



ALABAMA

OFFICE OF

APPRENTICESHIP

Annual Report

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Report of the Director, Josh Laney



It is my great honor to serve as the first director of the Alabama Office of Apprenticeship. At 2.7%, Alabama enjoys the lowest levels of unemployment in the history of our great state. Our economy is prospering, and our state is being recognized as a prime location for new and expanding industry. Investment by employers, leadership by elected officials, and the work ethic of the great people of our state are driving this economic prosperity. However, we know our work is not finished and we must continue to innovate in order to maintain success. Achieving our Success+ goal of 500,000 newly skilled workers by 2025 is going to take work across all aspects of our education and workforce system.

The challenge we face now largely stems from the success of our economy. As the Alabama Department of Commerce continues to do an outstanding job of recruiting and expanding industry in Alabama, availability of our greatest resource, workers, has become scarcer. While we have seen improvement in the labor force participation rate from 56.8% in April 2017 to 58.6% in November 2019, there are still far too many Alabamians disconnected from the workforce. In addition to those who are disconnected, there are many Alabamians who have jobs, but not careers with upward mobility. They do not have the skill sets required to take advantage of the high-wage opportunities available and they do not have access to the resources to attain them.

Apprenticeships offer an excellent opportunity for our citizens to maintain gainful employment while receiving the technical skills and work-based learning experiences needed to enter an in-demand occupation. The Alabama Office of Apprenticeship (AOA) is expanding the use of apprenticeship as a workforce solution. The AOA is increasing the variety of occupations trained by apprenticeship, developing flexible new apprenticeship models, and increasing the diversity of Alabamians utilizing apprenticeship. By helping large and small employers build customized training programs and connecting them to a wider variety of talent pipelines, the AOA will help Alabama continue to lead the way at the nexus of education and workforce development.

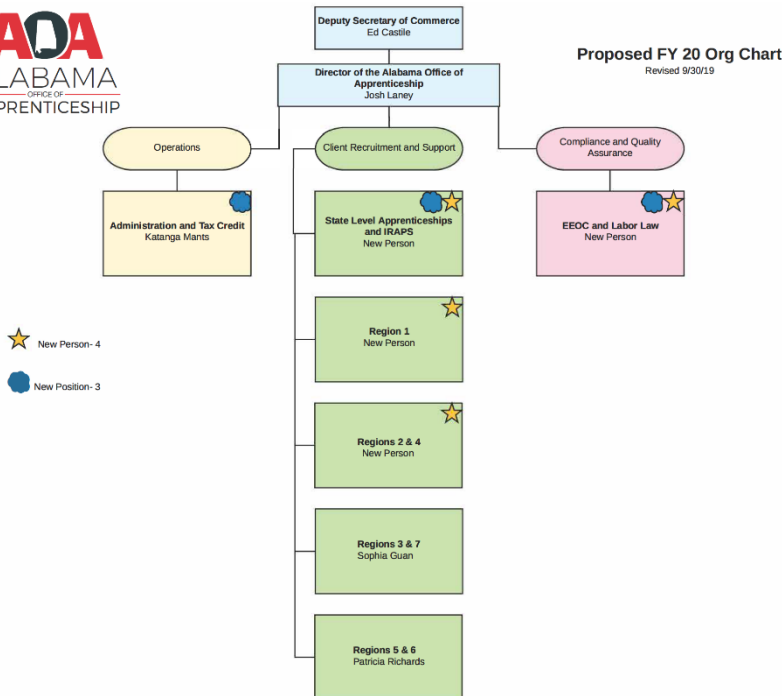


Apprenticeship Council

The Alabama Apprenticeship Council has been formed, and its membership is pending confirmation by the Alabama Senate in this legislative session. The council is statutorily defined as regulatory in nature. The working relationship with the Council and the Director of the AOA is defined in the “Standards and Regs” document being reviewed by the USDOL.

Ex-Officio Members	Appointed Members
Governor Kay Ivey	Mary Albritten
Lieutenant Governor Will Ainsworth	Representative Napoleon Bracy, Jr.
Senator Del Marsh	Daniel Flippo
Representative Mac McCutcheon	Jerry Grissom
Chancellor Jimmy Baker	Willie Guilford
Superintendent Eric Mackey	Kellie Hope
George Clark, Chair AL WIOA Board	Robin Ricks
Tim McCartney, Chair AL Workforce Council	Casey Shelton
	Amber Turner

Staffing of the AOA



The AOA will serve employers with regionally based project managers. These staff members will be deeply integrated with the Regional Workforce Councils, chambers of commerce, community colleges, economic development authorities, and K-12 school systems. Three of an eventual total of five project managers are currently on staff. All project managers will undergo extensive training. These project managers will be subject matter experts on apprenticeships, all aspects of

work-based learning, and talent pipeline management. Further, AOA staff are working across agencies to develop a network of connections which will enable them to aid employers with programs and services available through the broader workforce development system of the state. One staff member will be dedicated to internal operations and management of the apprenticeship tax credit program.



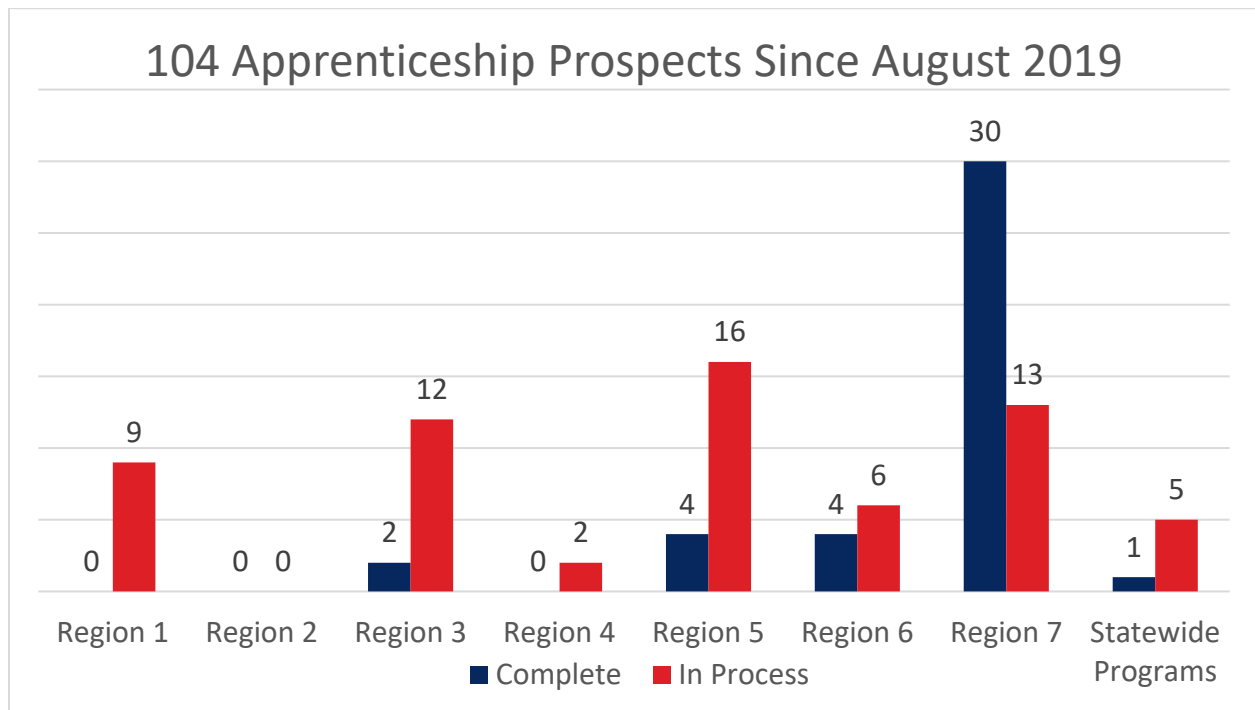
Apprenticeship Program Data

Program Expansion Under the AOA

The expansion of registered apprenticeship in Alabama is the first goal of the Alabama Office of Apprenticeship (AOA). The primary metric the AOA will use to gauge progress will be the number of employers served. The use of employers served as a metric is indicative of a fundamental shift in thinking. Traditional metrics of apprenticeship programs place the emphasis solely on the numbers of apprentices. The counting of apprentices inevitably drives the efforts of program development more heavily to large employers and leaves small and medium sized employers without the level of support they need for program development.

Since the creation of the AOA, there has already been significant growth in the number of apprenticeship programs in Alabama. Workforce regions 3, 5, 6, and 7 have seen the greatest growth due to the work of two experienced incumbent project managers. As additional project managers are hired, the expectation is that similar growth will be evident in the previously un-staffed regions while the others continue to grow.

In addition to apprenticeships being established within workforce regions, the AOA is working to build apprenticeship programs with statewide sponsors. These programs will be available to employers across Alabama who might be members of industry-based associations with statewide sponsorships or who might participate in programs regulated by state agencies who can serve as program sponsors. The Alabama Rural Water Association, the Alabama Department of Corrections, and the Alabama Department of Early Childhood Education are some of the examples of state-level programs being developed.





Other Data Regarding Apprenticeships in Alabama

As the AOA is being formed and working through the process to become a State Apprenticeship Agency, the USDOL has not granted AOA staff access to the federal database used for the tracking of apprenticeship programs nationally. As such, the data regarding numbers of sponsors, numbers of apprentices, and other details about apprenticeships in Alabama is gathered indirectly from flat file reports provided to the AOA upon request. Initial analysis by the AOA has determined that the data provided is substantively inaccurate and should not be reported publicly. It cannot be validated to any level and to use it for establishing baselines would taint the measurement of future progress. Some examples of problematic data are given here.

USDOL Apprenticeship Data Challenges

One of the most basic questions about apprenticeships is **“How many apprentices do we currently have in Alabama?”** According to the most recently provided report from the USDOL, Alabama has approximately 4,100 apprentices. Unfortunately, a cursory examination of the underlying data shows gross misrepresentations. One particularly impactful example is the counting of 928 Boilermaker apprentices in Alabama’s data, despite the program being registered in Ruskin, Florida and having no readily apparent way to determine how many apprentices in the program might live or work in Alabama. This one program accounts for nearly 25% of the apprentices the USDOL says Alabama has.

Another foundational question would be **“How many apprenticeship programs are in Alabama?”** USDOL records indicate 145 registered programs. Upon creation of the AOA, one of the first tasks undertaken was to attempt to contact and catalogue these sponsors. AOA staff found the task daunting and the underlying source data wholly inaccurate. For example, AUSTAL USA is listed in the USDOL data 4 times and counted as four different sponsors. In other cases, employers are listed as sponsors despite having gone completely out of business.

Finally, a reasonable person might ask **“How many employers in the state use apprenticeships?”** Again, data provided by USDOL does not seem to be reasonably accurate. Only 73 employers could be identified by the USDOL. It should be impossible to have a lower number of employers than sponsors because each sponsor should be either an employer themselves or running a program consisting of multiple employers. In some cases, sponsors of consortium-style programs have no employers at all listed. The Apprenticeship Training Representative from the USDOL indicated that sponsors had not been directed by previous USDOL representatives to list their employers.

Upon completion of the process to become a State Apprenticeship Agency, the AOA will be granted direct access to the RAPIDS system. One of the first tasks will be a very significant endeavor to clean up and complete the data set reflecting the utilization of registered apprenticeships in the state.



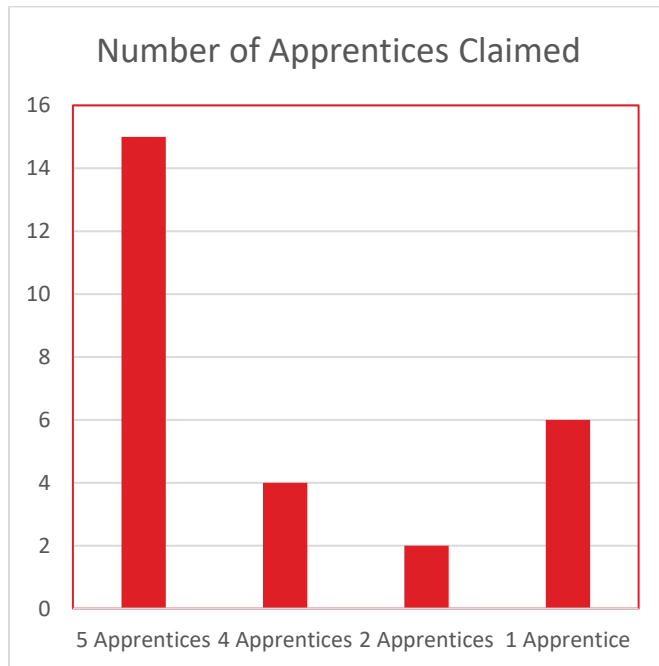
Apprenticeship Tax Credit

Improvements to the Tax Credit Process

The apprenticeship tax credit has previously been significantly underutilized by qualified employers. Through conversation with employers, two main points arose as reasons for underutilization. First, the tax credit rules were viewed as “convoluted” and did not make it easy for employers to understand if they qualified. Second, the application process itself was multi-step and unclear. To address these concerns, several steps have been taken. A single point of contact has been identified and trained within the AOA staff to directly assist employers with the tax credit application process. A simple one-page document has been developed and distributed as a point of reference for employers to understand how and if they can qualify for the credit. Most importantly, the application process has been reduced to a single page and has been made available so employers can complete the submission through the AOA web page at www.alapprentice.org. As new employers and sponsors develop apprenticeship programs, AOA program managers are ensuring they are familiar with the enhanced tax credits made available through Act 2019-506. The increase from 5 to 10 apprentices, the increase from \$1000 to \$1250 per apprentice, and the addition of the youth tax credit should make the credit package more of an incentive for employers.

Utilization of Current Tax Credit

The Apprenticeship Tax Credit for tax year 2019 is capped at \$1000 per apprentice with a limit of 5 apprentices. To date, 27 employers have used the new application process to claim tax credit vouchers worth \$101,000. Of the 27 employers who have currently claimed the tax credit, 15 utilized the maximum amount available.



Location of Employers Claiming Credit	
Alabaster, AL, USA	1
Albertville, AL, USA	1
Anniston, AL, USA	1
Birmingham, AL, USA	2
Cottondale, AL, USA	1
Cuba, AL, USA	1
Decatur, AL, USA	1
Florence, AL, USA	1
Foley, AL, USA	1
Hanceville, AL, USA	1
Harvest, AL, USA	1
Huntsville, AL, USA	9
Irondale, AL, USA	2
Melbourne, FL, USA	1
Pelham, AL, USA	1
Sylvania, AL, USA	1
Vance, AL, USA	1
Grand Total	27



Youth Apprenticeship

To date, there is no substantial level of youth participation in apprenticeship programs in Alabama. To meet the workforce demand of our employers and provide pathways to in-demand careers, the AOA has been charged with the development of youth apprenticeship programs. To this end, project managers are working with employers to identify and eliminate barriers in program standards which might inhibit the participation of in-school youth. Project managers are also working to help employers better understand their ability to employ students under the age of 18 in otherwise restricted occupations. Alabama Act 2019-527, known as the Eliminating Legal Barriers to Apprenticeship (ELBA) Act, serves as the basis for AOA staff to clearly demonstrate to employers their ability to employ youth in apprenticeships and other work-based learning arrangements certified by the Alabama Office of Apprenticeship. This state legislation closely mirrors employer's rights as laid out in federal wage and hour regulations.

To incentivize K-12 school systems in the use of registered apprenticeships in high school settings, the AOA has proposed an update to the Every Student Succeeds Act (ESSA) plan for the Alabama State Department of Education. The proposal would make participation in a registered youth apprenticeship an additional indicator of College and Career Readiness. Students would meet the requirement by working at least 90 days as apprentices in registered programs. The specifics of qualification will be kept very similar to the requirements for employers to claim the newly established \$500 youth tax credit supplement to the Alabama Apprenticeship Tax Credit.

Support of Work-Based Learning

The AOA has the responsibility to promote the use of work-based learning as a part of a pathway to participation in apprenticeship. To accomplish this goal, the AOA is working closely with the Career Technical Education section of the Alabama State Department of Education (ALSDE). AOA staff members have participated in Career Coach trainings and the Career Development Conference hosted by the ALSDE and will soon be providing training to career technical directors through the Association of Career Technical Educators. The AOA presented to the Alabama Association of School Boards at their annual conference regarding the policy positions school boards will need to better facilitate work-based learning.

At the post-secondary level, the AOA participated in the State Higher Education Executive Officers (SHEEO) convenings on work-based learning. The AOA is working closely with the Alabama Commission on Higher Education and will be presenting to graduate school deans at an upcoming work-based learning convening.

The AOA has participated in national work-based learning training and policy development in conjunction with the Governor's Office of Education and Workforce Transformation (GOEWT) and the National Governor's Association (NGA). Recently, the NGA identified Alabama as a mentor state for work-based learning and awarded a \$100,000 grant. The AOA will serve as



grant staff and will work with the GOEWT to plan and implement activities to expand work-based learning through the grant. The AOA will plan grant-funded regional trainings as well as a statewide work-based learning summit. A publication will be created describing the spectrum of work-based learning activities in Alabama and providing guidance on how each of the types of work-based learning can fully be implemented.

Promotion of Dual Enrollment

The utilization of dual enrollment scholarship funds is a primary strategy for the expansion of in-school youth apprenticeship. The AOA is working closely with the Alabama Community College System to establish community colleges as sponsors for apprenticeship programs. With this approach, the colleges can not only provide the related technical instruction for apprenticeship programs, but also are able to be directly involved in the administration of programs for which they provide training. Through existing and newly created partnerships with K-12 systems, students are being engaged in pre-apprenticeship through dual enrollment. The advantage to the employers participating in such programs is the coursework students need for completion of the apprenticeship can be taken at no cost. This reduces the overall investment of the employer and provides a further incentive for employers to engage and employ in-school youth in their training programs.

Beyond the state dollars allocated to dual enrollment, Governor Ivey requested and was granted a waiver to allow in-school youth to receive Workforce Innovation Opportunity Act (WIOA) funded individual training accounts (ITAs). These ITAs can be used by students who meet WIOA qualification standards to cover not only tuition for dual enrollment coursework, but also WIOA eligible supportive services and other programs identified on the WIOA Eligible Training Provider List.

Alignment of Technical Instruction and On-The-Job Training

The AOA is deeply involved with the work of the Alabama Committee on Credentialing and Career Pathways (ACCCP) and the process to develop competency models for in-demand occupations. As these models are being developed, the AOA is simultaneously learning how to build competency-based registered apprenticeships. The Urban Institute is the national leader in developing competency-based apprenticeships and AOA staff are set to receive training in this process from these subject matter experts.

The Ready to Work program, originally developed by industry through Alabama Industrial Development Training (AIDT) is widely recognized as the state's premier certification of employability skills. The AOA is working with the GOEWT and AIDT to identify skills which are beyond the foundational employability skills but are still common to a specific industry cluster. These competencies will be developed into "bolt on" training material to enhance the Ready to Work certification. The intention is to provide employees a better preparation for entering the more specific technical competencies related to specific occupations. Once developed, these



enhanced Ready to Work curricula can become the common entry-level competency certification for entering apprenticeship programs in each industry cluster.

Industry-Recognized Apprenticeships

The concept of Industry-Recognized Apprenticeship Programs (IRAPS) was developed to facilitate apprenticeships in industry sectors which had not traditionally used apprenticeship as a training model. The USDOL released a notice of proposed rules for IRAPS which garnered over 300,000 public comments. Until action is taken by the USDOL, the AOA has developed significantly enhanced flexibility in registered apprenticeships to meet the needs of our employers. Alabama Act 2019-506 specifies that any IRAPs will be regulated by the AOA to ensure the quality is maintained at the same level of registered apprenticeships.

Expansion of Apprenticeship for Special Populations

According to USDOL, apprenticeship participants in Alabama are overwhelmingly white and male. While the exact numbers from the USDOL may be questioned, direct observation of existing apprenticeship programs in Alabama supports this conclusion. One of the strategies being used by the AOA to address the lack of diversity in apprenticeship is the expansion of the occupational training pathways. Apprenticeships have been focused mostly in male-dominated occupations like construction and manufacturing. Opening the occupation choices being provided through apprenticeships will engage females and minorities in taking advantage of what apprenticeships can offer. Already, new programs have been established in IT, hospitality and tourism, finance, and real estate. At the same time, AOA staff are working with employers and sponsors of existing programs to better connect to diverse talent pools. Through further work with the GOEWT and the Federal Reserve Bank of Atlanta, the AOA is also studying how the benefits cliff prevents people in poverty from being able to take advantage of apprenticeship and other types of workforce training.

The AOA has engaged with the Governor's Office of Minority Affairs (GOMA) and presented on the benefits of apprenticeship to female and minority business owners. An apprenticeship program has been developed with Stillman College, a historically black university. This program was the first in the state to be sponsored by a university who will provide the related technical instruction component of the apprenticeship.

The AOA is also working to bring apprenticeship to employers in rural Alabama. With the appointment of Brenda Tuck as the Department of Commerce's first Rural Development Manager, a partnership has been established to assist rural employers with the development and use of apprenticeships. While not legally identified as a special population, building apprenticeships with employers in rural areas will help provide access to training for those populations of citizens who are under-served. The AOA has participated in rural employer training with Mrs. Tuck and is actively planning to continue this effort.