

Business Models and Funding Options Workgroup



Apprenticeship 2030 Commission



Business Models

What are the variety of ways
apprenticeships are funded in the
U.S. and other countries?



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Funding Options

What are revenue streams which can incentivise apprenticeship startup costs and which can provide sustainability at scale?



What Costs Money in an Apprenticeship Program?

- Start-up costs (redesigning the job progression)
- Marketing to employers
- Managing the program
- Related Technical Instruction (RTI)
- Coaching employers and apprentices
- Paying the apprentice



Current U.S. Business Models

→ Self-Funded

- Employers and workers in group apprenticeships make payroll contributions for administration, recruitment and coaching of employers and apprentices, and RTI (in the U.S., generally used by union and non union construction apprenticeships for government work)
- Employer pays (in the U.S., in IT, non union private sector construction and some other industries)



Current Business Models

→ Subsidized

- Government pays for the off-job training in nearly all other countries.
 - In Germany and Switzerland, public schools pay for it.
 - The UK and Australia use pay-per apprentice model (recently launched in California and in Maryland at small scale).



Current Business Models

→ Subsidized

- Government pays for administration, recruitment and coaching of employers and apprentices, and RTI.
 - The UK and Australia do this.
 - The MD youth apprenticeship program – which starts and ends in high school— does this as well at a small scale,

→ What models are we missing?



Funding Options

→ Existing Funding Models:

- Employer pays all costs
- Blueprint pays for as much RTI and student recruitment as possible (in most occupations, it could be most of it)
- Federal work study \$ in colleges subsidize apprentice wages in exchange for colleges giving tuition discounts for apprentices for post-high school RTI
- State creates fund set aside from college scholarship programs to pay tuition for apprentices in post-high school RTI
- EARN and state and local WIOA \$ give priority to post-high school RTI for apprentices
- State tax credits for apprenticeship (usually small compared to the program costs)



Funding Options

→ New Funding Models:

- Group sponsor payroll contribution by sector (cybersecurity, childcare, police, health care, etc.)
- Public funding options:
 - Scaling up MDOL grants: for group sponsor start up costs and organization
 - Pay-per apprentice for employer recruitment, RTI, and other costs
 - State tuition aid for post-high school RTI (from the almost \$3 billion MD already puts into higher education)
 - Wage subsidies, tax credits, etc.

→ What are we missing?



Next Steps:



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Any Questions?
