

TRAINING AND EMPLOYMENT NOTICE	NO. 2-12
	DATE July 31, 2012

TO: AFFILIATE ONE-STOPS
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 OA REGIONAL DIRECTORS

FROM: JANE OATES
 Assistant Secretary



SUBJECT: Release and Availability of the Final Report Titled *An Effectiveness Assessment and Cost-Benefit Analysis of Registered Apprenticeship in 10 States*

- Purpose.** The Employment and Training Administration (ETA) announces the release and availability of a report titled *An Effectiveness Assessment and Cost-Benefit Analysis of Registered Apprenticeship in 10 States*.
- Background.** Registered Apprenticeship (RA) is a career-training program that offers structured on-the-job training combined with related technical instruction tailored to industry needs. The RA program, created in 1937, seeks to produce well-trained workers whose skills are in high demand. In 2011, almost 400,000 people across the nation were enrolled in RA.

RA is administered by ETA's Office of Apprenticeship (OA) within the U.S. Department of Labor, in conjunction with State Apprenticeship Agencies (SAAs). OA registers apprenticeship programs and apprentices in 25 states and assists and oversees SAAs, which register programs and apprentices in the other 25 states and the District of Columbia. OA and SAAs also issue certificates of completion to apprentices; conduct outreach to potential sponsors; monitor programs for compliance and quality assurance; provide technical assistance; and build partnerships with sponsors comprised of employers and labor-management organizations, education providers, and the workforce development system.

Apprenticeship programs range from one to six years and are offered in approximately 1,000 occupations, including the traditional skilled trades such as electrician, plumber, and carpenter, as well as such occupations as truck driver, child care worker, health informaticians, and correctional officer. For apprentices, RA provides on-the-job training, related technical instruction, incremental wage increases as skills are attained, and, upon completion, nationally recognized certification in the chosen career area. RA programs are delivered by sponsors—employers, employer associations, and labor management organizations. Sponsors cover the costs of training, wages paid to apprentices, costs of managing the program, and costs associated with time spent by senior employees to mentor and train apprentices. In return, sponsors receive the benefit of a supply of highly trained well qualified workers.

3. **Publication Description.** This study assesses the effectiveness of RA and performs a cost-benefit analysis of RA. The study measures the net effects of apprenticeship for participants as well as the social costs and benefits of RA across a variety of state settings. The study considers whether substantial net wage gains and social benefits found by previous research for Washington State¹ could be found in a wide range of other states. The study also examines the barriers that women face in RA and the best practices for promoting their success. In addition, the study explores whether Federal and state administered RA programs have patterns of differences in the programs themselves and their outcomes. Specifically, the study addresses four questions:

- Is RA effective in raising the annual earnings and employment of participants?
- Do the total social benefits of RA outweigh the total social costs?
- What are the experiences of women in RA and what can be done to further promote their success in the program?
- Are there differences between the RA programs of states administered by the OA and of states administered by SAAs?

The study examines RA in 10 states selected to vary in program features and labor market characteristics, including program size, region, the degree of union representation in the state, administrative type (Federal or state), and the degree to which RA is concentrated in a few occupations. The states are Florida, Georgia, Iowa, Kentucky, Maryland, Missouri, New Jersey, Ohio, Pennsylvania, and Texas.

4. **Key Research Findings.** The study found:

- RA participants had substantially higher annual earnings than did nonparticipants. Over their career of 36 years, participants who completed the RA program had average earnings of nearly a quarter million dollars (\$240,037, or \$301,533 including employer benefits added). After accounting for costs, the net benefits for RA completers are \$233,828. Even when non-completers are added to the analysis, over their career of 36

1 Hollenbeck K. and W. Huang. "Net Impact and Benefit-Cost Estimates of the Workforce Development System in Washington State" Kalamazoo, MI: W.E. Upjohn Institute for Employment Research, 2006

years, the estimated average earnings gains for all participants is still an impressive \$98,718 (or \$123,906 including employer benefits). Taking into account various costs such as taxes apprentices pay on earnings gains, the estimated net benefits for RA participants are \$96,911.

The social benefits of the RA program appear to be much larger than the social costs. Over the average 36 year career of an apprentice, the estimated social benefits of RA exceed the social costs by more than \$49,000.

- Female apprentices expressed positive views of RA but recommend some changes to promote women's success. The data demonstrates that women participate in RA at lower rates than men and are concentrated in social service occupations (mainly child care and health care). In the 2010 cohort, women made up only 9 percent of new apprentices. Women are much less likely than men to enroll in the traditional skilled trades and, when they do, they are less likely than men to complete RA. The women interviewed see their participation in RA as a pathway to career advancement and higher pay. Those interviewed suggested strategies to enhance the success of women in RA: undertaking targeted outreach campaigns, building women's basic skills, helping women develop accurate expectations about particular occupations, adequate child care, assisting employers to enforce policies to combat harassment at male-dominated worksites, and peer groups for support and encouragement.
 - RA programs are largely similar in states federally administered by the OA states and SAA states. Modest differences were found between OA and SAA states in terms of the demographics, occupational distribution, completion rates, and earnings gains of apprentices. The most notable difference was that SAA states are more easily able to create partnerships with the workforce system and educational institutions because they are part of the same state government.
5. **Inquiries.** To view an abstract of this publication, as well as to download the executive summary and full report, visit the ETA Research Publication Database Web site at: <http://wdr.doleta.gov/research/keyword.cfm>.