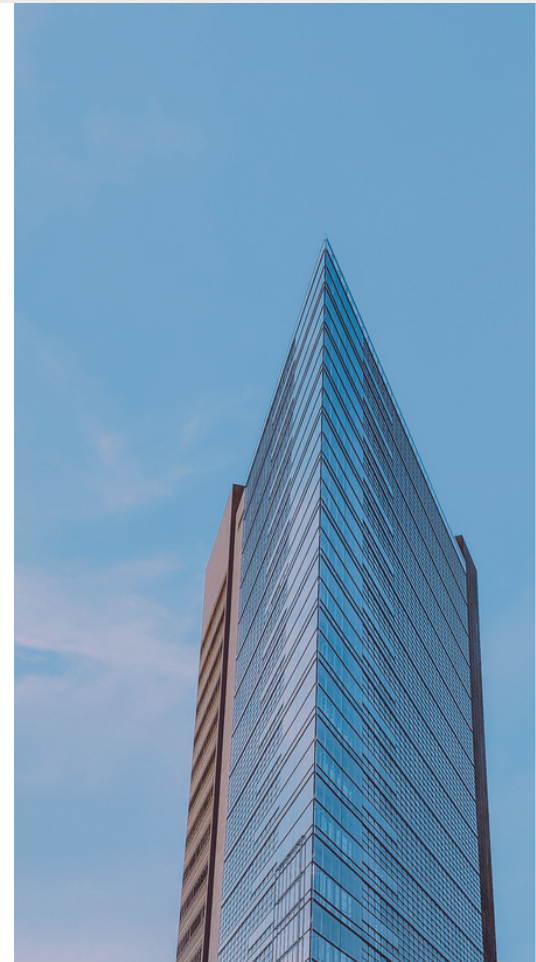
# **A federal tax credit or allowance would incentivize employers to create Apprenticeships.**



Funding issues are heavily attributed to convoluted requirements, variety sourcing, and gaps in opportunities, but much of this would be mitigated with a federal tax credit or tax allowance applicable to any apprentice hired within an Apprenticeship program. Current tax credit offerings occur on a state-to-state basis, but one national, uniform credit or allowance would permit employers a clear monetary incentive, which could even be stacked with individualized state incentives.

## **The Department of Labor should offer more Incentive Funds.**

More direct funding should be afforded in the form of incentive funds. Rather than requiring the typical “hoop jumping” for grant or WIOA funding, incentive funds (or the creation of an incentive pool with a pay-per-success option) would diminish many funding difficulties and contribute to short-term ROI for businesses. The Roundtable brought forth multiple examples of incentive fund benefits including: 1) The reallocation of a small number of funds from an educational institution’s grant award. These funds were utilized as a stipend, paid out per apprentice in the form of an upskilling credentialing credit, resulting in apprentices earning a certification and employers receiving no-cost training for employees. This model attracted considerable interest from both apprentices and employers alike, and 2) set-asides or grants geared toward smaller businesses. These grants would need to be scaled down on requirements in order to fit the bandwidth of small businesses but could be much more feasible funding amounts than the millions of dollars awarded by the government to large businesses on a regular basis.





## **Industry Intermediaries should continue to serve both the private sector and federal government.**

The creation of funding avenues and increasing short-term ROI is further complemented by Public-Private Partnerships. In facilitating partnerships, industry intermediaries, like FASTPORT, Safal Partners, JFF and WIA have solidified their role in the apprenticeship space. Industry intermediaries are contracted by the DOL to expand Apprenticeship and have been key in facilitating public-private partnerships through Workforce Boards, educational institutions, associations, and the DOL. These partnerships serve as a lifeline for businesses and apprenticeship providers alike in terms of funding, ROI and mitigating administrative burdens. Intermediaries are familiar with providing supportive services while serving as a go-between in both the private sector and the federal government.



**FASTPORT, INC. HAS SERVED AS AN INDUSTRY INTERMEDIARY SINCE 2016 AND HAS SUCCESSFULLY ONBOARDED OVER 16,000 APPRENTICES.**

For example, since 2016, leading Industry Intermediary FASTPORT has time and again proven its success through partnerships with 78 employer partners in its National Standards coupled with 11 total National Standards co-sponsorships, resulting in the successful onboarding of over 15,750 apprentices (a 770% goal-to-accomplishment ratio of its original goal). FASTPORT has utilized its relationships to build an employer network numbering in the thousands while also providing supportive services for its partners. This includes developmental support, ongoing technical assistance and best practices alignment with employer partner organizations as well as administration of the RAPIDS system and specialized guidance on the MHA benefit. As evidenced by Industry Intermediaries' forward movement in this space, much of the paperwork and required reporting requirements for employers could be mitigated by Industry Intermediaries. Thus, DOL should make continued investment into successful intermediary contracts and should continue to support partnerships established by and through Intermediaries.

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## SOLUTIONS AND RECOMMENDATIONS

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Relatably public-private partnerships are also a driving force in diversified hiring efforts and can be utilized to create job opportunities within differing populations. Much like partnerships drive apprenticeship, occupations and pathways provide directional continuity. The need for better pathways for a variety of applicants such as youth, incarcerated individuals and diverse populations is a high priority. Focus from the DOL needs to be on updating and maintaining the occupational lists particularly with emerging occupations and industries.

This needs to be coupled with formalized approaches to apprenticeship such as youth pilot programs focusing upon recent high school graduates. One panelist suggested a model similar to the SkillsBridge Programs that DOD has been evaluating and utilizing since 2015. For incarcerated individuals, another panelist suggested that there has to be very precise guidance on how to present transitioning opportunities to people in the incarcerated population. The focus has to be upon the education to certification mesh point. For example, there are those who leave incarceration and immediately obtain a CDL then cannot get a job. To mitigate the marginal risk cost, the federal government has to take the lead by offsetting an insurance rider for companies to hire incarcerated and other high-risk individuals.

**More formalized approaches are needed to create diversified hiring practices.**



In hiring diversified populations, one panelist suggested recruiting and relocating people to meet job demand in high need areas. This panelist envisioned a dollar match between industry and employer through a sponsorship allowing for relocation of individuals. Another panelist, as an example, mentioned a truck driver program that flew people from Puerto Rico to a United States CDL school and which then put those graduates over-the-road and then flew them home for their time off.

## **Hiring Veteran and military talent should include making the Military Housing Allowance more attainable and accessible.**

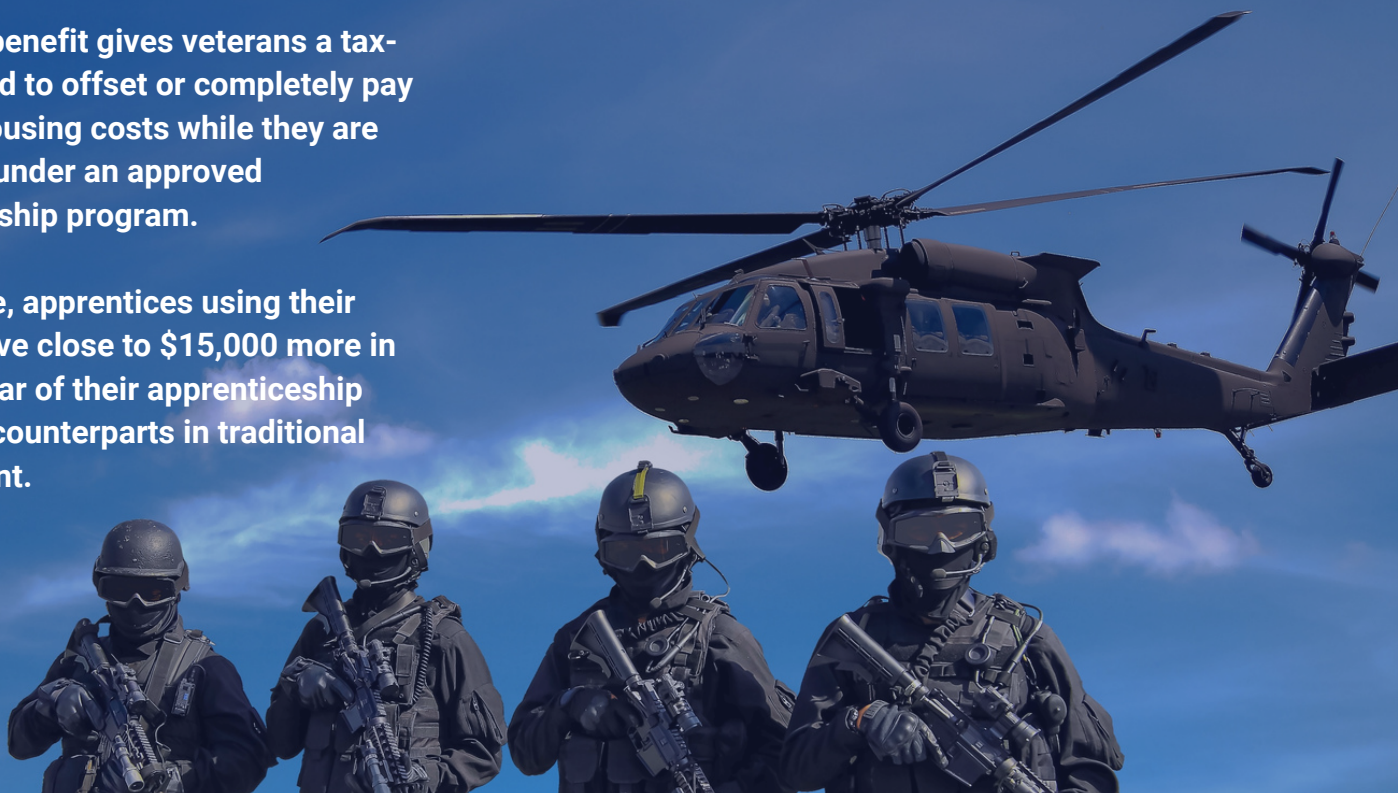
Another similar facet of diverse hiring, Veterans, was also brought to forefront in discussion, and panelists were quick to note that hiring military provides an exceptional retention tool through the Monthly Housing Allowance (MHA) benefit.

Multiple panelists supported this view as there was an ongoing discussion regarding the broad range of diversified service members within the United States military. One panelist specifically noted that companies seeking to address diverse and inclusive practices within their own populace should utilize transitioning military veterans to serve as a stable recruiting pipeline drawing some of the best talent worldwide.

In taking further advantage of this niche hiring circle, some modifications would allow employers to more easily pursue the MHA benefit on behalf of Veterans who are also apprentices. It was general consensus that the housing of facility code approval should be removed directly from the SAAs. However, if this is not a viable option, then each federal DOL-approved program should bear some identifier such as an approval letter stating that the program is a national program and that the state must issue a facility code as long as the correct documentation is provided. One panelist noted that there should be an explicit statement that no other state-level document requirements are applicable to federal programs, and SAAs should be educated on the correct documentation as well as instructed not to perform compliance reviews on federally approved programs.

**The MHA benefit gives veterans a tax-free stipend to offset or completely pay for their housing costs while they are employed under an approved apprenticeship program.**

**On average, apprentices using their MHA receive close to \$15,000 more in the first year of their apprenticeship than their counterparts in traditional employment.**







# IN CLOSING

*This Roundtable opportunity created an avenue in which panelists could verbalize the challenges related to Apprenticeship while also candidly discussing viable solutions. It is the wish of everyone involved that this joint effort will serve as a vehicle to bring about positive change and to further increase Apprenticeship opportunities. Thank you to all who participated in one or both of the listening sessions and provided feedback via the online survey to allow us to build this whitepaper.*



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