

Legislate[®]

Key Legislative Developments Affecting Your Human Resources

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Apprenticeship Program Bills Introduced in Congress

With Congress in recess until after the November 4 mid-term elections, this week's edition of *Legislate* looks at two proposals to encourage the formation and use of apprenticeship programs. One proposal seeks to achieve this through an expansion of the DOL's responsibilities toward such programs coupled with limited grant-making authority; while the other proposal provides tax incentives for employers that adopt apprenticeship programs.

S. 2859/H.R. 5533 – the PACE Act

The Promoting Apprenticeships for Credentials and Employment (PACE) Act ([S. 2859](#)) was introduced several weeks ago by Senator Patty Murray (D-WA). In the next Congress, Senator Murray is expected — depending on the results of November's mid-term elections — to be either the chair or the ranking member of the Senate Health, Education, Labor, and Pensions (HELP) Committee, which has legislative jurisdiction over the PACE Act in the Senate. (See our [September 5, 2014](#) *Legislate*.) A companion bill has been introduced in the House of Representatives — [H.R. 5533](#) — by Reps. Mark Pocan (D-WI) and George Miller (D-CA). Further activity on the bills isn't likely in this Congress, but their introduction suggests that apprenticeship programs may be a topic of interest in the next Congress — scheduled to begin in January 2015.

What is a registered apprenticeship program?

The National Apprenticeship Act of 1937 gave the DOL responsibility for oversight of apprenticeship programs and the administration of the National Apprenticeship System. Sponsored by businesses, employer associations, or in partnership with a union through a collective bargaining agreement, a Registered Apprenticeship program is a written plan designed to move an apprentice from a low or no skill entry-level position to a skilled position. Programs that meet certain standards may register with the DOL or state apprenticeship agencies, and the DOL's Employment and Training Administration maintains a [website](#) on registered programs.

The PACE Act's goals are three-fold: (1) increase the number of highly skilled workers in the US (particularly in in-demand industry sectors and occupations) through registered apprenticeship programs; (2) encourage the development and expansion of pre-apprenticeship programs; and (3) increase the attainment of post-secondary education credentials by apprenticeship program participants.

For the first goal, the legislation would authorize the secretary of labor to provide payments to eligible sponsors of new registered apprenticeship programs (or to existing joint labor-management programs that add employers as new partners). Twenty-five million dollars would be allocated for federal FY 2015 and each subsequent fiscal year, but payments to any one sponsor would generally be limited to \$5,000 or 50% of allowable operating costs.

For its second goal, the PACE Act would authorize the secretary of labor to make grants to qualified organizations to create pre-apprenticeship programs designed to prepare individuals to enter and successfully complete a registered apprenticeship program. Grants would be available to public-private partnerships between educational institutions and stakeholder representatives (such as representatives from employers, unions, and state agencies) whose pre-apprenticeship programs include curriculum-based training on the skills and competencies necessary for eventual entry into an apprenticeship program — including both theoretical and hands-on training.

For its third goal, the PACE Act would require the secretaries of labor and education to create a consortium between post-secondary educational institutions and registered apprenticeship program sponsors. Among the goals of the consortium would be translating the experience in a registered apprenticeship program to post-secondary academic credit. Fifty million dollars would be allocated for FY2015 and a like amount (but indexed for inflation) for each subsequent fiscal year.

S. 2234/H.R. 5579 – the LEAP Act

In a bipartisan effort, Sens. Cory Booker (D-NJ) and Tim Scott (R-SC) introduced the Leveraging and Energizing America's Apprenticeship Programs (LEAP) Act ([S. 2234](#)) earlier this year. A companion bill ([H.R. 5579](#)) was introduced several weeks ago on a bipartisan basis in the House by Reps. Rodney Davis (R-IL) and Dan Lipinski (D-IL). The bills, which take a different approach to encouraging registered apprenticeships than the PACE Act, have been referred to their respective chambers' tax writing committees, and — like the PACE Act — are not likely to see further congressional activity this year.

The LEAP Act would provide a new federal tax credit for employers that hire new apprentices who are registered with the DOL or a state apprenticeship agency. The bill would allow a tax credit of \$1,500 for each apprentice under age 25, and a \$1,000 credit for each apprentice over age 25 — but only for the total number of apprentices in each age category that exceeds a base amount for that category (the “applicable apprenticeship level”). The applicable apprenticeship level for each age category — designed to focus the credit on new or expanded programs — is equal to 80% of the average number of apprenticeship employees in that age category for the three prior years. In the first year of a program, the applicable apprenticeship level is zero. The new credit would be available for up to two taxable years for any one employee.

The bill includes an offset to pay for its cost — which would bar the federal government from printing publications that are available online with an exception for seniors, Medicare recipients, and communities with limited internet access.

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