

SKILLS IN THE STATES

# WORK-BASED LEARNING POLICY

FOR OUT-OF-SCHOOL YOUTH AND DISADVANTAGED ADULTS



# TOOLKIT

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NATIONAL SKILLS COALITION  
Every worker. Every industry. A strong economy.

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## SECTION 1

# Purpose of this Toolkit

**T**his toolkit provides resources to state policymakers and advocates on state policies for work-based learning that combines instruction at a worksite with classroom learning. The focus of the toolkit is on paid work-based learning during employment for out-of-school youth and disadvantaged adults.

Across the country, employers report a skills gap for middle-skill jobs that require some form of post high school education or training but not a bachelor's degree. Employers report there are insufficient numbers of job applicants with the occupational/technical skills required for open middle-skill positions and that too many applicants lack critical "soft skills," and have no relevant work experience. At the same time, individuals are increasingly finding they are unable to provide a good standard of living for themselves and their families unless they have some form of training beyond secondary school. This skills gap is a missed opportunity for millions of low-skilled, low-wage workers who could fill better-paying positions with the right training.

State policymakers have heard these concerns and are seeking solutions.

One key strategy for filling skill gaps is work-based learning programs like apprenticeships—programs that blend worksite and classroom learning to prepare workers with the skills employers need. This dual model of training has a long tradition of proven effectiveness. Yet, to date, the scale of work-based learning, especially paid work-based learning has been limited in the United States.

Paid work-based learning has advantages for both businesses and workers. Businesses gain a productive employee and can align training with the needs of the occupation and industry. Work-based learning reinforces worker engagement and provides early access to the culture of a worksite, leading to increased employee retention and lower turnover costs. Workers in paid work-based learning programs obtain skills and credentials while earning a wage. This is especially important for disadvantaged individuals with immediate financial needs. Apprentices, for example, start earning wages on their first day

### What is Work-Based Learning?

Work-based learning is an umbrella term that includes different strategies, such as apprenticeship and career and technical education that includes learning at a worksite.

While there is not one universal definition, this toolkit focuses on work-based learning that combines instruction at a worksite during paid employment with classroom education, and that culminates in an industry-recognized credential.

of work and earn higher wages as they up-skill.<sup>1</sup>

Recognizing the value of work-based learning and the opportunity to spread work-based learning to more populations and sectors of the economy, states have adopted policies to help increase the scope of work-based learning.

In early 2017, National Skills Coalition (NSC) scanned the fifty states and the District of Columbia to identify the policies that states have in place to support work-based learning.<sup>2</sup> The policies include expansion initiatives, employer subsidies, pre-apprenticeships and youth apprenticeships, other secondary student work-based learning policies, and subsidized postsecondary instruction of apprentices.<sup>3</sup> NSC found that thirty-five states have one or more of these policies in place to support work-based learning. Moreover, interest in state work-based learning policies is rapidly growing. During just the first half of 2017, twelve states enacted new policies to support work-based learning.<sup>4</sup>

Current state work-based learning policies, however, do not focus on low-skilled populations of out-of-school youth or disadvantaged adults. For example, NSC's scan found that among the fourteen states that have policies supporting pre-apprenticeships or youth apprenticeships, all fourteen states target in-school youth. (In two of these states, some out-of-school youth are also eligible.) While disadvantaged adults

may be among those who benefit in the twenty-six states that have work-based learning policies that support adult training, very few of these policies specifically target disadvantaged adults.

In addition to states, local organizations—including sector partnerships, workforce development boards, and community-based organizations—have also supported work-based learning. Local organizations have implemented innovative strategies to grow participation in work-based learning, and in contrast to states, they have often targeted disadvantaged populations.

This toolkit builds on these policies and practices at the local and state levels. While current state policies do not target out-of-school youth or disadvantaged adults, the toolkit recommends policies that do. In addition to state and local practices, the toolkit draws on input from NSC’s Work-Based Learning National Advisory Panel,<sup>5</sup> and from employers who are members of the Work-Based Learning Advisory Group of Business Leaders United (BLU).<sup>6</sup>

This toolkit does not include every type of state policy or program that supports work-based learning. For instance, this toolkit does not include the regular administration of registered apprenticeship programs or work-based learning programs that target in-school youth. Rather, this toolkit focuses on policies designed to make paid work-based learning more widely available and successful for disadvantaged populations. In addition, the toolkit emphasizes policies to make work-based learning more available and effective for small- and medium-size employers.

The toolkit contains:

- An explanation of the key policies that support the growth of work-based learning for out-of-school youth and disadvantaged adults;
- Examples of current state policies and local practices that expand work-based learning for out of-school-youth and disadvantaged adults; and

- A legislative template for state work-based learning policies that target out-of-school youth and disadvantaged adults.

Policy makers and advocates can use this toolkit to:

- Inform decisions on establishing or expanding state policies that support work-based learning;
- Learn from other state and local community examples; and
- Develop legislation that establishes or expands work-based learning.

## Work-Based Learning in this Toolkit

**In this toolkit, work-based learning means training that combines instruction at a worksite during paid employment with classroom education, and that culminates in an industry-recognized credential. This definition includes, but is not limited to, registered apprenticeship programs.**

**NSC RECOMMENDS** that work-based learning also include an increase in hourly wages during the course of work-based learning, as increased skill should be rewarded with increased remuneration, and that is part of the definition in the legislative template.

## Why Should States Establish Work-Based Learning Policies?

**By adopting work-based learning policies that include the components recommended in this toolkit, states can:**

- Expand work-based learning opportunities for workers and employers;
- Increase access to work-based learning for disadvantaged populations, and small- and medium-size employers; and
- Align work-based learning policies with other key workforce strategies such as sector partnerships and career pathways.

## SECTION 2

# A Guide to State Work-Based Learning Policies that Support Out-of-School Youth and Disadvantaged Adults

### Components of a Robust State Work-Based Learning Policy that Supports Out-of-School Youth and Disadvantaged Adults

To support the growth of work-based learning, this toolkit presents five policy components. NSC recommends that a state enact all five components to establish a robust policy of supporting work-based learning. A state could, however, pursue individual proposals or a combination of proposals as best fits the state’s policy context and the interests of policymakers and advocates. The five policy components are:

- A grant program to fund work-based learning intermediaries;
- A support fund to aid disadvantaged populations engaged in work-based learning or preparing for work-based learning;
- Grants for small employers to assist with the cost of starting and managing new apprenticeships;
- A tax credit for employers employing apprentices, with an enhanced credit for apprentices from disadvantaged populations; and
- A tuition waiver for apprentices’ postsecondary classroom instruction, and a requirement that this instruction articulate with certificates and degrees.

**NSC RECOMMENDS** that the first two components be designed to encompass a variety of paid work-based learning programs. NSC recommends that the employer grant, tax credit, and the tuition waiver proposals apply specifically to apprenticeship programs approved by an appropriate state or federal entity. Since these proposals involve financial transactions for individual employers or participants, the language needs to be more specific as to qualifying programs. Whether qualifying apprenticeships are further restricted to registered apprenticeship programs is left to the discretion of state advocates and policymakers as best fits a state’s context.

### Work-Based Learning Intermediaries

The central component of NCS’s policy recommendations is state funding for third-party local intermediaries to facilitate work-based learning. At the local level, intermediary organizations already support many successful work-based learning programs. In most states, however, these organizations receive little—if any—state funding to support work-based learning, relying instead on federal or philanthropic dollars. States are just beginning to recognize the advantages that intermediaries can offer work-based learning.

A third-party intermediary can broker the relationship between employers interested in hiring work-based learners and workforce programs that want work-based learning placements for their participants. Without an entity playing this role, neither side—employer or provider—may know who to contact and how to begin. Employers and providers who are new to work-based learning generally lack the expertise to successfully navigate the process. Coordinating work-based learning is not a common function of human resource departments, and smaller employers do not have human resource departments.

Below are services that intermediaries can provide to employers, providers, and participants to support work-based learning:

- Market work-based learning to employers and providers, and recruit participants;
- Pool small employers and providers to create efficiencies of scale;
- Screen for individuals that fit employer needs;
- Provide or broker additional education and training, including pre-apprenticeships, for individuals who are not yet ready for skilled employment; and
- Provide or broker support services for participants, including case management and mentorship, job coaching, child care, transportation, and/or emergency assistance to meet

other needs that could otherwise interfere with participation in work or training.

In addition, direct services for employers may include:

- Serve as the employer of record for individual participants;<sup>7</sup>
- Assume responsibility for workers' compensation and other liability insurance for participants;
- Provide coaching to employers in the mentorship and supervision of work-based learners;
- Assist firms in agreeing on common work-based learning standards;
- Help employers develop work plans for on-the-job training;
- Design curricula for classroom instruction;
- Assist employers in navigating the registration process for registered apprenticeships (if applicable); and
- Connect employers with Workforce Innovation and Opportunity Act (WIOA) or other programs that provide wage subsidies for on-the-job training.

By providing these types of services, intermediaries can reduce the workload for employers. This can be particularly important to small- and medium-size employers who do not have the resources that larger employers do. These services can also build employers' confidence that work-based learning will succeed, even for individuals who have faced barriers to employment. For such individuals, it is particularly important that many of these services continue beyond the initial period of employment until employment is well-established.

**WSOS Community Action Commission**, based in Fremont, Ohio, is an example of a community-based organization that serves as an intermediary for work-based learning. WSOS has created three work-based learning programs in cooperation with local manufacturing and electrical/construction companies, and two community colleges. The programs include pre-apprenticeships and paid internships, and serve veterans and underemployed and long-term unemployed adults. A U.S. Department of Labor Ready to Work grant provides funding.<sup>8</sup>

WSOS recruits employers; screens individuals; brokers placements; serves as the employer of record; is responsible for workers' compensation; provides career coaches; and offers support services including child care, transportation assistance, tools for the trade, and work clothes. The programs, which are less than a year in length, can contribute to apprenticeship

requirements, provide college credits toward an Associate's degree, and result in participants receiving several industry recognized credentials.

**Business and Careers Services (BCS)** is an intermediary in northeast Illinois. There, a sector partnership of small- and medium-size manufacturers identified a common need for skilled workers to fill anticipated openings and were interested in targeting young adults eighteen through twenty-four years of age. BCS started the first Manufacturing Careers Internship Program (MCIP) with funds from the American Recovery and Reinvestment Act. Today, the Chicago-Cook Workforce Partnership, the local workforce development board, contracts with BCS to provide work-based learning for out-of-school youth funded through WIOA.<sup>9</sup>

MCIP consists of a four-week boot camp followed by an eight-week paid internship. BCS serves as the employer of record during the internship, pays the wages, and covers workers' compensation and liability insurance. BCS works with employers to develop an internship plan that documents the responsibilities and goals for both the employer and the interns. The program offers support services including work clothes, transportation, child care, and emergency housing assistance.

WSOS and BCS are examples of intermediaries that broker paid internships. **West Michigan Works!** is an example of an intermediary that brokers registered apprenticeships. West Michigan Works! assists employers and workers by serving as the liaison with the U.S. Department of Labor's Office of Apprenticeship,<sup>1</sup> collaborating with community colleges in developing curriculum, connecting with high school apprenticeship feeder programs, recruiting and assessing individual candidates, and serving as a forum for sharing industry best practices. West Michigan Works! is a regional agency of Michigan's workforce development system and is governed by the local area workforce development board.

Another Michigan intermediary is the **Jackson Area Manufacturing Association (JAMA)**. JAMA is a non-profit trade association, founded in 1937, serving manufacturers across south-central Michigan. This sector partnership established the Academy for Manufacturing Careers, which offers an array of manufacturing-related skilled trades training courses including a dozen registered apprenticeship programs.

States with robust sector partnership policies often encourage or even require local sector partnerships to serve as intermediaries for work-based learning in addition to their other functions. Among these states are: California, Colorado,

Maryland, North Carolina, Pennsylvania, Rhode Island, and Washington.

### What are Sector Partnerships?

Sector partnerships are collaborations of multiple employers with education, training, labor, community-based and other organizations that address the local skill needs of a specific industry. WIOA requires states and local workforce development boards to support local sector partnerships, and NSC's recent fifty-state scan of sector partnership policies reports that thirty-two states have a policy in effect of supporting local sector partnerships.

In North Carolina, sector partnerships and work-based learning are key components of **NCWorks Career Pathways**, the state's signature workforce development strategy. Although the state does not require local areas to have certified career pathways, they are encouraged and funding is provided. For a career pathway to receive state certification, there must be a sector partnership in place that engages in work-based learning.<sup>12</sup>

These North Carolina sector partnerships market work-based learning to employers and guide curriculum development. Some partnerships serve as the employer of record; some handle the registration of apprenticeships; and some offer pre-apprenticeship programs. The organization that staffs the sector partnerships is most often a community college or a local workforce board.

**NSC RECOMMENDS** that states take advantage of sector partnerships to facilitate work-based learning. State intermediary grants for work-based learning should prioritize the use of sector partnerships when there is a sector partnership in place for a local industry. This approach aligns state work-based learning and sector partnership strategies. It also aligns work-based learning with career pathway strategies, in which sector partnerships play a leading role. Career pathways integrate education, job training, counseling, and support services to create pathways to postsecondary education credentials and employment. Aligning multiple strategies can help a state amplify the impact of its workforce policies. If a sector partnership is not in place, local workforce boards, community-based organizations, community colleges, chambers of commerce, and other organizations can serve as the intermediary for work-based learning, and state funding may help these organizations establish sector partnerships.

NSC also recommends that states provide two types of grants to support the work-based learning functions of intermediaries—planning and implementation grants. States supporting sector partnerships have found it useful to first provide intermediaries with smaller planning grants to help them develop an implementation plan before providing them with funds for implementation.<sup>13</sup>

### Support Fund

The critical importance of support services in equipping participants to succeed in work-based learning has been repeatedly affirmed by intermediaries who have experience in operating work-based learning programs. Intermediaries that serve disadvantaged adults and out-of-school youth, such as, respectively, WSOS in Ohio and BCS in Illinois, provide individuals with a wide range of support services, either directly or through partnerships with other organizations, and find these services to be critical to success.

The need for support services is perhaps nowhere more evident than in programs that prepare disadvantaged adults for work-based learning. Many individuals need basic education and training before they are ready to enter jobs that are part of work-based learning. Pre-apprenticeships provide such preparation for low-skilled individuals so they can successfully enter into apprenticeships.

**Women in Construction at Moore Community House** in Mississippi is a pre-apprenticeship program for construction trades and advanced manufacturing, training more than 400 women since 2008. Comprehensive support services are an essential part of Women in Construction. In the words of the program director, Julie Kuklinski, "We see the support as happening from the second we meet a woman." Each participant has a case manager who assesses their support service needs, including transportation, housing, and health care. Addressing these challenges is embedded into the curriculum. Peer support and mentoring are central to the process.<sup>14</sup>

Many of the women are single mothers, and the need for childcare is huge. With the support of Temporary Assistance for Needy Family funds, the program provides childcare to every participant who needs childcare during the program and even afterwards during the first months of job-seeking, further training, apprenticeships, or other employment. The availability of support services, such as childcare, once participants are on the job can be critical for employment retention.

**NSC RECOMMENDS** that states establish a support fund to help finance support and related services for disadvantaged

populations during pre-employment training and work-based learning. Support services help ensure that diverse populations have access to pre-employment training and work-based learning and that these populations are successful. This is important not just from the perspective of the individuals; employers tell us that the availability of such assistance enhances their confidence that they will retain these employees and they will become fully productive workers.

## Employer Tax Credits and Grants

The NSC fifty-state scan of work-based learning policies found that eighteen states provide a subsidy to employers who participate in work-based learning. Ten provide a grant or reimbursement to employers, and ten provide a tax credit. (Two states provide both a grant and a tax credit.)

**NSC RECOMMENDS** that states provide both a grant to small- and medium-size employers and a tax credit that is available to firms of any size that employ an apprentice. Employers incur costs, and take on some financial and operational risks, each time they hire and initially train a new employee. This is particularly true for new work-based learning placements who may not have the usual skills or background of other new hires. Tax credits can help mitigate some of these costs, but they often are not sufficient incentives on their own. Particularly for small- and medium-size employers, up-front grants can provide critical support.

In the first half of 2017 alone, five states enacted a tax credit measure. Maryland enacted [SB 317](#), the More Jobs for Marylanders Act, which provides employers with a \$1,000 tax credit for each apprentice they hire who is enrolled in a registered apprenticeship and has been employed for at least seven full months of the taxable year. The total amount of tax credits granted employers may not exceed \$500,000.

In 2017, New York enacted [A 3009](#), establishing the Empire State Apprenticeship Tax Credit, which provides up to \$10 million annually to employers who hire registered apprentices in occupations other than construction trades. The value of the tax credit is \$2,000 for the first year, increasing to \$6,000 for fifth-year apprentices. For employers providing apprenticeships for disadvantaged youth ages sixteen through twenty-four, the credit is higher, ranging from \$5,000 for the first year up to \$7,000 for the third and subsequent years. Apprentices must be full-time employees, employed for at least six months of the tax year.

Perhaps most famously, South Carolina offers a tax credit of \$1,000 per apprentice per year for up to four years to

employers who sponsor adult or youth apprenticeships. The South Carolina tax credit is part of a broader effort known as Apprenticeship Carolina, started in 2007, that is part of the state's technical college system's Division of Economic Development. In addition to serving as an intermediary for adult and youth apprenticeship, the division offers employers a variety of economic development services. As a result, the technical college staff is in regular contact with employers, especially employers who are looking to locate or expand in South Carolina, and thus this organizational structure helps to broadly market apprenticeship to employers.<sup>15</sup>

A tax credit can provide employers with a financial incentive to sponsor apprenticeships, and a tax credit is part of this toolkit's recommended legislative template. A disadvantage of tax credits, however is the time lag between when the employer hires an apprentice and the time the subsidy is received. Particularly for smaller employers, grants can be a more effective mechanism than tax credits to offset the initial costs of hiring, orienting, and training new apprentices—particularly individuals with less work experience or fewer traditional skills. By offering employers funding, preferably up front, for starting a new apprenticeship program or expanding an existing one, states can spur more apprenticeships than by tax credits alone.

Minnesota's "dual-training grants" are part of the Minnesota PIPELINE Project, which was established by the Minnesota legislature to expand "dual-training" and apprenticeship programs. Dual-training programs are a type of work-based learning that provide structured on-the-job training and related instruction. The employers must have an agreement with a training institution or program to provide the related instruction. Grant funds can be used to cover students'/employees' tuition, fees, and required materials for the related instruction for up to \$6,000 per year for up to four years. The related instruction must result in an industry-recognized credential, degree, or certificate at the end of the training.<sup>16</sup>

States may also offer employers wage subsidies to offset the costs of apprenticeship training. For example, Connecticut's Apprenticeship Subsidized Training and Employment Program offers wage subsidies to small manufacturing companies that hire students into registered apprenticeship programs. Employers hiring a new apprentice are eligible for tiered wage subsidies up to \$10 per hour, per apprentice over a six-month period.

**NSC RECOMMENDS** that states adopt a combination of broad-based apprenticeship tax credits, and grants and wage subsidies that are specifically targeted to small- and

medium-size employers and/or the hiring of disadvantaged populations. NSC also recommends that grants be provided to employers up front, to help defray the initial costs of apprenticeships. This combination of subsidies will spur the general growth of apprenticeship, and provide extra help to employers and populations that are most in need of assistance to take part in apprenticeship.

These subsidies are particularly beneficial to small- and medium-size employers when coupled with the services provided by work-based learning intermediaries. Larger firms tend to have staff or contractors who have experience and resources to take advantage of government subsidies. This is less often the case with smaller employers. Intermediaries can assist small- and medium-size employers in accessing public subsidies, leveling this playing field.

Finally, it should be noted that subsidies for apprenticeships do not directly benefit low-skilled individuals who are not yet ready for apprenticeships. A robust package of policies for work-based learning includes pre-employment education and training, and related support services, that prepares low-skilled individuals to enter apprenticeship programs.

## Postsecondary Classroom Instruction

Work-based learning classroom instruction is provided frequently by a local education institution such as a community or technical college. In apprenticeships, this instruction is often referred to as training-related or supplemental instruction. States have adopted at least two types of policies to support this classroom part of apprenticeships, making it more desirable and affordable for students, employers, and institutions.

The first type of policy consists of subsidizing institutions that provide related or supplemental classroom instruction. For example, since 1970, California has funded classroom instruction for registered apprentices. The legislature appropriates funds to the California Community College Chancellor's Office, which disburses the funds to college districts and to the state Department of Education, which allocates funds to local education agencies that partner with apprenticeship sponsors. For 2017-18, the legislature appropriated nearly \$40 million for related or supplemental classroom instruction for apprentices.

Similarly, in Texas, under state statute the Texas Workforce Commission provides funds to postsecondary institutions or public-school districts to support the costs of classroom instruction for registered apprenticeship programs.

States also support apprenticeship classroom instruction by reducing or waiving the student's/apprentice's cost of tuition and fees. For example, Florida, by statute, exempts students from the requirement to pay fees or tuition in the Florida College System, state university, or school district workforce education program when students are enrolled in a registered apprenticeship program. Washington State's community and technical colleges reduce tuition for apprentices' related and supplemental classroom instruction by 50 percent. Waived or reduced tuition can be particularly important during an apprentice's first year when they may be still struggling to get on a firm financial footing.

There is, however, a potential downside to waived or reduced tuition. Institutions may not be able to break even on the cost of instruction, causing them to drop programs. This is the reason that NSC recommends coupling tuition waivers with grants to institutions to hold them financially harmless for the cost of instructing apprentices.

State higher education institutions can also support apprenticeship training by ensuring that classroom learning for apprenticeship programs is credit-bearing, and by articulating the credits with associate's degree programs in the same field.

Under Washington State statute, RCW 28B.50.890, at the request of an apprenticeship committee, a community or technical college must develop an associate degree pathway for the apprentices (subject to the availability of funding), and the pathway must include credits for the related and supplemental instruction. South Seattle Community College, for example, offers Associate of Applied Science degrees to students who couple apprenticeships with required general education courses. Creating such opportunities for individuals to work towards an apprenticeship certificate and an associate's degree at the same time offers an additional incentive for individuals to enter apprenticeship programs.

**NSC'S RECOMMENDED LEGISLATIVE TEMPLATE** includes language stating that institutions of higher education should ensure that related classroom instruction is credited toward certificate and associate degrees in the same field of study, and that related instruction and other certificate and degree requirements are not redundant. NSC also recommends that states waive tuition and fees during the first year of classroom instruction during apprenticeships. This provision is particularly beneficial to low-income individuals (or their employer if their employer is paying for their classroom instruction). In addition, the state should provide institutions with a grant equivalent to the value of waived tuition and fees so that the institutions do not have a financial disincentive to provide classroom instruction for apprenticeships.

## SECTION 3

# State Work-Based Learning Legislative Template

This template offers generic language that a state could customize when developing legislation to support the growth of work-based learning. Each part of the template could be a separate bill, or combined into one or more bills, according to the preference of state advocates and policymakers.

The language is purposefully broad in defining work-based learning for the purposes of the intermediary grants and support fund. The language for the employer grant, tax credit, and subsidized tuition refers more narrowly to

apprenticeship. Since these sections provide state funding to individual employers or participants, the language needs to be more specific as to qualifying programs. Whether qualifying apprenticeships are further restricted to registered apprenticeship programs is left to the discretion of state advocates and policymakers as best fits a state's context.

The template does not address work-based learning for individuals who are primarily students in the K-12 or postsecondary systems.

### Sec. 1: Intent

The legislature finds that work-based learning is a proven strategy to provide skills training for workers and meet employer skill needs. It is the intent of this Act to increase work-based learning opportunities in the state, including providing work-based learning in more industry sectors and occupations and for low-skilled individuals, and at small- and medium-size employers. The Act establishes: a grant program to support work-based learning intermediaries that broker work-based learning opportunities and related services; a support fund to help expand access to and success in pre-employment and work-based learning for disadvantaged populations; grants and tax credits for employers to help pay for the costs of establishing apprenticeship programs; and provisions to support postsecondary instruction related to apprenticeships.

### Sec. 2: Definitions

Department means the agency designated by the Governor to administer this Act.

Work-based learning means training that combines instruction at a worksite during paid employment with classroom education, provides for an increase in hourly wages for the employee during work-based learning, and that culminates in an industry-recognized credential as defined by the Workforce Innovation and Opportunity Act.

## Part I. Work-Based Learning Intermediary Grant Program

**Sec. 3:** The Department through a competitive process shall award planning and implementation grants to intermediary organizations to facilitate work-based learning and related services in a local or regional industry sector. Eligible intermediaries are industry or sector partnerships as defined under the Workforce Innovation and Opportunity Act, except that if an industry or sector partnership does not exist in a local industry sector then eligible intermediaries may include one-stop career centers, community-based organizations, community and technical colleges, chambers of commerce, and other organizations.

**Sec. 4:** Recipients of planning grants shall develop a plan for the services the recipient would provide if it were awarded an implementation grant.

**Sec. 5:** Recipients of implementation grants shall: market work-based learning to employers, community and technical colleges, workforce development boards, one-stop career centers, labor-management partnerships, and other organizations; assist firms within regional industry sectors to agree on common work-based learning standards; broker work-based learning opportunities between employers, education and training providers, and individuals; provide or broker education and training for individuals who are not ready for skilled employment, including pre-apprenticeships; provide or broker support services for participants, including case management and mentorship, job coaching, child care, transportation, and emergency assistance to meet other needs that would otherwise interfere with participation in work or training during pre-employment training or during the first twelve months of employment.

**Sec. 5a:** Implementation grant recipients may: serve as the employer of record for individual participants during the first twelve months of employment; assume responsibility for workers' compensation and other liability insurance for participants; provide instruction to employers in the mentorship and supervision of work-based learning participants; pre-screen individuals; help employers develop work plans for on-the-job training; design curricula for classroom instruction that is part of a work-based learning program; assist employers in navigating the registration process for registered apprenticeships; connect employers with Workforce Innovation and Opportunity Act or other programs providing wage subsidies for on-the-job training; and provide other services that facilitate work-based learning.

**Sec. 6:** Implementation grant recipients may contract with other organizations to provide one or more of the services listed in sections 5 and 5a, or to serve as the fiscal agent for the grant.

**Sec. 7:** The Department shall prioritize grant proposals that leverage other state, private, or federal dollars; encourage work-based learning for Workforce Innovation and Opportunity Act participants, recipients of public assistance, low-income individuals as defined by the Workforce Innovation and Opportunity Act, and other individuals with barriers to employment as identified by the Department; and prioritize the establishment and growth of work-based learning in industries that have traditionally had few or no work-based learning programs.

**Sec. 8:** Funding is limited to no more than \$50,000 per planning grant and no more than \$250,000 per implementation grant.

## Part II. Work-Based Learning Support Fund and Grant Program.

**Sec. 9:** The work-based learning support fund is established as an account in the state treasury. The purpose of the fund is to support eligible individuals to enter and participate in work-based learning, and retain employment. The fund shall consist of legislative appropriations and moneys contributed to the fund from other state, federal or private sources.

**Sec. 10:** Eligible individuals are adults who are eligible recipients of public assistance, low-income individuals as defined by the Workforce Innovation and Opportunity Act, adults with barriers to employment as identified by the Department, and adults eighteen years of age or older who are not ready to enter a work-based learning program due to limited knowledge, skills, abilities, or employment experience, and are enrolled in a program, including pre-apprenticeship, designed to prepare them to enter work-based learning.

**Sec. 11:** The Department shall administer the work-based learning support fund. From moneys in the support fund, the Department shall administer a competitive grant program for eligible grantees. Eligible grantees include work-based learning intermediaries, workforce development boards, community-based organizations, community and technical colleges, and other organizations.

**Sec. 12:** Grant recipients shall use their award to provide one or more of the services listed in sections 5 or 5a of this Act to eligible individuals or their employer(s), or to subsidize a portion of the wages of eligible individuals employed during the first six months of work-based learning.

**Sec. 13:** Funding is limited to no more than \$500,000 per grant.

## Part III. Employer Apprenticeship Grants

**Sec. 14:** The Department shall administer the employer apprenticeship grant program to provide grants to small- and medium-size employers for the purpose of assisting small- and medium-size employers with the cost of starting new apprenticeships.

**Sec. 15:** To qualify for the employer apprenticeship grant program, the apprenticeship must be in a program approved by the [name of appropriate state or federal entity], and meet the definition of work-based learning.

**Sec. 16:** The Department shall solicit grant proposals from eligible employers and from work-based learning intermediaries on behalf of employers. Proposals shall include the number of employees who will take part in an approved apprenticeship program, the proposed worksite and classroom instruction, wages during the apprenticeship, the credential to be achieved, and other information as determined by the Department.

**Sec. 17:** An employer with fewer than 200 employees shall be eligible for a grant from the Department in the amount of \$2,500 per apprentice employed by the employer during the apprentice's first year of apprenticeship for a total award of no more than \$25,000 per year, per employer. The total amount of funding for employer apprenticeship grants shall be determined by legislative appropriation, and shall be available to employers on a first-come, first-served basis.

**Sec. 18:** The employer may convey all or a portion of the grant to an intermediary that serves as the employer of record for work-based learning.

**Sec. 19:** If the number of new apprentices employed by an employer who received a grant is fewer than the number in the employer's grant proposal, the employer must reimburse the Department for the value of the grant on a pro rata basis. An employer who fails to reimburse the Department for the pro rata value of the grant shall be subject to a [name of appropriate business tax] tax penalty equal to the amount of the expected reimbursement.

## Part IV. Employer Apprenticeship Tax Credit

**Sec. 20:** The Department shall administer the employer apprenticeship tax credit.

**Sec. 21:** An employer shall be eligible for an annual tax credit of \$2,000 per apprentice employed by the employer in an apprenticeship program that satisfies the definition of work-based learning and is approved by the [name of appropriate state or federal entity].

**Sec. 22:** An employer shall be eligible for a tax credit for up to 40 percent of the first \$24,000 of wages the employer pays for each apprentice hired from a target population. Target populations are Workforce Innovation and Opportunity Act participants, eligible recipients of public assistance, low-income individuals as defined by the Workforce Innovation and Opportunity Act, and other individuals with barriers to employment as identified by the Department.

**Sec. 23:** The credit shall be allowed against the tax imposed by [reference appropriate state business tax]. A credit is not allowed unless the apprentice was in the employ of the employer for at least seven full months of the taxable year, and a credit is not allowed for an individual apprentice for more than four taxable years. The tax credit shall not be allowed to decrease an employer's tax liability to less than zero. The credit is not refundable or transferable.

## Part V. Apprenticeship-Related Classroom Instruction at Public Institutions of Higher Education

### **Sec. 24: Intent**

In order to grow the number of apprentices in the state, particularly among low-income individuals, a waiver in tuition and fees is established to lower the cost of classroom instruction required for apprenticeship programs. A grant program is also established for the purpose of holding institutions harmless for the waived tuition and fees. Articulation requirements are established so that individuals who complete related classroom instruction may continue their education in certificate and degree programs in the same field without having to repeat coursework in what they already know.

**Sec. 25:** A public institution of higher education shall waive tuition and fees charged for the first year of related classroom instruction during an apprenticeship program approved by the [name of appropriate state or federal entity].

**Sec. 26:** The state Department of Higher Education [or other appropriate higher education body] shall administer a grant program for apprenticeship-related classroom instruction at public institutions of higher education. An institution that provides related classroom instruction shall be eligible for a grant equivalent to the value of waived tuition and fees for the first year of related classroom instruction for each student enrolled in an approved apprenticeship program.

**Sec. 27:** Institutions of higher education shall ensure that related classroom instruction is credited toward certificates and associate degrees in the same field of study, and that related instruction and other certificate and degree requirements are not redundant.

## Part VI. Appropriations

**Sec. 28:** The following amounts are appropriated for FY \_\_\_\_\_ to carry out the purposes of this Act: For Part I \_\_\_\_\_; For Part II \_\_\_\_\_; For Part III \_\_\_\_\_; For Part V \_\_\_\_\_.

## Part VII. Regulatory Authority

**Sec. 29:** The Department shall issue regulations as necessary to carry out this Act.

# Endnotes

- 1 For example, see: Robert I. Lerman, “Can the United States Expand Apprenticeship? Lessons from Experience,” American University, Urban Institute, and IZA, 2012.
- 2 Estimated average lifetime gains for apprenticeship completers are \$240,000 in earnings and \$61,500 in fringe benefits. Debbie Reed, Albert Yung-Hsu Liu, Rebecca Kleinman, Annalisa Matri, Davin Reed, Samina Sattar, and Jessica Ziegler, “An Effectiveness Assessment and Cost-Benefit Analysis of Registered Apprenticeship in 10 States,” Mathematica Policy Research, 2012.
- 3 Wilson and Mehta.
- 4 For a discussion of these policies, see: Bryan Wilson and Sapna Mehta, “Work-Based Learning Policy: 50-State Scan,” National Skills Coalition, April 2017.
- 5 Jenna Leventoff, “2017 Legislative Roundup,” National Skills Coalition, July 2017. The twelve states with new policies overlap with the thirty-five states that had policies in place in early 2017.
- 6 This Advisory Panel brings together a diverse group of education, business, labor, community-based, and public-sector partners engaged in work-based learning policy and practice to guide and advance NSC’s agenda on work-based learning.
- 7 BLU, is a project of NSC and the National Fund for Workforce Solutions, and is comprised of small- and medium-size employers from a range of industries.
- 8 The employer of record assumes responsibilities and liabilities for employment issues such as administration, payroll, taxes, benefits, and maintaining employee records.
- 9 Interview with Kerrie Carte, Planning and Development Coordinator, WSOS Community Action Commission, August 2017.
- 10 Thomas Showalter and Katie Spiker, “Promising Practices in Work-Based Learning for Youth,” National Skills Coalition, October 2016.
- 11 Apprenticeship programs in Michigan and half of the states, are established with the U.S. Department of Labor’s Office of Apprenticeship.
- 12 <https://www.ncommerce.com/wf/workforce-professionals/ncworks-certified-career-pathways>; and Interview with Matthew Meyer, Associate Vice President for Educational Innovations, North Carolina Community College System.
- 13 Brooke DeRenzis and Bryan Wilson, “Sector Partnership Policy Toolkit,” National Skills Coalition, October 2015.
- 14 WorkforceGPS, “Best Practices in Supportive Services for Women in Apprenticeship and Employment,” June 2017.
- 15 [www.apprenticeshipcarolina.com](http://www.apprenticeshipcarolina.com)
- 16 <http://www.dli.mn.gov/pipeline.asp>

National Skills Coalition organizes broad-based coalitions seeking to raise the skills of America's workers across a range of industries. We advocate for public policies that invest in what works, as informed by our members' real-world expertise. And we communicate these goals to an American public seeking a vision for a strong U.S. economy that allows everyone to be part of its success.

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