



Business Leaders United
for Workforce Partnerships

Policies that Work

www.businessleadersunited.org

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Making Work-Based Learning Work for Businesses

Work-based learning strategies—including apprenticeship and on-the-job training—bring structured learning into the workplace, helping new employees raise their skills over time while meeting the immediate workforce needs of business. Through work-based learning, companies can develop qualified and loyal employees, while employees gain industry-recognized credentials and higher wages.

This brief outlines the value of work-based learning, and recommends important policy changes to support businesses interested in launching or expanding these strategies in their own place of work.

As the U.S. economy regains steam, companies face new challenges in developing a pipeline of qualified new applicants to fill skilled positions—particularly “middle-skill” jobs that require some education and training beyond high school, but not a four-year college degree.

To build out these pipelines, a growing number of U.S. companies are adopting a workforce strategy used for decades by competitors across the globe. That is, they are hiring work-ready but not fully qualified students and workers, and then enrolling them in a structured, *work-based learning* plan that prepares them for hard-to-fill positions. The most familiar example of this approach in the U.S. is apprenticeship within the construction trades—but this strategy is now being adapted by American companies across a wide range of industries and in a variety of forms.

Unfortunately, unlike many other nations, the U.S. does not yet have the right policies and infrastructure in place to

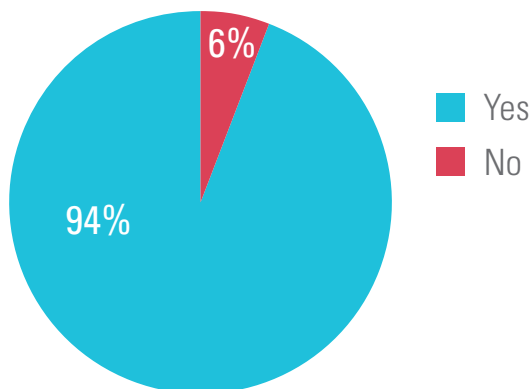
make it easier for more American companies—including small and medium-sized firms—to set up apprenticeships and other work-based learning plans that meet the immediate workforce needs of their businesses. We need more flexible policies to offset company costs in creating these programs. And we need better policies to ensure that students and workers hired through these strategies are both work ready and able to stay on the job long enough to fully grow into their positions.

Work-Based Learning vs. Other Workforce Training Strategies

Business Leaders United (BLU) defines work-based learning *as training which takes place within the context of a wage-earning, long-term employment relationship between a business and a worker, in which the learning worker can develop measurable skills through instruction both in the workplace and, when necessary, off site at a school or training program.*

That instruction should eventually lead to the employee

EMPLOYERS SUPPORT APPRENTICESHIP
Ninety-four percent of employers would recommend apprenticeship to other employers



Source: The Urban Institute <http://www.urban.org/sites/default/files/alfresco/publication-pdfs/411907-The-Benefits-and-Challenges-of-Registered-Apprenticeship-The-Sponsors-Perspective.PDF>

Because employers are directly involved, they can align training with the skills they need at any moment, and adjust training quickly as their workforce needs change.

earning an industry-recognized credential or license, as well as higher wages commensurate with his/her new skills and experience.

By this definition, work-based learning is different from other types of workforce development strategies that BLU is also supporting in which people are fully trained to industry standards *before* they are hired. In work-based learning, companies are *hiring* an apprentice or learning worker *as part of his/her training plan*, providing the necessary mentoring and experience on the job, and often partnering with a high school, community college, union, or training organization

to provide additional instruction until the worker fulfills the plan's requirements.

When done well, work-based learning offers the proverbial win-win, yielding benefits for employers and employees alike. For companies in desperate need of new workers, it immediately puts motivated hires on site. Because employers are directly involved, they can align training with the skills they need at any moment, and adjust training quickly as their workforce needs change. The approach has been shown to reinforce employee engagement, leading to better morale, higher retention and lower turnover. And it can help increase workplace diversity by offering a structured way for community residents to build careers with local firms. Employees, meanwhile, obtain market-driven skills and can “learn while they earn,” making the approach especially valuable for workers supporting families.

Employers are Essential to Success

The most important aspect of these work-based learning approaches is that companies are implementing them with workers they've already hired. To expand these opportunities, we need to have the right systems and industry-based partners in place, recognizing that different size firms have different capacities—and may require different types of assistance—to create the best plan. We also need policies that reduce the risk that firms take on by hiring people who are still in training. And we need policies that will help a range of students and workers not only show up ready for work on their first day, but will ensure that they are steady employees who will bring value to the company for months or years as they complete their training—and hopefully become long-term employees.

POLICY RECOMMENDATIONS

In the last few years, federal policymakers have taken important steps to encourage work-based learning. Under the Workforce Innovation and Opportunity Act (WIOA), for instance, states and cities must improve linkages between their traditional workforce systems and apprenticeship programs, and expand work-based learning opportunities for both lower-wage working adults and disadvantaged youth.

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Yet work-based learning strategies still have not gone to scale in the U.S. In fact, we barely have one apprentice for every forty full-time college students in this country. To advance the work-based learning approach, we urge Congress to consider the following important policy changes.

Invest in sector partnerships to help more local employers establish work-based learning programs at their companies.

Businesses considering a work-based learning program can face common challenges. Smaller firms may lack the internal capacity or resources to develop and implement their own training. They may not be familiar with key local partners—industry-based intermediaries, community colleges, nonprofit training organizations, and others—who can offer invaluable support.

Industry or sector partnerships can help solve these problems. They bring together multiple employers from a regional industry with education, training, labor, and community organizations who then work with the group of companies to set up new apprenticeship and work-based learning programs. Sector partnerships can help design

training curricula set to shared industry standards defined by the companies; navigate apprenticeship registration requirements; offer a range of supports new workers may need; and even serve as the initial “employer of record” for new apprentices until host companies are ready to hire them.

The newly implemented WIOA requires state and local workforce boards to support industry-led partnerships. However, the act doesn’t provide dedicated resources to fund their creation in a region, and overall funding for WIOA has dropped more than 40 percent since 2001.

- **We encourage Congress to establish a new, dedicated funding stream to support state and local partnerships led by industry.** Funding should cover both planning and implementation efforts, including building the capacity to work with multiple firms to launch apprenticeship and work-based learning programs at their companies.
- **Congress should also consider requiring that future federal investments in apprenticeship be linked to new or existing sector partnership efforts.**

Provide targeted subsidies and tax credits to offset company costs of training new apprentices and learning workers.

Federal policies do little to address company costs associated with hiring new workers who may still require some training and support to succeed on the job. Existing federal policies like the Work Opportunity Tax Credit (WOTC) are typically structured for larger firms, not smaller companies, and only reward initial hiring rather than ongoing investment in skills and advancement. Some states now offer tax credits to companies as an incentive to adopt work-based learning strategies, but the monetary levels are generally meager compared to the costs of developing and delivering training.

- **Lawmakers should redesign today’s WOTC program, replacing it with a new Work-Based Learning Opportunity Tax Credit** that rewards employers who spend valuable dollars on employee training leading to better skills, higher wages and marketable credentials. This tax incentive would help cover the costs incurred by companies for both on-site training or as well as off-site

training at a community college or other workforce programs.

- Congress should provide additional upfront subsidies to smaller employers to offset the initial costs of hiring, orienting, and training new apprentices—particularly those with less work experience or fewer traditional skills. By offering employers upfront subsidies of up to \$25,000 annually for starting a new apprenticeship program or expanding an existing one, this policy would spur more hiring than would tax credits alone.

Invest in ongoing worker supports to diversify the pipeline of new apprentices able to achieve long-term success both on the job and in the classroom.

BLU is led by a diverse group of employers who are committed to hiring and training a new pool of skilled workers. But many inexperienced or lower-skilled individuals may need extra supports along the way to assure companies that these new workers-in-training will be steady employees who will show up every day for their jobs, consistently attend the instruction and classes that will help them build skills and credentials, and ultimately bring value to their employers.

- **Congress should establish a new Work-Based Learning Support Fund**, which would help out-of-school youth and adults lacking a solid employment history as they transition to apprenticeship or other work-based learning opportunities. This fund, appropriated at \$100 million a year, consistent with current apprenticeship funding would provide services during three critical phases of a new worker's journey.

- *Pre-employment supports:* Grants to qualified community organizations would support pre-apprenticeship services, skills training, mentoring, and more to individuals for up to four months.
- *Early employment supports:* For the first six months on the job, individuals would benefit from ongoing services—continued skills training, soft skills supports like time management, financial literacy, and more. Grants from the fund could also subsidize the new employee's wages and benefits during this critical transition to full employment.
- *Unsubsidized apprenticeship:* After participants complete the six month work transition, the company would formally hire them at the apprentice wage or higher, and benefits. Funding could also defray the costs of continued mentoring and retention supports for up to eighteen months.



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Business Leaders United for Workforce Partnerships (BLU) is the national voice of small and medium sized employers who are concerned about filling skilled positions at their companies and want to develop public-private partnerships in their communities to better meet their skilled workforce needs.