

February 6, 2014

A DETAILED OVERVIEW OF REGISTERED APPRENTICESHIP IN OREGON

Oregon Bureau of Labor and Industries Apprenticeship and Training Division

Basics of Registered Apprenticeship

Registered Apprenticeship is a training system that combines job-related technical instruction (RT) with structured on-the-job training (OJT). It is often referred to as an “earn and learn” training model because workers earn a wage working at a job site while learning a skilled trade through a combination of OJT and RT or classroom instruction. Unlike internships, in which individuals work for little or no money and rarely receive formal training, apprenticeships follow an “earn-while-you-learn” model. Apprenticeships are real jobs with extensive on-the-job and classroom-based training and wages that increase as skills are mastered.

Apprenticeship is sponsored by individual businesses or employer associations, some of which partner with labor organizations through collective bargaining. Institutions, such as apprenticeship training centers operated by unions or associations and community colleges, provide RT. Apprenticeship programs in construction typically last between three and five years, but most last about four years or about 8,000 hours of combined OJT and RT.

Upon completing a Registered Apprenticeship program, apprentices receive an industry-issued, portable and nationally recognized credential certifying occupational proficiency. In the construction industry, apprentices, upon completion, are known as journey workers.

The U.S. Department of Labor’s Office of Apprenticeship (OA) and State Apprenticeship Agencies (SAAs) oversees the administration of Registered Apprenticeship programs. OA and SAAs register apprenticeship programs that meet federal and state standards, issue Certificates of Completion to apprentices, assist in the development of new apprenticeship programs through technical assistance, and help market and monitor programs to ensure that safety and training standards are met. These regulations and program parameters, established under the National Apprenticeship Act, are designed to protect the apprentice.

Program sponsors identify and define the qualifications needed to enter their apprenticeship program. Minimum qualifications in construction usually include that the applicant has a high school diploma or GED, is 18 years or older (in some instances, 16 or older), are physically able to perform the job duties, and in some cases pass an aptitude test demonstrating a level of math and reading skills. Other qualifications may include passing an interview or having previous work experience.

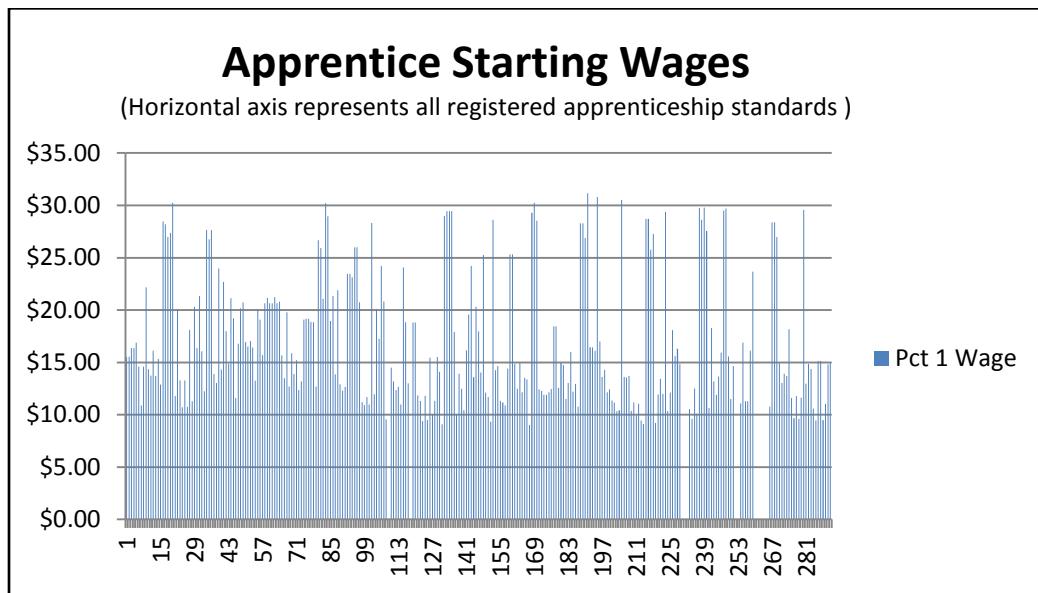
Registered apprenticeship in 27 states and territories is currently administered by OA. This means that program sponsors submit their programs to OA for approval and registration; OA is responsible for program oversight and compliance and completion certificates are issued by OA.

Twenty five states and territories, including Oregon, have applied to and received from OA, exclusive authority to approve and administer the operation of registered apprenticeship in their states through a State

Apprenticeship Council (SAC). (In these states, OA maintains the right to register programs and apprentices in federal facilities; railroads and Native American lands.) These states have agreed to conform to the requirements of Title 29 CFR Part 29. Oregon is a SAC state and pursuant to federal regulations, the Bureau of Labor and Industry's (BOLI) Apprenticeship and Training Division (ATD) is responsible for any final decisions that may implicate federal purposes. ATD relies heavily on the expertise of its SAC members in making any such decisions.

By statute or executive order, SAC jurisdictions agree to abide by the applicable federal requirements as established by OA. These SAC states must also agree to financially support a state apprenticeship agency. In doing so, Oregon has established a regulatory structure that substantially mirrors the federal system, but with some differences based upon Oregon's history with registered apprenticeship that pre-dates the federal regulations.

Apprenticeships are real jobs and workers earn a paycheck during their apprenticeship—typically starting at 50 percent to 60 percent of their eventual journey level wages. An apprentice's wages go up 5% - 10% every six months as they successfully progress through the program and master additional skills.



(For a detailed breakdown on wages by program and occupation, see [Exhibit 1](#).)

Because on-the-job training is part of their job, participants do not have to forgo income from employment, thus one of the key barriers to receiving additional training is surmounted.

For individuals who are unable or unwilling to take time out of the labor market to pursue postsecondary education, an apprenticeship can be the perfect fit. Additionally, for the unemployed worker who needs to upgrade his or her skills to find a job, an apprenticeship means an immediate job, steadily rising wages, and an entry into a successful and sustainable long-term career.

Apprenticeships dramatically raise workers' wages from the moment they finish training and continue to benefit them throughout their careers. While Oregon has not conducted research into

wages earned by apprentices after completing their programs, the Office of Apprenticeship has noted that workers who complete an apprenticeship earn an average starting annual salary of \$50,000.36. In the most comprehensive research to date by OA, analysts conducted a cost-benefit analysis of registered apprenticeships in 10 heterogeneous states for the Department of Labor's Employment and Training Administration and found that apprenticeships confer both short- and long-term benefits to workers. The states were selected to run the gamut of a number of key factors, including program size, geographic region, and levels of union representation.

The study found that the estimated earnings of workers who participated in apprenticeships would be \$98,718 more over their lifetimes than similar nonparticipants; workers who complete an apprenticeship make an average of \$240,037 (\$301,533 including non-wage benefits) more than comparable job seekers in their lifetimes.

State Enabling Legislation/Program Authorization

ORS Chapter 660 establishes the statutory authority for the SAC and ATD. This chapter encourages the development of formal occupational skill standards and the creation of local apprenticeship committees through the voluntary cooperation of management, labor, and government. The Oregon State Apprenticeship and Training Council advises ATD on issues regarding the operation of registered apprenticeship programs in the state.

Registered Apprenticeship in Oregon

Oregon's Apprenticeship and Training Division, part of the Bureau of Labor and Industries, approves and registers apprenticeship training programs and certifies approximately 1,200 journeymen per year through collaborations with business, labor, government, and education partners. These programs provide career training and employment opportunities in technical and craft occupations. ATD provides services to over 4,500 employers. Registered apprenticeship is a sustainable, employer-driven training model offering equal employment opportunities for all Oregonians, moving people directly into career pathways and family wage jobs. The division is currently authorized for 18 FTE.

Program Description

The Apprenticeship and Training Division (ATD) supports Oregonians by:

- Helping business and industry to identify skill gaps and develop training programs;
- Registering and monitoring the operation of apprenticeship programs;
- Registering apprentices in programs and issuing credentials upon completion of programs;
- Conducting annual program compliance reviews;
- Providing technical assistance to improve program operations, promote partnerships with the public education system, and develop diverse pools of applicants;
- Providing outreach and promotion of apprenticeship opportunities, with an emphasis on the recruitment of veterans, women, and people of color; and
- Collaborating with other state agencies with respect to classroom training, licensing, certification, and outreach.

As of January 1, 2014, there were 5,640 active apprentices and 4,587 employers participating in 151 approved programs in Oregon. ATD provides technical assistance to employers and industry

groups operating apprenticeship programs. The majority of apprenticeship programs in Oregon are in the building and construction trades. Nationally recognized companies such as Boeing and Intel Corporation are also program sponsors, as are many family owned businesses, all collaborating in a public/private partnership with the government to create a highly skilled workforce. Most apprenticeship programs partner with local community colleges, with tuition frequently paid by the employer, enabling apprentices to earn college credit or obtain an associates' degree.

ATD sees registered apprenticeship as an essential tool in closing the state's middle-opportunity job gap in most occupations. Middle-opportunity jobs are those requiring more than a high school education but less than a four-year degree. Middle-opportunity jobs currently make up the largest segment of jobs in our economy and will continue to do so for years to come. These jobs are primarily in the "middle 40" of Oregon's 40-40-20 plan. As more employers become active participants in developing their work forces, value can be realized by utilizing registered apprenticeship. Registered apprenticeship is a people-based strategy where employers and educators directly collaborate to cultivate a skilled workforce.

While the current base for registered apprenticeship in Oregon is primarily in the construction industry, the combination of occupational standards, supervised on-the-job training, and classroom instruction make the apprenticeship model applicable to almost any industry cluster. Expanded use of the apprenticeship model of training can help Oregon maximize its investments in the community college system by combining classroom education with on-the-job experience. ATD is the conduit and resource center for businesses and industry to develop and operate training programs built to their specifications.

Registered apprenticeships are ideal for high-demand careers such as industrial electricians, aircraft mechanics, or plumbers. Examples of occupations where apprenticeships are underutilized in Oregon include dental assistants, legal assistants, auto mechanics, accountants, and fire fighters. Many Oregonians are currently in school studying these disciplines with no direct connection to or employment within the industry cluster that they are pursuing. Apprenticeship can articulate work and education resulting in a better trained worker for the employer.

Registered apprenticeship helps ease the burden resulting from the recent decline and underfunding of career and technical education ("CTE") in the state. Registered apprenticeship recognizes the significant value of CTE as a tool for preparing current and future workers and creating more opportunities for students transitioning out of high school. Expanding CTE and career pathways in high-demand occupations, enhancing dual enrollment opportunities, and increasing articulation agreements between community colleges and universities are all steps that would help build the employee base for employers and would feed the registered apprenticeship system. ATD collaborates with public education partners to make apprenticeship a step along a career highway, providing training tailored to the needs of the job market -- closer to the employers and available jobs.

Veterans' Programs

Through ATD, BOLI has a contractual relationship with the Federal Department of Veteran's Affairs to serve as the State Approving Agency for Apprenticeship and On the Job Training (henceforth known as OJT) Facilities. The contractual approval function allows BOLI to approve employers and apprenticeship committees as authorized training facilities to train veterans. When a

veteran is enrolled or hired into an approved training facility, they may make use of their G.I. Bill benefits. As of January 1, 2014, there are 600 veterans enrolled in registered apprenticeship programs and an additional 34 veterans hired into OJT programs. Of the 600 veterans enrolled in registered apprenticeship programs, 366 of those veterans are eligible to use their G.I. Bill Benefits.

The Apprenticeship and Training Division has increased the active facility count by 48% in the past Fiscal year bringing the Division up to 89 Active Facilities and 191 Approved Facilities. An Active Facilities is classified as a facility that currently has a veteran enrolled in its program and receiving benefits.

Total Apprentices	Total Active Veterans in Registered Apprenticeships	Eligible Veterans	Veterans Receiving Benefits	% of Veterans Receiving Benefits
5693	600	366	191	52%

There are currently 191 veterans making use of their G.I. Bill benefits through Apprenticeship and OJT facilities representing 52% of the eligible population.

Statewide Services

Oregon's 147 active apprenticeship committees are widely dispersed throughout the State, although the majority of the large and mid-sized programs are in the Portland metropolitan area and along the Interstate 5 corridor. As demonstrated on the attached maps ([see exhibit 2, 3 and 4](#)), 51.6% of active all active apprentices and 50.1% of apprentices completing their programs in calendar 2013 resided in Clackamas, Multnomah and Washington counties. The remaining counties on the Interstate 5 corridor were responsible for 31.6% of all active apprentices and 32.9% of all completing apprentices in calendar year 2013.

While it may appear that registered apprenticeship has excluded the rural areas of the State, a look at overall statewide employment data by county shows that this is not necessarily the case. A comparison of each county's share of statewide employment with the percentage of active apprentices in each county shows that in all but two cases, the percentage of active apprentices in the rural counties is within one percentage point of that county's share of statewide employment. For the most part the distribution of apprentices by county corresponds roughly to the percentage of Oregonians employed by county. Put another way, there is no shortage of registered apprenticeship in Oregon's rural counties, but rather a shortage of jobs.

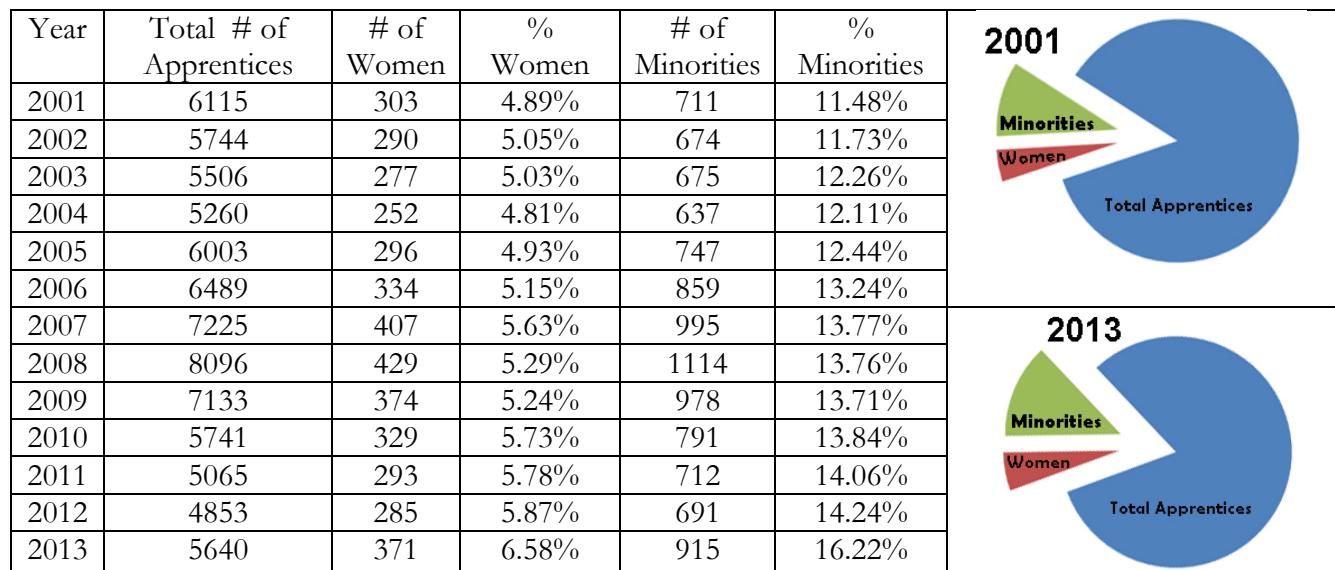
Demographics

Despite decreasing demand for apprentices from 2009 – 2013 due to the declining economy, minorities and women have gradually increased their participation rates in registered apprenticeship programs.

Retention efforts have served to narrow the participation gap. Most programs have done a good job retaining minority apprentices and minimizing the impact of the recent economic downturn resulting in greater diversity in the state's workforce. As indicated in the following chart, the percentages of women and minorities participating in registered apprenticeship programs have

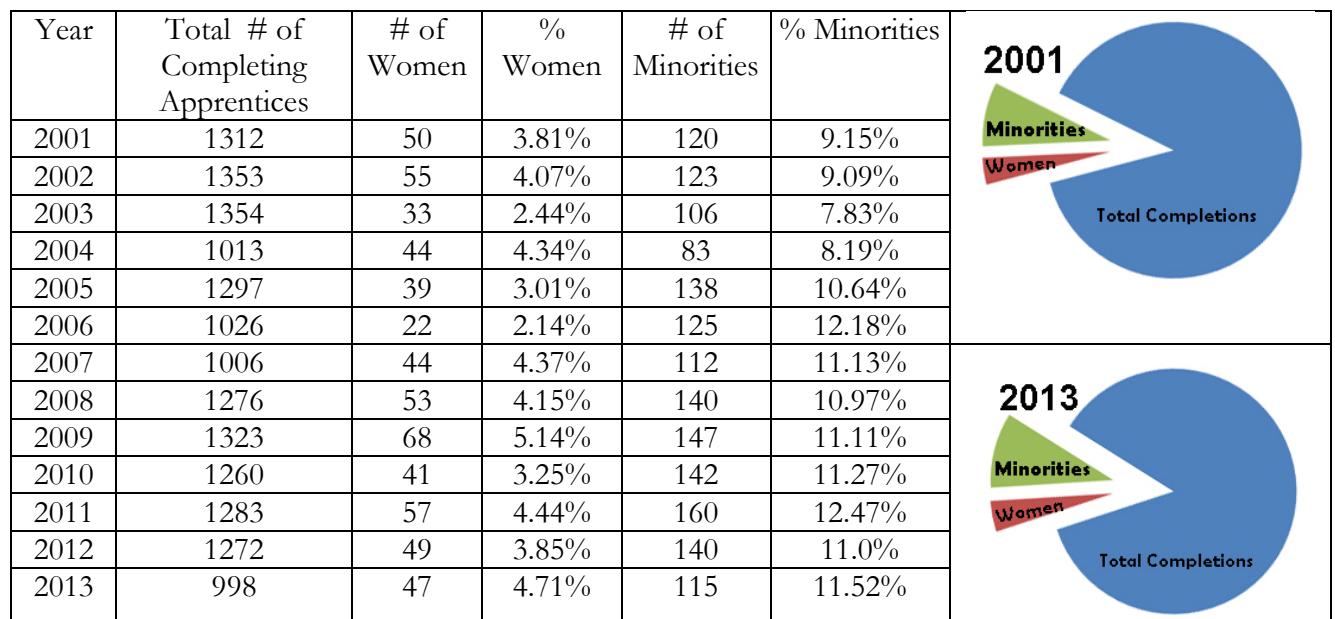
continued to gradually rise, despite an overall decline in the gross number of active registrations through 2013.

Apprenticeship Participation by Gender and Ethnicity



During the same time period, minorities have gradually increased their percentage of the number of individuals completing their apprenticeship programs. Program compliance and technical assistance activities from ATD have focused on the need for programs sponsors to address operational issues that result in a disparate impact for women and minorities. While similar gains have not yet been realized for women, ATD continues to work with program sponsors and community group to ensure equal access to trades careers.

Individuals Completing Apprenticeship Programs



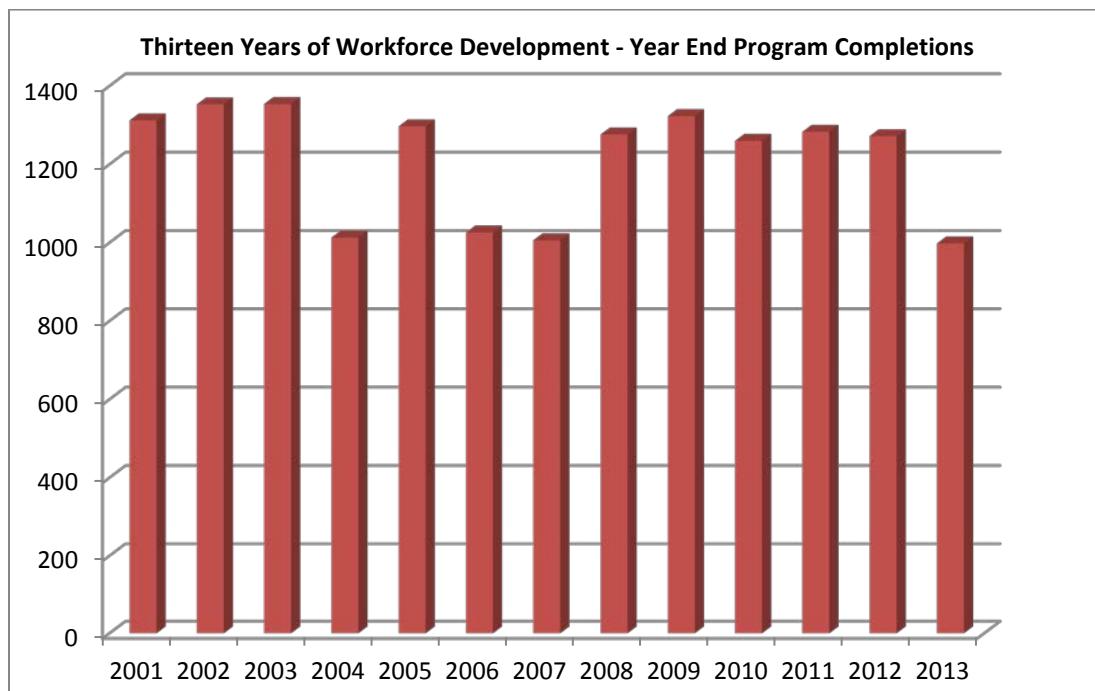
A detailed breakdown of apprenticeship registrations, terminations and completions by gender and ethnicity for each registered program from 2009 – 2013 can be accessed by clicking here, [Exhibit 6](#).

Overall Program Performance

A detailed breakdown of apprenticeship registration, cancellation and completion activity for calendar year 2013 is attached hereto.

- Total apprenticeship registrations as of June 30, 2013 (FY 2013): 4,966
- Total apprenticeship registrations as of January 1, 2014: 5,640
- New Registrants in FY 2013: 2,141
- New Registrants FY 2014, through January 1, 2014: 1755
- Participating employers in FY 2013: 4,634
- Participating employers FY 2014 through January 1, 2014: 4,587

ATD assists registered apprenticeship programs in certifying approximately 1,200 new journey workers every year (depending upon the health of the economy), as indicated in the chart below showing the number of individuals who have completed their programs over the past 10 years. During the 2009-2013 economic downturn, ATD's efforts to assist industry in retaining its current apprentices has actually helped industry increase the total number of individuals completing their apprenticeship programs over the past three years. These men and women now have a nationally recognized work credential and the ability to earn steady family wages. Based upon recent ATD budgeting trends, the state's investment in each completed apprentice is only \$1,013.



Through its program review and technical assistance efforts, ATD has assisted business and industry in closing historic disparities in the number of women and ethnic minorities training in the technical trades.

Summary of Revisions to Key Performance Measures for 2013-2015
Effective July 1, 2013

Key Performance Measure	Previous Target	Target for 2013-2014
ATD: Number of apprentices receiving journey level certificates.	1160	1280
ATD: Number of newly registered apprentices	2450	2200
ATD: Percentage of new apprenticeship participants who are minorities	15%	15%

A copy of ATD's most recent Division Management Report and its organizational chart can be accessed here, [Exhibit 7](#), and [8](#).