



August 26, 2019

Adele Gagliardi
Administrator, Office of Policy Development and Research
US Department of Labor
200 Constitution Avenue, NW
Room N-5641
Washington, DC 20210

RE: RIN 1205-AB85

Dear Ms. Gagliardi,

I write on behalf of Opportunity America to comment on the Department of Labor's Notice of Proposed Rulemaking, "Apprenticeship Programs, Labor Standards for Registration, Amendment of Regulations," published on June 25, 2019.

Opportunity America is a Washington-based nonprofit promoting economic mobility – work, skills, careers, ownership and entrepreneurship for poor and working Americans. The organization's principal activities are research, policy development, dissemination of policy ideas and working to build consensus around policy proposals.

Among other activities, we spearhead the Opportunity America Jobs and Careers Coalition, an alliance of Washington-based business groups focused on career education and workforce development. Members include employers and employer associations from a range of industries experiencing skills mismatches and worker shortages – IT, manufacturing, construction, hospitality and retail, among others. The coalition's principal goals: to shine light on the need for more ample and effective workforce training and drive a skills agenda on Capitol Hill.

The economy is changing and with it, America's demand for labor. A high school diploma is rarely enough, but not every student needs a college degree. Among the most effective ways to raise skill levels and prepare workers for rewarding careers is with apprenticeships that combine classroom learning and paid on-the-job experience, teaching skills in demand across an industry. Yet it has proven surprisingly difficult to scale apprenticeship in the United States.

Employers in a wide range of industries that rely on technically proficient workers report that new hires lack the skills they need to succeed on the job. Some 7.3 million jobs stand empty across the US, in many cases, according to employers, because few applicants possess essential skills.¹ Yet in 2018, just three-tenths of one percent of US workers were enrolled in civilian apprenticeship programs – some 485,000 registered apprentices, compared to nearly 20 million students in degree-granting postsecondary institutions.²

¹ US Bureau of Labor Statistics, "Job Openings and Labor Turnover Survey New Release," Economic Releases, August 6, 2019, <https://www.bls.gov/news.release/jolts.htm>.

² US Department of Labor, Employment and Training Administration, "Registered Apprenticeship National Results: Fiscal Year FY2018," March 6, 2019, https://doleta.gov/oa/data_statistics.cfm; and US Department of Education,

Opportunity America welcomes an effort to address this challenge by expanding apprenticeship, including by making it more flexible and appealing to employers.

Our research confirms that many companies drawn to an earn-and-learn training model find the process of registering a traditional apprenticeship program cumbersome and off-putting. Indeed, among the top attributes employers say they seek when developing and launching training initiatives are flexibility and autonomy to develop and update instruction to keep up with a rapidly changing economy.³

Existing employer-led workforce development efforts lend credence to the Department of Labor's belief that employers and employer associations are ideally positioned to understand and address workforce needs in their industries. Among the most successful industry-driven tools and models: industry certifications, industry-led earn-and-learn programs and employer-provided on-the-job incumbent-worker training.

Employers and employer associations understand the skills gaps in their industries. They keep abreast of new technology and changing market trends. And firms considering launching training programs often look to others in their industry before they look to government or educational institutions. Industry-driven apprenticeship programs (IRAPs) are well-positioned to build on these and other, related strengths.

Quality assurance

Among the most difficult challenges facing any education or training initiative is quality assurance. Even the most successful approaches to monitoring quality have blind spots; there is no perfect model. Traditional academic institutions rely on accreditation. But accreditation examines only inputs, not outcomes, of education programs, and accreditors have struggled in recent years to distinguish well-intentioned institutions from predatory competitors.

Nor are industry-led efforts immune to problems. Industry-driven certification is among the most promising tools in the toolbox available to workforce educators. But research shows that only 100 to 150 out of several thousand certifications in circulation have currency among employers.⁴

The NPRM addresses this challenge with a two-tier structure: standards recognition entities (SREs) familiar with business and industry will monitor the quality of on-the-ground training programs, while the Department of Labor monitors and sets standards for these new oversight bodies, recognizing, overseeing and, if necessary, derecognizing or disbaring SREs.

This approach holds out a promise of balancing flexibility and accountability. The two-tier structure and reliance on industry-grounded SREs could provide flexibility for employers to develop the training they need and adjust it as necessary to suit their changing

National Center for Education Statistics, "Fast Facts: Back to School Statistics, 2018," <https://nces.ed.gov/fastfacts/display.asp?id=372>.

³ Tamar Jacoby and Robert I. Lerman, *Industry-Driven Apprenticeship: What Works, What's Needed*, Opportunity America, February 2019, https://opportunityamericaonline.org/wp-content/uploads/2019/02/OA_Apprenticeship_Report_2019.pdf

⁴ Will Markow et al., *The Narrow Ladder: The Value of Industry Certifications in the Job Market*, Burning Glass Technologies, October 2017, https://www.burning-glass.com/wp-content/uploads/BurningGlass_certifications_2017.pdf

circumstances, and Department of Labor oversight could work effectively to provide quality assurance.

On paper, it's an ingenious design – a bold experiment in public-private policymaking. But implementation will be critical, and there are many pitfalls to avoid. Nothing would do more in the long term to limit expansion of apprenticeship than a new cohort of programs that do not live up to the promise of the earn-and-learn approach.

Opportunity America anticipates three core challenges.

SRE recognition and derecognition. The NPRM lays out detailed procedures for recognizing and potentially derecognizing standard-setting bodies, but the criteria by which the department will make these crucial decisions are only vaguely outlined in the regulation.

Perhaps this is appropriate: after all, a principal goal of the new system is flexibility. SREs are not a completely new concept – many existing industry credentialing bodies perform similar functions for their sectors. But the NPRM will likely produce a rapid proliferation of SREs in an array of industries where they have not existed before, and it would be a mistake to dampen this innovation with overly rigid application and renewal procedures.

Still, even as the department encourages experimentation, its review processes must be rigorous and exacting. However desirable it may be to expand apprenticeship to additional industries, this cannot take precedence over the quality of new training programs. Ongoing review should be evidence-based and data-driven. And the department must be ready to suspend and, if necessary, derecognize SREs.

Employer engagement. The premise at the heart of the initiative, stated clearly in the NPRM and implicit in the new term, IRAP, is that employers know best what kind of training is most effective to equip workers with the skills they need to succeed in a changing labor market. Yet the design laid out in the NPRM includes few criteria for assessing employer engagement in the new system or measuring employer uptake of SRE standards.

SREs organized by employer groups, trade associations and joint labor-management organizations can be expected to have robust relationships with companies in the industries they serve. But this may or may not be true of SREs launched by educational institutions, nonprofit organizations or state and local government. Entities of this kind frequently struggle to build and maintain relationships with employers, and the links they establish are often perfunctory – more a matter of employer signoff than meaningful employer input in decisions about education and training programs.

Opportunity America sees little in the NPRM to guarantee meaningful employer engagement with SREs and no metric to determine whether the standards these bodies create are indeed adopted by a significant number of employers.

Opportunity America urges the department to consider a more muscular definition of employer engagement. Do SREs maintain robust and meaningful relationships with employers? How exactly do these entities harness industry expertise? Do the employers they engage have close working knowledge of workforce training? Do these firms maintain earn-and-learn programs? Do they hire apprentices?

More meaningful still – as important as inputs, if not more so – is employer uptake. Do a significant share of employers in the sector served look to the standards established by the

SRE? Do companies adopt its training protocols and make use of its curriculum? Do IRAPs look to it for recognition?

Employer uptake does not guarantee quality. Just because training standards are popular with companies does not ensure they are rigorous or effective. But uptake is an important indicator. Why would employers adopt training protocols that do not produce results – do not help trainees acquire the skills they need to succeed on the job?

In this realm, too, it would be a mistake to make department regulations so rigid that they stifle innovation or obstruct effective training. But surely genuine employer engagement and robust employer uptake should be criteria in the department's ongoing review of SRE effectiveness – factors to be considered when SREs apply for renewed recognition.

Among other steps, Opportunity America strongly urges the department to develop a measure of employer uptake and add it to the outcomes taken into consideration when SREs apply for renewed recognition.

Apprentice outcomes metrics. As the department has explained, in some respects the approach envisioned in the NPRM resembles the existing system of higher education accreditation. As in the traditional accreditation system, the department will recognize a cadre of mediating entities – in this case, industry-grounded SREs. The agency will expect these bodies to monitor inputs it views as essential for effective education – in this case, paid work, on-the-job training, related classroom instruction, mentorship and industry-recognized credentials, among other components. And the department hopes to have a relationship with these standard-setting entities that mirrors the relationship the US Department of Education maintains with traditional accreditation agencies.

But there is an important difference between accreditation and the system outlined in the NPRM: in this case, the department proposes to focus not just on inputs, but also outcomes of industry-driven apprenticeship programs – proven benefits for apprentices.

Opportunity America is encouraged by this emphasis on outcomes and also by the agency's concern to identify the most appropriate outcomes metrics to assess SREs and industry-driven apprenticeship programs.

The NPRM offers a list of potential metrics, all of them essential: the number of trainees who enroll in programs, the share who complete training and completers' post-program employment rates, among others. Also critically important but not mentioned in the NPRM: credential attainment. And Opportunity America strongly urges the department to include what is arguably the most revealing metric: post-program earnings.

The Workforce Innovation and Opportunity Act requires workforce development boards to track four core outcomes measures: credentials earned, employment, retention and earnings, measured up to six months after learners exit a training program. Extending these standards to the IRAP initiative would help ensure meaningful accountability and allow for comparison across programs.

The NPRM asks a good question: how to rely on outcomes-based metrics as a means of quality assurance without overly burdening SREs or industry training programs? Employment cycles and compensation patterns vary from industry to industry. Some sectors have well-established industry credentials; others are new to the concept. Record-keeping and data-collection can be difficult and time-consuming, especially for smaller companies.

One potential response: the department might allow some room for variation among industries. SREs familiar with the sectors they serve will know best how to track trainees and collect information about outcomes. Performance indicators should be flexible enough to allow for variation in the way jobs are structured; credential metrics should be broad enough to encompass a range of awards. And there should be no requirement that SREs report information on individual students or make the training standards they develop available on an open-source public platform, as was suggested in the final report of the secretary's Task Force on Expanding Apprenticeship.

Yet in this realm too it should be possible to balance flexibility with quality. The department cannot hope to provide meaningful quality assurance without requiring SREs to collect information on the outcomes of the programs they oversee.

The scope of the initiative

The goal of the system envisioned in the NPRM is to expand apprenticeship to sectors where it has not traditionally been widely used as a means of preparing workers for the labor force. This may be a sensible approach to scaling, making the most effective use of scarce resources.

But Opportunity America is concerned about the metric the department proposes to use to determine which industries currently offer significant apprenticeship opportunities. We believe the most appropriate measure is market penetration – not what percentage of all US apprentices are preparing to work in a given sector, as proposed in the NPRM, but rather the percentage of workers in that industry who are currently or have in the past been enrolled in apprenticeship programs. What a yardstick of this kind would reveal: no sector of the US economy boasts an overabundance of earn-and-learn opportunities – on the contrary.

Opportunity America is concerned that the sector-by-sector approach proposed in the NPRM could limit training opportunities in industries, particularly construction, that face severe labor shortages. Our research suggests that construction is among the sectors where employers are most eager to develop and provide new training solutions, and excluding them from an IRAP initiative could sharply limit its effectiveness in expanding apprenticeship nationwide.

Conclusion

Opportunity America strongly endorses the goals of the IRAP initiative and sees significant promise in the blueprint laid out in the NPRM. We appreciate the department's consideration of our comments – recommendations intended to strengthen the initiative and enhance its chances of success. We and the employer associations represented in the Opportunity America Jobs and Careers Coalition look forward to working with the agency as it moves forward to implement a new IRAP system.

Yours sincerely,



Tamar Jacoby
President