

**MEMORANDUM**

TO: Current and Potential Sponsors of Apprenticeships in Alabama

FROM: Joshua J. Laney, Director, Alabama Office of Apprenticeship

RE: Apprentice Work Commitments

DATE: 07/27/2023

The Alabama Office of Apprenticeship (AOA) policy on costs of training established in November of 2020 prohibits the training costs for an apprentice to be passed on to the apprentice, as well as any arrangement resulting in student debt.

Some employers ask for “work commitments” from their apprentices. These arrangements are typically framed as an agreement to work for a specified period for the employer after the completion of training. In those arrangements, apprentices are sometimes asked to commit to repay the costs of the training if they leave before the work commitment has been met.

The AOA has always recommended against work commitment requirements, but not prohibited them under the last-dollar scholarship policy. The reasons for recommending against work commitments are two-fold. First, the commitments tend to “start a clock” in the mind of an apprentice, and experience has demonstrated this results in employees being conditioned to think of their employment as temporary and only for the duration of the commitment. Thus, work commitments have been counterproductive to long-term retention. Secondly, the practical aspects of an employer trying to recoup training costs from an employee mean that, in most cases, the costs of pursuing that repayment would be higher than any amount potentially recovered. For these reasons, most apprenticeships no longer utilize work commitments.

Recently, the AOA has been made aware of arrangements that create loan agreements between the employer and the apprentice. Such agreements set a specific dollar value on the total cost of the training. Those calculated values include everything from the apprentice’s wages and costs of training to more nebulous amounts like the value of the time of the journeyworker training the apprentice. These agreements show the intent of preventing an apprentice from leaving the employer and establish punitive conditions not only for leaving, but also for taking work in the same industry with another employer. It is the position of the AOA that such agreements violate the last dollar scholarship policy by establishing student debt and represent anti-competitive behavior by restricting the free movement of a worker to move to another employer.

To help employers determine what kinds of work commitments would be allowable under the AOA policy, the following characteristics are provided. These examples are only offered as a guide and any employer who would like to discuss their potential commitment is encouraged to reach out to the AOA.

The AOA does not recommend employers require work commitments, but also does not prohibit them if they have the following characteristics:

- The duration of a work commitment should be less than or equal to the period of the apprentice's training.
- The repayment amount for failing to complete a work commitment must be directly tied to the actual costs paid out by the employer for the training of the apprentice. This may include tuition expenses, licensing exam fees, or supplies purchased for the apprentice.
- The repayment amount should be uniquely based on the actual expenses of each apprentice and not an average or pre-set amount.
- The repayment calculations should be prorated based on the portion of the work commitment completed by the apprentice.

Agreements that include any of the following characteristics will be considered a violation of AOA policy and may result in the cancellation of an employer's participation in apprenticeship registered through the AOA:

- Any agreement establishing a "loan" or other promissory arrangement is not allowable.
- Repayment amounts may not include apprentice wages.
- Repayment amounts may not include the wages of journeyworkers.
- Repayment amounts may not include an interest calculation.
- Work commitments may not be enforced in situations where the employer terminates the employment of the apprentice.
- Work commitments may not include anti-competitive clauses that restrict the employee from seeking future employment. In situations where the intellectual property of an employer needs to be protected, a non-disclosure agreement should be implemented separately from a work commitment.

Any participating employer wishing to discuss questions about an existing agreement in place with apprentices or the development of potential future agreements is encouraged to contact the AOA.



cc: Alabama Apprenticeship Council