



CHAPTER SUMMARY

Can Pay for Success Scale Apprenticeships in the US?

/ John Colborn, Harry Leech, and Deniz Nemli

Apprenticeships hold great promise for workers and businesses. But to grow apprenticeships in the U.S., employers need public funding as well as guidance from experienced intermediary organizations. Public support for expanding apprenticeships should tie funding to the achievement of outcomes.

Challenges

The United States offers far fewer apprenticeship opportunities than other countries. Existing public funding for apprenticeships in the U.S. is small and patchwork, involving federal, state, public, private, and some philanthropic funds. Businesses have generally been willing to pay wages to apprentices, but less willing to take on the other administrative functions required to establish and maintain an apprenticeship program, such as recruiting, recordkeeping, and coordination of apprentices' technical instruction. Intermediary organizations are needed to persuade employers to try apprenticeships and then help employers establish programs and comply with funding requirements.

A public funding stream directly tied to hiring and retention of apprentices would be a game changer in the United States. In addition to offering substantially more funding, such a model offers the prospect of reliable and stable funding to attract investment in apprenticeship practices and the infrastructure of organizations and arrangements to scale apprenticeship.

Opportunities

Apprenticeship pay-for-success programs are publicly funded with multi-year commitments that pay a fixed rate per apprentice. To be compensated with public funding, the apprenticeship program must meet one or more success milestones, such as hiring, retention, or wage increases.

Workforce Realigned, Vol. II

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STATE-LEVEL PAY-FOR-APPRENTICESHIP POLICIES AND FUNDING EXAMPLES

California Apprenticeship Innovation Funding \$135M OVER 3 YRS Eligible apprenticeship sponsors receive \$3,500 when an apprentice has been active for six months and a \$1,000 bonus upon completion.	Florida Pathways to Career Opportunities Grant \$14.6M IN 2024, RECURRING Discretionary noncompetitive grant for apprenticeship sponsors to set up new, operate existing, or expand apprenticeship and preapprenticeship programs.	Iowa Iowa Registered Apprenticeship Act (84 E) \$3M PER YR Annual funding to support training or ongoing costs. Funding is allocated in proportion to the program's share of apprentices in the state, so payment is linked to the success of active apprentices.
Maine Maine Apprenticeship Program \$400K PER YR Employers receive \$1,500 upon starting a program and \$500 per apprentice to offset training costs.	Maryland Sponsor Apprenticeship Incentive Reimbursement NA ONGOING BASIS Rolling reimbursement program; sponsors are granted up to \$2,500 to offset related instruction costs. Funding is triggered by having active apprentices. Capped at 10 apprentices per employer per year, limited to newly registered apprentices.	Pennsylvania Foundations in Industry Training Grant Program NA Reimbursement fund for apprenticeship sponsors of a maximum of \$3,000 per apprentice, for up to three years. Funding is triggered by hiring an apprentice and can be used for on- and off-the-job training and administrative support (limited to 10% of the total grant).

Successful apprenticeship programs benefit businesses by developing productive employees and apprentices by providing a pathway to a career in a high-paying occupation. Public pay-for-success funding models lead to rapid growth in successful apprenticeship programs — as evidenced by examples from England, France, and Australia and some states — and would provide significant benefits to businesses, workers, and the U.S. economy. The return on investment for such programs would be around \$1.68 for every dollar invested.

Next Steps

- Policymakers can create federal funding opportunities for apprenticeships that use a pay-for-success model.
- Scaling apprenticeships will require mobilizing an army of intermediary organizations with the expertise needed to create successful apprenticeship programs for businesses.

