

**EXAMINING THE POLICIES AND PRIORITIES  
OF THE LABOR DEPARTMENT'S  
APPRENTICESHIP PROGRAM**

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**HEARING**

BEFORE THE

SUBCOMMITTEE ON HIGHER EDUCATION AND  
WORKFORCE INVESTMENT

COMMITTEE ON EDUCATION  
AND LABOR

U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED SIXTEENTH CONGRESS

FIRST SESSION

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HEARING HELD IN WASHINGTON, DC, NOVEMBER 20, 2019

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**EXAMINING THE POLICIES AND PRIORITIES  
OF THE LABOR DEPARTMENT'S  
APPRENTICESHIP PROGRAM**

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**Wednesday, November 20, 2019  
House of Representatives,  
Subcommittee on Higher Education and Workforce Investment,  
Committee on Education and Labor  
Washington, D.C.**

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The subcommittee met, pursuant to call, at 1:05 p.m., in Room 2175, Rayburn House Office Building. Hon. Susan A. Davis (Chairwoman of the committee) presiding.

Present: Representatives Davis, Takano, Jayapal, Harder, Levin, Trone, Bonamici, Adams, Norcross, Smucker, Guthrie, Grothman, Walker, Comer, Watkins, and Murphy.

Also Present: Representatives Scott, Foxx, Hayes, and Wild.

Staff Present: Christian Haines, General Counsel -; Eli Hovland, Staff Assistant; Stephanie Lalle, Deputy Communications Director; Andre Lindsay, Staff Assistant; Jaria Martin, Clerk/Special Assistant to the Staff Director; Katie McClelland, Professional Staff; Kevin McDermott, Senior Labor Policy Advisor; Richard Miller, Director of Labor Policy; Max Moore, Office Aide; Janice Nsor, Oversight Counsel; Udochi Onwubiko, Labor Policy Counsel; Veronique Pluviose, Staff Director; Jonathan Walter, Labor Policy Fellow; Joshua Weisz, Communications Director; Cyrus Artz, Minority Parliamentarian; Courtney Butcher, Minority Director of Member Services and Coalitions; Dean Johnson, Minority Staff Assistant; Amy Raaf Jones, Minority Director of Education and Human Resources Policy; Audra McGeorge, Minority Communications Director; Jake Middlebrooks, Minority Professional Staff Member; Carlton Norwood, Minority Press Secretary; Chance Russell, Minority Legislative Assistant; and Mandy Schaumburg, Minority Chief Counsel and Deputy Director of Education Policy.

Chairwoman DAVIS. Good afternoon. The Committee on Education and Labor will come to order and I welcome everybody. I note that a quorum is present. The committee is meeting today for an oversight hearing on the policies and priorities of the Labor Department's apprenticeship program.

Pursuant to Committee Rule 7(c) opening statements are limited to the Chair and the Ranking Member, and this allows us to hear from our witnesses or from our witness sooner and provides all members with adequate time to ask questions.

I recognize myself now for the purpose of making an opening statement.

Today, we will examine the Department of Labor's policies and actions regarding our Nation's apprenticeship system. I want to welcome Assistant Secretary Pallasch to the committee. Thank you for being with us today, sir.

The national apprenticeship system is, simply put, our Nation's most successful job training program. First authorized by the 1937 National Apprenticeship Act, Registered Apprenticeships provide hundreds of thousands of workers each year with access to paid, on-the-job learning opportunities in high-demand fields. These programs place workers in apprenticeships that offer wages that increase as apprentices build their skills and competencies. It offers nationally portable and stackable credentials that are widely recognized and valued by employers and offers advancement in a rewarding career path. In fact, according to the most DOL data, and I would say also cited in our witness' prepared statement, 94 percent of apprentices in Registered Apprenticeship programs successfully retain employment with an average starting salary of roughly 70,000 annually.

At the same time, these programs help employers address the skills gap by building a pipeline of productive and talented workers who are more likely to remain at their jobs long term. The Registered Apprenticeship system has experienced tremendous growth with more than 600,000 new apprentices since 2017, showing that employers trust the strong quality standards that have made the Registered Apprenticeship system the gold standard in workforce training. Clearly, we should be building on the nationwide and bipartisan support for the Registered Apprenticeship, a system that has the public's trust.

Unfortunately, under this administration, the Department of Labor is instead disregarding its core responsibility to support Registered Apprenticeships while irresponsibly moving forward on creating a separate and untested new program known as Industry-Recognized Apprenticeship Programs, or what has been referred to as IRAPs. The National Apprenticeship Act makes clear that the Labor Secretary alone has the authority to set quality standards for apprenticeship programs that safeguard the welfare of apprentices. And the act further requires the Secretary to cooperate with state apprenticeship agencies in doing so.

Yet the IRAP model, which has been developed with little input from states, employers, or the public, actually eliminates the Secretary's responsibility to protect the welfare of apprentices through quality standards and safeguards. And IRAPs leave the 27 states and territories with their own apprenticeship agencies vulnerable to having multiple apprenticeship standards within their boundaries. And as a result, the apprenticeship may be subject to one set of standards for Registered Apprenticeship programs within a state, but also numerous different standards set by third parties, all under the name of apprenticeship.

The Department has claimed that this new I-RAP system will not harm Registered Apprenticeships. On several occasions, the Department assured Congress that IRAPs would not divert funding away from Registered Apprenticeships to promote IRAPs. However,

when the committee sought to clarify details, the Department provided inconsistent and contradictory answers.

And then just recently, the Department admitted to taking at least \$1.1 million that Congress specifically appropriated for high-quality Registered Apprenticeship programs to fund IRAPs. Press reports suggest that amount could actually be far higher, and we are looking to the Department for transparency that is long overdue. I am disappointed that the Department repeatedly misled this committee about its misuse of RA funds for IRAPs, Registered Apprenticeship funds. However, I am hopeful that the DOL Inspector General, who is investigating these discrepancies, will determine whether the Department violated the law by funding a program without appropriations from Congress.

What we do know is that the reallocation of resources from the Registered Apprenticeship program has left state apprenticeship offices across the country without state directors. In fact, 6 out of the DOL's 25 offices of Apprenticeship in states across the country had no leadership for most of the past year, including in Alabama, Tennessee, Nevada, Oklahoma, Idaho, and Texas. Vacancies within the federal Office of Apprenticeship have also prohibited crucial operations, like streamlining the registration process and even ensuring implementation of nondiscrimination apprenticeship regulations.

Despite all the resources expended to start this new I-RAP model, DOL itself admits that there is not one I-RAP currently in existence and has cancelled any guidance to describe what an IRAP might be. As I have said, the Registered Apprenticeship system has the potential, the great potential, to provide hundreds of thousands, if not millions, of Americans access to high-quality pathways that lead to the middle class and beyond. Yet to do so, the Department must fulfill its responsibility outlined in the National Apprenticeship Act to protect workers and provide high-quality apprenticeship opportunities that can empower them with the skills and credentials needed to be competitive in today's economy.

Mr. Pallasch, before I close, I also wanted to acknowledge that this committee has been asking for more clarity on the Department's actions all year. But despite requests made in letters this February, hearings in May, more letters in June, briefings in August, September, and October, your agency waited until 9:30 last night to provide documentation responding to some, but not all, of our outstanding questions. And I would add an additional letter this morning. These actions show a lack of cooperation with Congress and a lack of transparency on the part of the department. And from my experience, this type of behavior typically means there is something to hide. These actions also show a lack of respect for this committee from the department and the Employment and Training Administration.

So I hope this hearing will bring to light the many missing details of the department's actions, including the details that are still missing from the information provided to our committee last night. I hope that today's discussions will help both the Department of Labor and this committee refocus on what should be our common goal: strengthening the quality and variety of Registered Apprenticeship opportunities for all Americans.

I now yield to Mr. Smucker for his opening statement. We are still looking for—we will be introducing you in just a moment, sir. Thank you. Mr. Smucker.

[The statement of Chairwoman Davis follows:]

**Prepared Statement of Hon. Susan A. Davis, Chairwoman, Subcommittee on Higher Education and Workforce Investment**

Today, we will examine the Department of Labor's policies and actions regarding our nation's apprenticeship system.

I want to welcome Assistant Secretary Pallasch to the Committee. Thank you for being with us today.

The national apprenticeship system is, simply put, our nation's most successful job training program. First authorized by the 1937 National Apprenticeship Act, Registered Apprenticeships provide hundreds of thousands of workers each year with access to paid, on-the-job learning opportunities in high-demand fields. These programs place workers in apprenticeships that offer:

- \* Wages that increase as apprentices build their skills and competencies;
- \* Nationally portable and stackable credentials that are widely recognized and valued by employers; and,
- \* Advancement in a rewarding career path.

In fact, according to the most recent DOL data, 94 percent of apprentices in Registered Apprenticeship programs successfully retain employment, with an average starting salary of roughly \$70,000 annually.

At the same time, these programs help employers address the skills gap by building a pipeline of productive and talented workers who are more likely to remain at their jobs long-term.

The Registered Apprenticeship system has experienced tremendous growth, with more than 600,000 new apprentices since 2017, showing that employers trust the strong quality standards that have made the Registered Apprenticeship system the gold-standard in workforce training.

Clearly, we should be building on the nationwide and bipartisan support for the Registered Apprenticeship, a system that has the public's trust.

Unfortunately, under this Administration, the Department of Labor is instead disregarding its core responsibility to support Registered Apprenticeships, while irresponsibly moving forward on creating a separate and untested new program, known as Industry-Recognized Apprenticeship Programs, or I-RAPs.

The National Apprenticeship Act makes clear that the Labor Secretary, alone, has the authority to set quality standards for apprenticeship programs that safeguard the welfare of apprentices. The Act further requires the Secretary to cooperate with state apprenticeship agencies in doing so.

Yet, the I-RAP model, which has been developed with little input from states, employers, or the public, eliminates the Secretary's responsibility to protect the welfare of apprentices through quality standards and safeguards.

And I-RAPs leave the 27 states and territories with their own apprenticeship agencies vulnerable to having multiple apprenticeship standards within their boundaries. As a result, an apprenticeship may be subject to one set of standards for Registered Apprenticeship Programs within a state, but also numerous different standards set by third parties – all under the name of apprenticeship.

The Department has claimed that this new I-RAP system will not harm Registered Apprenticeships. On several occasions, the Department assured Congress that I-RAPs would not divert funding away from Registered Apprenticeships to promote I-RAPs. However, when the Committee sought to clarify details, the Department provided inconsistent and contradictory answers.

Then, just recently, the Department admitted to taking at least \$1.1 million dollars that Congress specifically appropriated for high-quality Registered Apprenticeship programs to fund I-RAPs. Press reports suggest that amount could actually be far higher, and we are looking to the Department for transparency that is long overdue. I am disappointed that the Department repeatedly misled this Committee about its misuse of RA funds for I-RAPs.

However, I am hopeful that the DOL Inspector General, who is investigating these discrepancies, will determine whether the Department violated the law by funding a program without appropriations from Congress.

What we do know is that the reallocation of resources from the Registered Apprenticeship program has left state apprenticeships offices across the country without State directors. In fact, six out of DOL's 25 offices of Apprenticeship in states



across the country had no leadership for much of the past year, including Alabama, Tennessee, Nevada, Oklahoma, Idaho, and Texas.

Vacancies within the federal Office of Apprenticeship have also prohibited crucial operations, like streamlining the registration process and even ensuring implementation of non-discrimination apprenticeship regulations.

And despite all the resources expended to start this new I-RAP model, DOL itself admits there is not one I-RAP currently in existence and has canceled any guidance to describe what an I-RAP might be.

As I have said, the Registered Apprenticeship system has the potential to provide hundreds of thousands—if not millions—of Americans access high-quality pathways that lead to the middle class and beyond.

Yet, to do so, the Department must fulfill its responsibility—outlined in the National Apprenticeship Act—to protect workers and provide high-quality apprenticeship opportunities that can empower them with the skills and credentials needed to be competitive in today's economy.

Mr. Pallasch, before I close, I also want to acknowledge that this Committee has been asking for more clarity on the Department's actions all year. But despite requests made in letters this February, hearings in May, more letters in June, and briefings in August, September and October, your agency waited until 9:30 last night to provide documentation responding to some, but not all, of our outstanding questions. These actions show a lack of cooperation with Congress and a lack transparency on the part of the Department, and from my experience, this type of behavior typically means there is something to hide. These actions also show a lack of respect for this Committee from the Department and the Employment and Training Administration.

I hope this hearing will bring to light the many missing details of the Department's actions, including the details that are still missing from the information provided to our Committee last night. I hope that today's discussions will help both the Department of Labor and this Committee refocus on what should be our common goal: strengthening the quality and variety of Registered Apprenticeship opportunities for all Americans.

I now yield to the Ranking Member, Mr. Smucker, for his opening statement.

Mr. SMUCKER. I would like to thank the Chair for yielding. Secretary Pallasch, good to see you. I believe we just spent some time together at one of the state prisons in Chester near my district in Pennsylvania. I appreciated you being part of what really was quite an amazing event there, talking about what we can do to ensure that those who are incarcerated, when they leave the prisons, have the skills to enter the workforce. And so you were a significant part of that event and I appreciate it, and it is good to see you here again.

On the heels of National Apprenticeship Week, today we will hear from the Secretary from the Labor Department on their apprenticeship programs, which I think we agree can help to energize the U.S. workforce. By supporting apprenticeships and other earn-as-you-learn programs, we can help change the too often held misconception that a baccalaureate degree is the only pathway to a successful life.

Thanks to some of the pro-growth policies that have been ushered in by Republican leadership in Congress and the White House, our economy is booming. Unemployment is at historic lows. And, in fact, we now have 7 million jobs that remain unfilled across the country. Apprenticeships offer one of the strongest solutions to closing this skills gap and strengthening the American workforce.

Nothing can prepare a student quite like on-the-job experience and apprenticeships are a tried and true method to help students enter the workforce with the skills they need to succeed and to achieve their own American dream. In fact, according to the Department of Labor, 94 percent of apprentices retain employment

after completing their apprenticeship program and the average starting salary after completion is around \$70,000.

Regrettably, a 2018 survey of U.S. employers showed that nearly half of all job creators struggle to hire employees with the right skills for the job and for the sixth year running skilled trade jobs continue to be the hardest position to fill all over the world really. Registered apprenticeships are one tool that we can use to strengthen the workforce, but it is important to give recognition to increasingly innovative and growing employer-led apprenticeship programs. Employer-led apprenticeship programs account for more than 80 percent of all apprenticeship programs nationwide.

Employers know best what skills their employees need to excel in the workplace, and Congress should encourage employer-led innovation in the apprenticeship space. That is why I certainly support efforts to cut the regulatory red tape that prevents so many employers from revolutionizing the way that we integrate the education system with the workforce development system.

We recently had a bipartisan roundtable in regards to apprenticeship and heard from employers about the need to be able to respond quickly and bring employees up to speed quickly and the flexibility that is required for them to be able to do that effectively.

So I would like to thank the Trump administration, the Task Force on Apprenticeship Expansion, which was created to address this very issue. Among other suggestions the final report of the task force recommended reducing the regulatory burden faced by businesses, allowing them to be flexible in the program requirements to meet the varying needs of different industries. So I applaud you and the Trump administration for this commendable effort to close our widening skills gap with commonsense solutions.

I also do look forward to pursuing a productive dialogue today about apprenticeships and taking time to address recent reports of misappropriated funds. I want to first and foremost go on the record that Congress must ensure that hard-earned taxpayer dollars are used efficiently and effectively. So I look forward to hearing from the Department today about the steps that they have taken to conduct a thorough review of its accounts.

I know that we would all like to be reassured that the Department has been able to correct any issues discovered in that review so that they will not be repeated. But I hope that this committee can also take on its responsibility to work towards solutions that will increase access to career-changing opportunities. Workforce programs like apprenticeships will aid in closing the skills gaps and putting more Americans to work.

So I look forward to hearing from today's witness and learning more about the innovative ways that we can help provide students with skills-based education and in-demand jobs through apprenticeship programs. Thank you, Madam Chair.

[The statement of Mr. Smucker follows:]

**Prepared Statement of Hon. Lloyd Smucker, Ranking Member,  
Subcommittee on Higher Education and Workforce Investment**

On the heels of National Apprenticeship week, today we will hear from the Labor Department on their apprenticeship programs, which can help energize the U.S. workforce. By supporting apprenticeships and other earn as you learn programs, we

can help change the misconception that a baccalaureate degree is the only pathway to a successful life.

Thanks to pro-growth policies ushered in by Republican leadership in Congress and the White House, our economy is booming and unemployment is at historic lows. However, more than seven million jobs remain unfilled across the country.

Apprenticeships offer one of the strongest solutions to closing this skills gap and strengthening the American workforce. Nothing can prepare a student quite like on-the-job experience, and apprenticeships are a tried-and-true method to help students enter the workforce with the skills they need to succeed and achieve the American Dream. In fact, according to the Department of Labor, 94 percent of apprentices retain employment after completing an apprenticeship program and the average starting salary after completion is \$70,000.

Regrettably, a 2018 survey of U.S. employers showed that nearly half of all job creators struggle to hire employees with the right skills for the job, and for the sixth year running, skilled trade jobs continue to be the hardest positions to fill all over the world. Registered apprenticeships are one tool we can use to strengthen the workforce, but it's important to give recognition to increasingly innovative and growing employer-led apprenticeship programs. Employer-led apprenticeship programs account for more than 80 percent of all apprenticeship programs nationwide.

Employers know what skills their employees need to excel in the workplace, and Congress should encourage employer-led innovation in the apprenticeship space. That's why I support efforts to cut the regulatory red tape that prevents so many employers from revolutionizing the way we integrate the education system with the workforce development system.

Thanks to the Trump administration, the Task Force on Apprenticeship Expansion was created to address this very issue. Among other suggestions, the final report of the task force recommended reducing the regulatory burden faced by businesses, allowing them to be flexible in their program requirements to meet the varying needs of different industries. I applaud the Trump Administration for this commendable effort to close our widening skills gap with commonsense solutions.

Instead of pursuing a productive dialogue today about apprenticeship programs, many of my Democratic colleagues will spend their time talking about recent reports of misappropriated funds. I want to first and foremost go on the record that Congress must ensure that hard-earned taxpayer dollars are used efficiently and effectively. I look forward to hearing from the Department about the steps they have taken to conduct a thorough review of its accounts. I know that we would all like to be reassured that the Department has been able to correct the issues discovered in that review so that they will not be repeated.

This committee has a responsibility to work towards solutions that will increase access to career-changing opportunities. Workforce programs like apprenticeships will aid in closing the skills gap and putting more Americans to work. I look forward to hearing from today's witness and learning more about the innovative ways that we can help provide students with skills-based education and in-demand jobs through apprenticeship programs.

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Chairwoman DAVIS. Thank you, Mr. Smucker. Without objection, all other members who wish to insert written statements into the record may do so by submitting them to the Committee Clerk electronically in Microsoft Word format by 5 p.m. on December 4, 2019.

I will now go on to introduce our witness. I wanted to check, Mr. Guthrie, did you want to—

Mr. GUTHRIE. Thanks. I just welcome Assistant Secretary Pallasch here. He worked in Kentucky and appreciating all the good effort that he did in Kentucky. And I appreciate being here to hear his testimony and ask questions today, so thank you.

Chairwoman DAVIS. Thank you very much. And I will just formally, Assistant Secretary John Pallasch is responsible for overseeing the policies and priorities of the Employment and Training Administration, which administers federal government job training and worker dislocation programs, including the Office of Apprenticeship, federal grants to states for public employment service programs, and unemployment insurance benefits.

And I want to administer the oath to him pursuant to Committee Rule 7(d). The witness will please stand and raise your right hand.  
[Witness sworn.]

Chairwoman DAVIS. Let the record show that the witness answered in the affirmative.

Assistant Secretary Pallasch, we appreciate your being here today and look forward to your testimony. I wanted to just remind you that we have read your written statement and it will appear in full in the hearing record.

Pursuant to Committee Rule 7(d) and committee practice you are asked to limit your oral presentation to a 5-minute summary of your written statement. Before you begin your testimony, please remember to press the button on the microphone in front of you so that it will turn on and the members can hear you.

As you begin to speak the light in front of you will turn green and after 4 minutes the light will turn yellow to signal that you have 1-minute remaining. When the light turns red, your 5 minutes have expired and we ask that you please wrap up.

We will let Mr. Pallasch provide his testimony before we move to member questions. And when answering a question please remember, again, to turn your microphone on.

I now recognize Assistant Secretary Pallasch. Welcome.

**TESTIMONY OF JOHN PALLASCH, ASSISTANT SECRETARY FOR  
EMPLOYMENT AND TRAINING, UNITED STATES DEPARTMENT OF LABOR[NJ1]**

Mr. PALLASCH. Chairwoman Davis, Ranking Member Smucker, Chair Scott, members of the subcommittee, thank you for the invitation to testify today. As the Assistant Secretary of the Employment and Training Administration, I'm keenly aware of both the challenges we face and the promise our agency has to help grow America's workforce. Successfully helping people find a job is only possible because of the strong economy created by this administration's focus on removing barriers to opportunity for all Americans.

Since January 2017, more than 6 million jobs have been added to the economy. The unemployment rate has remained at or below 4 percent for 20 straight months. The African American and Hispanic unemployment rate have reached historic lows. The unemployment for adult women has hit its lowest rate since 1953. And the unemployment rate for those without a high school diploma has also fallen to historic lows. And in a remarkable achievement, for 19 months there have been more job openings in the United States than there are job seekers, a testament to this administration's pro-growth agenda.

The mission of ETA is to contribute to the more efficient functioning of the U.S. labor market by providing high-quality workforce development, labor market information, income maintenance services, primarily through state and local workforce development systems. As with many of the programs at ETA, our mission in apprenticeships is to help develop the next generation of worker skills.

Around the world and especially in Europe, apprenticeships serve as a strong foundation of the economy. In Austria, Germany, and Switzerland, for instance, 55 to 70 percent of young people begin

their career with an apprenticeship. In contrast, apprenticeships make up only a third of a percent of the overall workforce in America.

There are several ways that our agency is aggressively working towards expanding apprenticeships. We've invested in states, industry partners, and intermediaries to help fuel historic growth in apprenticeships.

This year the department also launched efforts to expand apprenticeship pathways to equip workers with the skills needed for our—the next generation economy by committing \$100 million for our Closing the Skills Gap grant opportunity. We emphasize skill-building because, as Ranking Member Smucker mentioned, after the completion of a registered apprenticeship, the average starting salary is \$70,000 and 94 percent of apprentices will retain employment.

These investments are paying dividends. Since January 2017, we've added more than 650,000 new apprentices. In FY '18 alone, we added an all-time high of 238,000 new apprentices, only to be surpassed in 2019, with more than 250,000 new apprentices added, including more than 80,000 in the last quarter alone, both record highs.

This administration's commitment to growing the apprenticeship model cannot be disputed. As I conclude my testimony, I want to emphasize the important work being done by ETA and the importance of carrying out this mission in a way that is faithful to the American taxpayer.

Shortly after arriving at the Department, I was made aware of a possible misapplication of training and employment services, or TES, appropriated funds. TES funds are appropriated to expand opportunities related to the Registered Apprenticeship Program. Upon my arrival on July 23rd of this year, it was brought to my attention that between mid-2018 and early 2019, TES funds may have been expended to directly support activities related to Industry-Recognized Apprenticeship Programs. Immediately upon receiving this information, I directed ETA to ascertain the facts and take appropriate corrective action.

ETA, in consultation with career and noncareer staff from the Solicitor's Office, the departmental budget center, the Office of Apprenticeship, and the ETA front office reviewed the work that had been performed under three existing apprenticeship contracts. Working closely with a capable team from the Office of the Solicitor, the Departmental Budget Center, and the Office of Apprenticeship, we ensured that expenditures for this work were obligated against the proper appropriation accounts. Based on the facts known to us at this time, we believe the issue has now been corrected.

While this particular use of test funds predated my arrival at the department, as head of ETA I can assure the members of this subcommittee that this is not an issue that I take lightly. Following referral requests from both Congress and ETA, the Office of the Inspector General's investigating this matter. And ETA intends to fully cooperate with the OIG to ensure full transparency and identify corrective measures that would avoid a similar situation in the future.

As we move forward, I'm committed to ensuring funding is used appropriately at all times to support ETA's programs. As the Assistant Secretary of Employment and Training, it is an honor to serve the American people alongside the hardworking staff at the Department of Labor.

I look forward to working with Congress to lift up all Americans through the dignity of work. Thank you.

[The statement of Mr. Pallasch follows:]

STATEMENT OF  
JOHN P. PALLASCH  
ASSISTANT SECRETARY FOR EMPLOYMENT AND TRAINING  
UNITED STATES DEPARTMENT OF LABOR  
BEFORE THE  
SUBCOMMITTEE ON HIGHER EDUCATION AND WORKFORCE INVESTMENT  
COMMITTEE ON EDUCATION AND LABOR  
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Chair Davis, Ranking Member Smucker, Members of the Subcommittee, thank you for the invitation to testify today. As the Assistant Secretary of the Employment and Training Administration (ETA), I am keenly aware of both the challenges we face, and the promise our agency has, to help grow America's workforce. It is an honor to serve each day with the mission of remembering the 34 million forgotten men and women of America who are not currently in the workforce and strengthening American families through the dignity of work. When the economy grows for everyone, as it is right now, opportunities open for all to succeed.

Successfully helping people find a job is only possible because of the strong economy created by this Administration's focus on removing barriers to opportunity for all Americans. Since January 2017, more than 6 million jobs have been added to the economy.<sup>1</sup> The unemployment rate has remained at or below four percent for 20 straight months.<sup>2</sup> The African-American and Hispanic unemployment rate is at its lowest level ever recorded.<sup>3</sup> The unemployment rate for those without a high school diploma has fallen to historic lows.<sup>4</sup> Unemployment for adult women has hit its lowest rate since 1953.<sup>5</sup> And, in a remarkable achievement, for 18 months there have been more job openings in the United States than there are job seekers,<sup>6</sup> a testament to this Administration's pro-growth agenda.

The mission of ETA is to contribute to the more efficient functioning of the U.S. labor market by providing high-quality workforce development, labor market information, and income maintenance services primarily through state and local workforce development systems. I am fond of telling our team that all of our actions must further at least one of the following

<sup>1</sup> Bureau of Labor Statistics, *Economic News Release* (Nov. 1, 2019), <https://www.bls.gov/news.release/empst.htm>.

<sup>2</sup> *Id.*

<sup>3</sup> *Id.*

<sup>4</sup> Bureau of Labor Statistics, *Unemployment Rates and Earnings by Educational Attainment* (Sept. 2019), <https://www.bls.gov/emp/chart-unemployment-earnings-education.htm>.

<sup>5</sup> U.S. Dep't. of Labor, *Statement by U.S. Secretary of Labor Scalia on the September Jobs Report* (Oct. 4, 2019), <https://www.dol.gov/newsroom/releases/osec/osec20191004>.

<sup>6</sup> Bureau of Labor Statistics, *Job Openings and Labor Turnover Summary* (Oct. 9, 2019), <https://www.bls.gov/news.release/jolts.nr0.htm>.

objectives: increase opportunities for our customers; enhance accountability of our grants and contracts; or improve outcomes for those we serve. To carry out this mission, ETA manages a vast array of programs and services and works closely with Federal, state and local partners, including the private sector, to equip the American workforce with the tools to remain competitive in today's global economy.

For example, to address the ongoing health crisis related to widespread abuse and addiction to prescription opioid painkillers, the Department has made available the Disaster Recovery Dislocated Worker Grant funding. To date, the Department has made available up to \$96 million and has awarded grants to 18 states and the Cherokee Nation to help people affected by opioid addiction rejoin the workforce.

The Department is also committed to second chances and a pathway to work to help improve public safety. In Program Year 2018, ETA awarded \$85.9 million in Reentry Project grants to 45 non-profits working to improve employment outcomes for adults and juveniles formerly involved in the criminal justice system.<sup>7</sup> For those looking for a second chance, we stand ready to support their transition back into society.

As with all of our programs at ETA, our mission is to help develop the next generation of workers' skills and help provide career-enhancing opportunities. Around the world, and especially in Europe, apprenticeships serve as a strong foundation of the economy. In Austria, Germany and Switzerland, for instance, 55 to 70 percent of young people begin their career with an apprenticeship.<sup>8</sup> In contrast, apprenticeships make up only 0.3 percent of the overall workforce in America.<sup>9</sup> There is evidence that investing in apprenticeships in the US are effective at increasing earnings potential. A study of Registered Apprenticeships in 10 States found that participants had significantly higher employment rates and earnings compared to nonparticipants.<sup>10</sup> The opportunity for job-seekers and employers is clear as the United States looks to fill the over 7 million current job openings.<sup>11</sup> Since January 2017, we have added more than 640,000 new apprentices. We are excited about the tremendous growth in apprenticeships across the country.

How we respond to an ever-changing economy must be innovative, focusing on multiple pathways and outcomes rather than missing opportunities because we get stuck in routines or patterns. In order to fulfill the promise to America's workforce, we must have a top-to-bottom

<sup>7</sup> U.S. Dep't. of Labor, *U.S. Department of Labor Awards \$85.9 Million for Reentry Projects* (July 17, 2019), <https://www.dol.gov/newsroom/releases/eta/eta20190717>.

<sup>8</sup> Stuart Eizenstat and Robert I. Lerman, *Apprenticeships Could Help U.S. Workers Gain a Competitive Edge*, URBAN INST. (May 08, 2013), <https://www.urban.org/sites/default/files/publication/24611/904583-Apprenticeships-Could-Help-U-S-Workers-Gain-a-Competitive-Edge.pdf>.

<sup>9</sup> See Task Force on Apprenticeship Expansion, "Final Report to the President of the United States," May 10, 2018, 17, <https://www.dol.gov/apprenticeship/docs/task-force-apprenticeship-expansion-report.pdf>.

<sup>10</sup> Reed, D., Liu, A., Kleinman, R., Mastri, A., Reed, D., Sattar, S., & Ziegler, J. (2012). *An effectiveness assessment and cost-benefit analysis of Registered Apprenticeship in 10 states*. Oakland, CA: Mathematica Policy Research. <https://clear.dol.gov/study/effectiveness-assessment-and-cost-benefit-analysis-registered-apprenticeship-10-states-reed-et>.

<sup>11</sup> U.S. Dep't. of Labor, *Job Openings and Labor Turnover Summary* (Oct. 9, 2019), <https://www.bls.gov/news.release/jolts.nr0.htm>.

re-imagination of how job-seekers interact with our workforce system. We cannot stagnate or accept failure when the livelihood of American workers is on the line.

There are several ways that our agency is aggressively working toward that goal with current and future projects. This year, the Department launched efforts to expand apprenticeship pathways to equip workers with the skills needed for the next generation economy by committing \$100 million for our Closing the Skills Gap grant solicitation.<sup>12</sup> We emphasize skill-building because after the completion of a Registered Apprenticeship, the average starting wage is \$70,000 and 94 percent of apprentices will retain employment.<sup>13</sup> Programs like these provide immense benefit to job-seekers and employers alike.

We believe the appropriations history demonstrates that Congress shares our enthusiasm for apprenticeship. Since first appropriating \$90 million in Fiscal Year (FY) 2016, Congress has increased resources every year for the apprenticeship appropriation, most recently providing \$160 million as part of the FY 2019 appropriation. The President's Budget continues a proposed investment of \$160 million in FY 2020. Using the appropriated funds, we have invested in States, industry partners, and intermediaries, which has helped fuel the historic growth in apprenticeships. This administration's commitment to growing the apprenticeship model cannot be disputed. The Department has further expanded apprenticeship by using H-1B training grant funds to scale the model through sector-based strategies in advanced manufacturing, information technology, and health care.<sup>14</sup> These investments are paying dividends -- in FY 2018 alone, we added an all-time high of 238,000 new apprentices. Though the final numbers are not yet available, we have already exceeded this record number of new apprentices in FY 2019. The Department is also engaged in rulemaking to establish Industry Recognized Apprenticeship Programs, with the hope of further expanding access to high-quality earn and learn opportunities across the country.<sup>15</sup>

Growing the American workforce and providing individuals with the skills needed for the next-generation economy can only be accomplished when we all work together. Whether it is through large employers, state workforce agencies, small businesses, community colleges, historically black colleges and universities, or tribal colleges and universities, leaders at the local level have a significant impact on the lives of our neighbors and community members.

Prior to my confirmation as the Assistant Secretary for Employment and Training, I served as the Executive Director of the Kentucky Office of Employment and Training. As such, I am the first Assistant Secretary in more than 20 years that served at the state level prior to joining ETA. My experience in that role has provided a unique appreciation for the need for more effective communication between federal, state, and local employment agencies. It is those on the front lines who are often most aware of the needs of the communities they serve and who

<sup>12</sup> U.S. Dep't. of Labor, *Notice of Availability Of Funds And Funding Opportunity Announcement For: Apprenticeships: Closing The Skills Gaps* (Sept. 24, 2019), <https://www.doleta.gov/grants/pdf/FOA-ETA-19-09.pdf>.

<sup>13</sup> Employment and Training Admin., *Quarterly Workforce System Results: Apprenticeship* (2019), <https://www.doleta.gov/performance/results/pdf/Quarterly-Workforce-System-Report-PY-2018-Q2.pdf#page=8>.

<sup>14</sup> U.S. Dep't. of Labor, *U.S. Department of Labor Makes Major Announcements on Apprenticeship Expansion* (June 24, 2019), <https://www.dol.gov/newsroom/releases/eta/eta20190624>.

<sup>15</sup> *Apprenticeship Programs, Labor Standards for Registration, Amendment of Regulations*, 84 FR 29970 (June 25, 2019), <https://www.govinfo.gov/content/pkg/FR-2019-06-25/pdf/2019-13076.pdf>.



can provide crucial leadership and input when determining how resources can most effectively be used. I envision an approach that empowers state workforce agencies to be proactive, and to have ETA's regional offices serve as a resource to them. There currently exists immense flexibility and resources for state and local agencies that wish to take advantage of them and, as I am invited to speak to groups and join discussions across the country, I share the Department's commitment to work with and support innovative states and localities as they seek to identify and implement solutions to better serve our customers: the American workforce.

While I believe strongly in the benefits of this decentralized approach, ensuring the ultimate success of workforce development programs requires proper oversight and data collection to ensure funds are being spent effectively. When I joined the Department in July of this year, I surveyed available data about the cost effectiveness of our workforce programs. Unfortunately, I found that many of the barriers I encountered in Kentucky with regard to data collection and performance were not an isolated experience but an obstacle shared by workforce development agencies throughout the country. What I learned only confirmed what my experience working at the state level taught me. There is no existing tracking system which can reliably measure the cost effectiveness of the dollars we spend on job training. In particular, the available data are too disparate, and there are gaps in the existing data, which makes it impossible to accurately determine the average cost to educate a job-seeker and produce a positive outcome. So although the Workforce Innovation and Opportunity Act now requires states to report on the average cost per participant, states may not be in a position to do this meaningfully or consistently across states. Data integrity also affects how quickly federal, state and local workforce agencies can adapt to an ever-changing job market and determine the types of services needed. Ultimately, improving how data are collected and used will have a positive impact on our economy and the American worker. Every moment wasted by inefficient or incomplete processes is a moment that we are not helping someone out of work find a job. I think this is an area we can all agree deserves our attention, and I look forward to collaborating with the members of this subcommittee to improve data collection and enhance outcomes for the American workforce.

As I conclude my testimony, I want to emphasize the important work being done by ETA to expand opportunity and economic advancement for the American workforce and the importance of carrying out this mission in a way that is faithful to the American taxpayer. I read with interest your invitation to appear today as some of the concerns raised in your letter were issues we have been working on for the past few months. Shortly after arriving at the Department, I was made aware of a possible misapplication of Training and Education Services (TES) appropriated funds. TES funds are appropriated to expand opportunities related to the Registered Apprenticeship program. It was brought to my attention that between mid-2018 and early 2019, TES funds may have been expended to directly support activities related to Industry-Recognized Apprenticeship Programs. Immediately upon receiving this information, I directed ETA to take appropriate corrective action. ETA, in consultation with career and non-career staff from the Solicitor's Office, the Departmental Budget Center, the Office of Apprenticeship, and the ETA front office reviewed the work that had been performed under existing contracts, and ensured that expenditures for this work were obligated against the proper appropriation accounts. Based on the facts known to us at this time, we believe the issue has now been corrected. While

this particular use of TES funds predated my arrival at the Department, as the head of the ETA, I can assure the members of this subcommittee that this is not an issue I take lightly.

The Office of the Inspector General (OIG) is investigating this matter and ETA intends to fully cooperate with the OIG to ensure full transparency. ETA is committed to working with the OIG to identify corrective measures that would avoid a similar situation in the future. As we move forward, I am committed to ensuring that the TES funds are properly obligated and have directed my office to work closely with DOL's budget officials, the Solicitor's Office, and other appropriate DOL Offices to develop additional protocols to ensure that funding is used appropriately at all times to support ETA's programs.

As the Assistant Secretary of Employment and Training, it is an honor to serve the American people alongside the hard-working staff at the Department of Labor. I look forward to working with Congress to lift up all Americans through the dignity of work.

Chairwoman DAVIS. Thank you. Thank you very much.

Under Committee Rule 8(a) we will now question our witness under the 5-minute rule. And as Chair I will ask the first question and then yield to the Ranking Member. We will then alternate between the parties.

I want to recognize myself now for 5 minutes.

Mr. Pallasch, as you know, the department has made clear to our committee through congressional testimony and questions for the record and responses to letters that the appropriations language is clear. Funds appropriated for apprenticeships are meant to expand opportunities related to Registered Apprenticeships and that DOL was not using funds for I-RAP establishment.

Congressional intent was made even more clear this spring when over 20 Republicans joined Democrats in voting down an appropriations amendment aimed at opening up apprenticeship funding for IRAPs. And yet, we now know that the DOL has publicly admitted that they have used at least \$1.1 million in Registered Apprenticeship funds on IRAPs and the DOL Inspector General is now auditing these actions, as you have mentioned.

I am sure you know that knowingly and willingly making false statements or representations to Congress is a violation of Title 18. And I would like to state for the record that DOL has yet to correct misinformation previously provided to this committee, including communications to me in response to letters and questions for the record.

As I mentioned in my opening statement, your agency provided our committee late last night documents attempting to demonstrate that actions have been fixed—have been taken to fix this misuse of funds, but, honestly, I am having difficulty believing that these actions have actually been fixed.

The documents provided to our committee last night admitted that there are no IRAPs actually in existence. So I am having a hard time understanding how this administration is defining apprenticeship generally. Where is the cutoff line between what is and is not an apprenticeship? Could you answer that, sir?

Mr. PALLASCH. Yes. Thank you very much for your question, Chairwoman Davis.

As head of ETA, I am tasked with increasing opportunities across all of our job-training programs. That includes the Registered Apprenticeship Program as well as any of the other job-training programs. The IRAP NPRM, the Notice of Proposed Rulemaking, intended to increase additional opportunities within the apprenticeship scope.

As we've all discussed here today, the apprenticeship model is one that's recognized by all as a successful model. So in an attempt to grow opportunities within the apprenticeship space, in order to better closely match the performance that we see in our European colleagues, we've tried to create a new model. We've tried to create a new pathway, if you will, for individuals to enter the workforce.

Chairwoman DAVIS. Could you—well, I will go on here, but I still am not hearing quite where you set that line in terms of apprenticeships, but I will go on. Because I am wondering if it concerns you that the millions of dollars that are being used by the contractors for Registered Apprenticeships results in only 41 referrals for programs to become Registered Apprenticeships.

So, you know, the question here is whether DOL is somehow now prioritizing IRAPs over Registered Apprenticeships even with Registered Apprenticeship funds. What do we know about the Office of IRAPs? How is it being staffed? How many people are there? And where do potential applicants go? If somebody is interested and expressing an interest and wanting to move forward, there is a sense here that they could be directed to a newly created and apparently fully staffed Office of IRAPs. Could you explain that to us?

Mr. PALLASCH. Yes. Chairwoman Davis, I'm not familiar with the stat that you referenced, the 41 new Registered Apprenticeship programs. Currently, there are 23,000 Registered Apprenticeship

programs and the Department added 3,000 in 2018 alone. So we continue to aggressively pursue Registered Apprenticeships.

I've worked very closely with the head of the Office of Apprenticeship to further streamline and increase the awareness of the Registered program. We have taken a number of steps in order to release the—reduce the burdens on employers who are looking to establish Registered Apprenticeship programs. So our commitment to that is very clear.

With regards to the IRAP office that you mentioned, within the Office of Apprenticeship there is a division of Industry-Recognized Apprenticeship Program. There are a handful of staff in that office who work somewhat on the IRAP Program, but also on the Registered program, as well. Obviously, as we're in an active Notice and Comment Rulemaking, there are individuals who need to be working through the comments that we receive, so that's the majority of what that office is currently doing, is working on that NPRM with the hopes of publishing a final rule in the very near future.

Chairwoman DAVIS. Do you have confidence? Because I think you mentioned that you really don't have any idea how all this happened. And I am just wondering do you think that there are clear lines now that you are going to be able to distinguish between how those funds are appropriately used?

Mr. PALLASCH. Yes, I think the lines are very clear. I have made those lines known to our staff. We have made those lines known to our contractor. There's a very clear distinction between what I referred to in my opening statement as the TES funds, the Training and Employment Services funds—

Chairwoman DAVIS. We will look—

Mr. PALLASCH. I'm sorry?

Chairwoman DAVIS. I am sorry. My time is running out, so I just wanted to clarify that I would look forward to your responses by the end of the next week to the questions that we have already asked. That would be helpful. And just be sure that we know that the standards that are being set are clear and that are being utilized.

The whole idea, of course, of the National Apprenticeship Act is to be sure that we are protecting the welfare of apprentices. And is that something that you have a clear understanding of?

Mr. PALLASCH. Yes.

Chairwoman DAVIS. Okay. Thank you very much. I appreciate your responses and want to go on to the Ranking Member. And in this case Mr. Comer is going to be first. Thank you.

Mr. COMER. Thank you, Madam Chairman, and good to have a fellow Kentuckian here today. You mentioned in your opening statement that 55 to 70 percent of European countries take advantage of apprenticeships in the first step of their careers. Here in the U.S. that figure is much, much lower than that. It seems to me that for whatever reason there is a stigma in the United States attached with apprenticeships versus going to the old route of going to get a regular 4-year bachelor's degree in a regional university. What benefits do you see from youth apprenticeship programs that help them add value, you know, in the workplace versus a regular 4-year bachelor's degree?

Mr. PALLASCH. I believe that there is huge value in both youth apprenticeships or pre-apprenticeships and in the apprenticeship model in general. In the FY 2019 spending plan for the Office of the—or Office of Apprenticeship we've committed \$42-1/2 million to just that, to explore and expand youth apprenticeships across the country. We've been very aggressive with the Registered Apprenticeship Program.

You indicated that there was a stigma, that there is a misconception about the Registered program. Most folks think of it very much as a construction-only program. Construction does represent about 65 percent of the Registered program, but there's an additional 35 percent in other industries. And what we are working with the Office of Apprenticeship to do is to identify those states who have expanded outside of the construction world to see if we can't use those models and replicate them across the country.

Mr. COMER. What can we do to change the minds of parents and some educators that apprenticeships is a better path for I would say most young Americans? Any time I go to a school or talk to parents or talk to different groups, you know, I tell the story that I am sure the majority of those of us in Congress hear from our employers every day is that their biggest challenge in business today is finding workers. They can grow their business, they can invest and make—invest additional capital, which is what we want to grow the economy. But the one thing holding them back more than anything is the hardship of finding skilled, qualified workers.

But when you talk to students about their futures and you say, well, you know, you can go to college and you can get a 4-year degree and have a lot of student loan debt and you may or may not have a lot of value in that degree when you graduate versus you can go and do apprenticeships and get certifications and you can, you know, through a lot of communities get through with little to no debt and you have immediate quality job offers.

What can we do to change the stigma to help parents realize that this is, in many cases, a better opportunity to go the apprenticeship route and the certification route versus a regular traditional 4-year degree?

Mr. PALLASCH. I appreciate your question because that's one of the largest challenges we have at the Department of Labor is trying to create, as I referenced earlier, this idea of multiple pathways, that there are any number of pathways that an individual can follow into the workforce, whether that's an apprenticeship model, whether that's a 2-year degree, whether that's a certificate program, whether that's a 4-year degree. That's very much going to be based on the individual and the resources and the skills that they have, but we need to make sure that we are creating those opportunities, so should a high school student want to begin a pre-apprenticeship program even before graduating high school, we need to help to foster that. We need to allow them to pursue that if they've decided for one reason or another that a 4-year degree is not in their future and not something they're interested in.

We've got to make sure that they understand the benefits of the \$70,000 starting salary that we talked about earlier and the 94 percent retention rate. And share that with not just students, but

with their parents to say that there's a viable path forward to family-sustaining wages through any number of pathways.

Mr. COMER. Well, I appreciate the work that the Trump administration is doing in focusing on this and trying to develop more apprenticeships. And really, we in Congress need to all work together in a unified voice to educate today's parents and school administrators that this is, in many cases, a better path to go for the future of those students. So I appreciate what you are doing and look forward to working with you in the future.

And, Madam Chair, I yield the balance of my time back.

Chairwoman DAVIS. Thank you. Ms. Jayapal.

Ms. JAYAPAL. Thank you, Madam Chair. Apprenticeship programs are proven to help workers move into skilled middle-class jobs and we know that these programs work better than the alternative. In my home state of Washington these Registered Apprenticeship programs outperform nonunion apprenticeship programs across the board, including the inclusion and performance of women and people of color. But the Trump Department of Labor has proposed hasty and sweeping changes that lower the protections in place for these very successful apprenticeship programs.

Mr. Pallasch, the bipartisan Western Governors Association issued a formal letter to the DOL in response to this proposal. Among many other objections, they expressed concerns that the Trump DOL's proposal has, and I quote, "no strong requirements that employers abide by current regulations, including apprentice wage progressions and working conditions, program length, and equal employment opportunity requirements."

In two sentences, how do you respond to the association's concerns?

Mr. PALLASCH. Thank you, Representative, for your question. Unfortunately, because we're in Notice and Comment Rulemaking, I can't respond to specific questions and specific issues within the rule. But what I can share with you is a commitment that we have to serve and to bring underrepresented populations into not just traditional, but nontraditional apprenticeship programs, as well.

Ms. JAYAPAL. Madam Chair, I seek unanimous consent to enter the following reports into the record, both of which express similar concerns about the Trump DOL's proposal. That is the Western Governors Association comments and the Attorney General of Washington comments regarding the apprenticeship programs.

Chairwoman DAVIS. So ordered.

Ms. JAYAPAL. Thank you. I also have concerns with the fact that DOL is not implementing Registered Apprenticeships according to the regulations currently in place. Right now states create affirmative action plans for their apprenticeship programs, programs that DOL must then approve.

Mr. Pallasch, how many of the 27 state apprenticeship agency plans have gotten review from your office and how many have been approved?

Mr. PALLASCH. I apologize, I don't have that information with me today, but I'm happy to provide that information to you.

Ms. JAYAPAL. I would appreciate that. It seems like a very important thing for the Assistant Secretary of Labor for Employment and Training to have.

It is my understanding that the DOL is understaffing the Registered Apprenticeship department, which is in charge of ensuring protections for Registered Apprenticeships. Instead, your department has diverted resources to work on unregistered, nonunion industry apprenticeship programs even though these programs are unauthorized and unappropriated for. How many staff are dedicated to oversight of the Equal Opportunity requirements? And how many staff would be needed to complete the reviews that your department is required to perform by the end of this year?

Mr. PALLASCH. So the current staffing level, Representative, within Office of Apprenticeship is 122. The ceiling, the FTE ceiling, for that office is 141. Since I began with ETA back in July, I've been very aggressive not just with the Office of Apprenticeship, but with all the programs to ensure that we are backfilling any and all vacancies. So I can assure you, we are working aggressively to fill not only any vacancies within Office of Apprenticeship, but across ETA.

With regards to your specific questions, as I mentioned earlier, there is a Division of Industry-Recognized Apprenticeship Program within the Office of Apprenticeship, which, I believe, has nine staff who part-time are working on the I-RAP program, part-time working on the Registered program. The rest of the staff within the Office of Apprenticeship are dedicated to the Registered Apprenticeship Program.

Ms. JAYAPAL. And so the oversight of the Equal Opportunity requirements, what is the total number there? You gave me a lot of numbers and I am trying to figure out which one answers my question.

Mr. PALLASCH. Understood. I don't know that I have a specific staff breakdown for the EEO requirements, but I can certainly get that for you.

Ms. JAYAPAL. Okay. And in terms of the oversight of the entire Registered Apprenticeship Program how many staff are dedicated to those activities?

Mr. PALLASCH. Again, so if we work under our current onboard strength of 121 and we remove out partial staff from the Division of Industry-Recognized Apprenticeship Program, somewhere around 112, 115 would be dedicated specifically to the Registered program.

Ms. JAYAPAL. And what exactly are you doing to conduct oversight of the entire Registered Apprenticeship system?

Mr. PALLASCH. So within the Office of Apprenticeship, as you may know, at the state level there's both Office of Apprenticeship Registered programs and then there are what are called state apprenticeship agency programs. So in roughly half the states around the country ETA has a state director, an Office of Apprenticeship state director, who's responsible for the Registered program within that state; responsible for working with employers; standing up programs; working on competency frameworks. And the other half of the country, that's handled by the state through the state apprenticeship agency.

Ms. JAYAPAL. Okay. I just want to get in one question. I only have 5 seconds. Will you commit to providing to me and this committee in the next week a detailed explanation and plan for how

your department will comply with its responsibilities to conduct oversight of the Registered Apprenticeship system, including prompt review of all affirmative action plans?

Mr. PALLASCH. I can commit that we will work with you on this issue. This appears to be of great importance to you, so I commit to working with you on that, yes.

Ms. JAYAPAL. So within a week you will provide me with updated information and we can begin that conversation?

Mr. PALLASCH. It wouldn't be fair for me to—I don't know the time that it will take us to pull that information together, but I certainly will work with you and your staff.

Ms. JAYAPAL. Thank you, Mr. Pallasch. Yield back.

Chairwoman DAVIS. Mr. Guthrie.

Mr. GUTHRIE. Thank you very much. Hey, it is great to have you here. It is great to have you here in Washington. I know you did, as I said before, a good job back home as executive director of Kentucky's Department of Labor and appreciate your public service.

And I will start with like every day hardworking Americans search for good-paying jobs. Many Americans find a pathway to good-paying jobs through apprenticeship programs that provide real earn-and-learn opportunities that often turn into careers. For workers, apprenticeships are a chance to learn technical skills alongside seasoned industry professionals.

That is why I helped introduce, along with many members of this committee, several members of this committee, the Partners Act, which will allow small and medium-sized businesses to join together to support apprenticeship programs. I am also currently working on a bill to create a Registered Apprenticeship Program to help address the shortage of educators across the country.

So the questions for you, Mr. Secretary, we know that apprenticeships work for students and employers. Therefore, I strongly believe Congress must find ways to best facilitate the apprenticeship system. During your time serving as executive director of Kentucky's Department of Labor's Office of Employment and Training, what feedback did you receive from employers participating in the Registered Apprenticeship system? And how are you using that information to improve apprenticeships broadly speaking?

Mr. PALLASCH. Thank you very much for your question, Representative Guthrie. Two of the major complaints that I heard while in Kentucky was the burden, the paperwork burden in the application process itself. And then the other issue that was consistently raised with me was the idea of how do we transition from a time-based model to a competency-based model within the apprenticeship program?

Traditionally, the Registered Apprenticeship application was around 65 pages. Since coming to Washington, working with the Office of Apprenticeship we've reduced that down to 12 pages, so a 70 percent reduction in the size of the application.

With regards to the transition from time-based competency to a—I'm sorry, from time-based models to a competency-based model we've reduced that time from around 90 days down to 14. What we were learning was that if an individual wanted to change a registered program from time-based to competency-based, they would essentially have to go back to the beginning and start over. And



what we've done is we've created a fast track that allows them to more easily do that. So that just creates more apprenticeable occupations that are available for any employer to take advantage of.

Mr. GUTHRIE. Okay. Thank you very much. And also, I know we are looking at criminal justice reform and it is important that when people have the opportunity to leave the justice system that they have opportunities before them. And so I know in your testimony you mentioned that the department is committed to supporting second chances for those transitioning back into society from the criminal justice system. I believe it is important to support collaboration among state leaders to create smooth transitions for these individuals, and Kentucky has already begun these efforts.

Given your experiences, what have been the most successful methods for ensuring that these individuals are able to reintegrate into the workforce in their communities? And what can Congress do to support these efforts?

Mr. PALLASCH. So one of the things that we were able to do in Kentucky was working with the warden of the North Point Prison in Lexington, and he allowed us, as the Employment and Training Administration, to come in and provide training, job training, workforce training to the inmates while in the prison. This is an issue, as Ranking Member Smucker mentioned, we discussed with the folks up at the Chester State Correctional Facility earlier this month.

Seeing how we can help get folks from either the Pennsylvania workforce system or the local workforce system into the prisons to begin working with the incarcerated population while they're still in prison. So being as proactive as we can rather than waiting for them to achieve reentry, can we not work with them while they're incarcerated? So that to me is one way that we can be far more proactive and far more effective is if we're able to get in and work with the inmates in their facilities.

Mr. GUTHRIE. How can Congress help with that?

Mr. PALLASCH. So there's—

Mr. GUTHRIE. There is a lot of at state. There is a lot at state prisons, but there are Federal prisons, as well.

Mr. PALLASCH. Yeah. So it's a little bit trickier with the state and the Federal split. As you may know, with state prisons most of the inmates are somewhat local, whereas Federal prisons you may be coming from another state, you may be coming from the other side of the country. But with the state prisons it's very much usually local individuals, so there's a local tie to that community. And that local workforce board has a vested interest in making sure that those individuals, when they come out and reenter that local community, are prepared to work.

So as with most of the workforce system, I think this is very much a local issue and a local-driven issue of how can local workforce boards and state workforce boards work with state Offices of Correction to ensure that there's a linkage between workforce training and inmates while in prison.

Mr. GUTHRIE. Okay, thank you. My time just expired, so I appreciate your answers and appreciate you being here. I yield back.

Chairwoman DAVIS. Thank you. Ms. Bonamici.

Ms. BONAMICI. Thank you, Chairwoman Davis and Ranking Member Smucker, and thank you to our witness for being here. Thank you, also, to Mr. Guthrie for mentioning the Partners Act. I have enjoyed working with you on that.

I have heard from many people across Oregon who have told me that Registered Apprenticeships have changed their lives for the past several years. I have led more than 100 of my colleagues in urging the Appropriations Committee to increase Federal investments for these programs. So I am extremely concerned about reports showing that the department of Labor disregarded congressional intent when spending these dollars. And I align myself with the remarks of Chairwoman Davis regarding our disappointment with receiving responses late last night and early this morning. I still have some questions.

In a recent call with Committee Staff, the department admitted to using \$1.1 million of funds appropriated for Registered Apprenticeships to support IRAPs. And this was confirmed by a Department of Labor spokesperson in a November 6, 2019, article in Bloomberg Law. Chairwoman Davis, I request unanimous consent to enter this article into the record.

Chairwoman DAVIS. So ordered.

Ms. BONAMICI. Thank you. This suggests that the department knowingly violated the purpose statute which requires that agencies apply appropriations only to the purposes for which they were made.

So, Assistant Secretary Pallasch, the department did use \$1.1 million for IRAPs that was appropriated for Registered Apprenticeships, is that correct?

Mr. PALLASCH. Representative Bonamici, what happened was is there was a misapplication of that funding. As I mentioned—

Ms. BONAMICI. So I want to reclaim my time and just ask is it correct that the department used \$1.1 million for IRAPs that was appropriated for Registered Apprenticeships?

Mr. PALLASCH. There was \$1.1 million in funding misapplied to the TES account.

Ms. BONAMICI. And was that amount that was misappropriated limited to \$1.1 million?

Mr. PALLASCH. Yes.

Ms. BONAMICI. What is the total amount of money that the department has spent or obligated to be spent on IRAPs, and that includes grants, personnel, funding that was provided by incidental benefit? And just to clarify, I am not just talking about the \$1.1 million that was misused. What is the total amount of Department of Labor dollars that have been spent on IRAPs?

Mr. PALLASCH. So, Representative, that's a difficult number to come up with because of the nature of the program administration appropriation. There's broad discretion for agency and agency direction to use that PA funding, so it's very difficult for us to disaggregate out the I-RAP from that program administration account because it serves not only the Office of Apprenticeship, but all of the ETA programs.

Ms. BONAMICI. Well, I would submit, Mr. Assistant Secretary, that if it is—just because it is difficult doesn't mean that you shouldn't do it. And we need to know how much of that appro-

priated funding has gone to IRAPs. It is my understanding that there is a separate office to create IRAPs. Is the department—with nine staff assigned. Is the department tracking all of the costs associated with creating IRAPs?

Mr. PALLASCH. Again, Representative, it's difficult from a budgetary standpoint, not from a programmatic standpoint. It's difficult from a budgetary standpoint for the department or ETA to track spending within the program administration account because of the flexible nature of that account.

Ms. BONAMICI. And, again, just because it is difficult doesn't mean that it shouldn't be done. And it is my understanding that the department has admitted to using PA funds to replace the misappropriated money that was spent on IRAPs. Of that amount how much of the program administration, or PA, funds has the department spent on IRAPs?

Mr. PALLASCH. Again, if you're asking how much of the program administration funds was used for the misapplied TES account, that's the \$1.1 million.

Ms. BONAMICI. I am asking how much the department has spent of PA funds on IRAPs.

Mr. PALLASCH. Again, that's a figure that budgetarily we just—we can't disaggregate.

Ms. BONAMICI. Has the department accounted for all of the appropriated funds that were misused?

Mr. PALLASCH. Yes. To my knowledge, the TES account has been made whole.

Ms. BONAMICI. Thank you. I remain concerned about how the department has used funding that was appropriated by Congress for Registered Apprenticeship programs for IRAPs, and I hope we can get some more complete answers from you on the record.

But there are a few initiatives created by the Obama administration and continued under this administration that have supported Registered Apprenticeships. For example, the Industry and Equity Intermediary Partnership supported more than 20,000 Registered Apprentices in Fiscal Year 2019 alone, including intermediaries that created new apprenticeship programs.

So does providing funding to intermediaries help scale up and expand existing apprenticeship initiatives and increase the number of apprentices across the country?

Mr. PALLASCH. Yes. We believe the use of intermediaries not only scales up apprentices, but it also helps us with the underrepresented populations that I referred to earlier, bringing more women into apprenticeships, more underrepresented populations.

Ms. BONAMICI. Thank you. We have in Oregon, Oregon Tradeswomen which is doing a great job of diversifying the workforce. And I just had a roundtable conversation with several apprentices and they have very compelling stories.

So, again, I will be submitting questions for the record to see if we can get more detailed answers on the questions that I asked. And I yield back the balance of my time.

Chairwoman DAVIS. Thank you. Mr. Watkins.

Mr. WATKINS. Thank you, ma'am. Sir, I often hear from employers that the most successful workforce development system is one that works well with the local education system. Part of integrating

these systems is encouraging students to be lifelong learners and expose them to multiple pathways for career success, such as apprenticeship programs. However, we must also ensure that there is a better coordination among state agencies and the Federal agencies working on all these issues in order to accomplish that goal.

What work does ETA do to help states better coordinate with their employment-focused agencies, with their education agencies? And what are you doing to work with the U.S. Department of Education to help achieve that goal?

Mr. PALLASCH. Thank you, Representatives Watkins. This issue was of paramount concern to me while working in Kentucky. It was very challenging as the head of the Office of Employment and Training to administer a workforce program while I received guidance from the Department of Labor that may have been inconsistent or even conflicting with guidance that was received by my fellow workforce partners from the Department of Education.

So as soon as I arrived in Washington, one of the first things that I did was reach out to my colleagues at the Department of Education: the assistant secretary who handles their K through 12 programs, the assistant secretary who handles their adult and career technical ed, and the assistant secretary who handles vocational rehab. And I shared with them, as well as the assistant secretary at HHS, who handles the TANF program, and the assistant secretary at USDA, who handles the SNAP E&T, or the SNAP Employment and Training Program. And I shared with them that it's imperative that the Federal community speak with one voice.

To your point, if states are going to be able to take advantage of the flexibility, if states are going to be able to work across programs, then we as a Federal community, as the oversight community, need to speak with one voice. And we need to empower states and locals to work together in education and workforce and vocational rehab and adult education and community colleges to create a holistic approach to workforce at a local level.

So that's what I'm trying to facilitate is that cooperation amongst the Department of Education, USDA, HHS, and the Department of Labor.

Mr. WATKINS. Thank you. Not a day goes by when I don't hear about the skills gap between the 7 million unfilled jobs in our country. You mentioned in your testimony that the Department recently committed \$100 million to your Closing the Skills Gap grant solicitation. You also mentioned that there were 238,000 new apprentices in Fiscal Year 2018 alone.

How would you reconcile this growing number of apprentices with a skills gap that seems to be growing? And what reforms do we need to make to our workforce development system, including apprenticeships, in order to meet this need?

Mr. PALLASCH. Thank you. Yes, in addition to the \$100 million for the Closing the Skills Gap, there was an additional \$183 million for scaling of apprenticeships. So the department has been very committed to trying to close that skills gap while, at the same time, continuing to aggressively push the Registered program.

As I mentioned, there's not only 250,000 new apprentices in 2019, but there's 3,000 new Registered Apprenticeship programs in 2018. So the program continues to grow as we are simultaneously

working to close that skills gap. And that's probably the biggest challenge facing the department right now is we hear about earn-and-learn and we hear about lifelong learning and stackable credentials.

How is ETA able to facilitate so that state and local workforce boards can address the skills gap that exists in their local area? They have the labor market information. They know where jobs are going in their local communities. How do we provide them the support so that they can address those skills gaps?

Mr. WATKINS. I want to return to a statistic you mentioned that 55 to 70 percent of youth in a number of European countries take advantage of apprenticeships as a first step in their career. Here in the United States it seems that there's a stigma attached to pursuing any route other than a bachelor's degree. For some reason we have come to think that anyone who does not go down this path is less valuable of a member to society. I believe that part of changing that dehumanizing and discriminatory mindset is exposing youth to alternative career paths early on in life.

What benefits do you see from programs like youth apprenticeships that show these young people the value of other forms of workforce development?

Mr. PALLASCH. Thank you. I think that early exposure to a pre-apprenticeship program or any type of job skills, job training, job education program that allows an individual as they're maturing through school and shortly after school to identify a career pathway that works for them. That's really what we're after.

As I mentioned, \$42 million in the Office of Apprenticeship's budget in FY '19 is dedicated to just that: youth apprentices. How do we grow those youth apprentices?

Also within the Office of Apprenticeship we're trying to expand the scope of the Registered programs. I mentioned earlier that there's a stigma that Registered Apprentices are simply construction workers. We know, for example, that—

Chairwoman DAVIS. Thank you. Mr. Pallasch, I am sorry, I just have to intervene because the gentleman's time is up, but we'd like to get back to that. Okay?

Mr. PALLASCH. Thank you.

Chairwoman DAVIS. Mr. Norcross.

Mr. NORCROSS. Thank you. Appreciate it. Standards count, we understand that. And certainly, when we look at the Registered Apprenticeship programs, and you have mentioned it several times now, people think of the trades which have been around for almost 100 years. It is a proven way of educating. And a pre-apprentice program in high school is what most people in this room absolutely know, it is called shop. They are taught firsthand in high school; been doing it since you went to school and I went to school. But you talked about that successful program and you compared it to the European model, and we have looked at that.

The European model outside of the construction program is where they excel. The construction programs in this country are equal to any in the world. And, in fact, the Taft-Hartley programs in this country are not funded by government virtually at all. They are all self-funded. They have graduation rates at approximately 90

percent-plus versus those who are non-Taft-Hartley, which are less than 40 percent.

So when we look at graduation rates of apprenticeship programs I think it is a great indicator of whether that program actually works.

The point I am trying to make here is the construction industry is one that works extremely well, costs the government virtually nothing for the Taft-Hartley plans. Why would you want to interject a non-Registered program into something that works so well? Why wouldn't you exclude those construction industries that have worked for close to a hundred years?

Mr. PALLASCH. Representative Norcross, again, I appreciate your question. I can't comment specifically on the IRAP rule because it's in Notice and Comment Rulemaking.

Mr. NORCROSS. I am not asking about the rule. Why would you want to change a program that has worked for a hundred years, that continues to work today? Forget the rule.

Mr. PALLASCH. So to answer your question, I don't want to change the Registered program. I want to enhance the Registered program.

As you indicated, the construction—and as I indicated earlier, construction represents 65 percent of the Registered program. So how can we grow the Registered program in other industries? That's what we're asking.

Mr. NORCROSS. That is what I want to hear, outside of the industries.

Mr. PALLASCH. Correct.

Mr. NORCROSS. Because this is when it works. I spoke to you earlier, I went to that other 4-year school. I went to the apprenticeship. I have here letters from apprentices and journeymen that I would like to enter into the record with unanimous consent.

Chairwoman DAVIS. So ordered.

Mr. NORCROSS. That they are talking about those standards and how well they work. So, as you know, the construction industry is a transient where the work is. We follow it. You don't want somebody on the West Coast teaching one set of standards and somebody on the East Coast the other. This is a program that works.

And you know what? When you talk about spending \$42 million, there is—you don't have to spend it in that industry.

So what I want to leave us with is that the IRAP proposals do not follow the model that works, where the apprentices are given incremental increases in wages as their skills expand. That is something that they love in the industry. They know as they come in as a first-year apprentice that second year, as their skills improve, their wages will improve. Yet, in the I-RAP program, that is not involved in it.

Why, without commenting on the rule, would you want not the apprentices to know what they are going to make over the course of their apprenticeship?

Mr. PALLASCH. Representative, there's certain hallmarks that we would look for in any apprenticeship program, whether a Registered Apprenticeship Program or an un-Registered Apprenticeship Program. And at the crux of that is the skill-based learning,

the credential, the mentoring that exists within an apprenticeship program. Again, whether—

Mr. NORCROSS. So why wouldn't you include wages?

Mr. PALLASCH. Pardon me?

Mr. NORCROSS. Why wouldn't you include wages for those years of the apprenticeship? Why are you excluding that? Why would you not want them to know that?

Mr. PALLASCH. Again, under advice of our attorneys, I can't comment on the rule.

Mr. NORCROSS. I am not asking about the IRAP rules. In an apprenticeship program, wouldn't you want the apprentices to know that with their skills increasing, their wages would increase?

Mr. PALLASCH. So that exists within the Registered program today.

Mr. NORCROSS. So you approve of that and you think that is a good idea?

Mr. PALLASCH. As I mentioned earlier, yeah, my responsibility is to grow apprentices in any and all models.

Mr. NORCROSS. Do you think having wage increases as part of those programs is a good idea or a bad idea?

Mr. PALLASCH. I think the Registered model is a good model and every—

Mr. NORCROSS. Will you answer the question, please, with all due respect?

Mr. PALLASCH. I don't think it's appropriate given the Notice and Comment Rulemaking for me to weigh in on—

Mr. NORCROSS. I was not asking about the rulemaking.

Also, do you look at graduation rates of programs that say they are more successful or less successful? Do you have any standard when it comes to graduation rates?

Mr. PALLASCH. Graduation rates form Registered programs?

Mr. NORCROSS. Yes.

Mr. PALLASCH. Do we look at the graduation rates?

Mr. NORCROSS. Yes.

Mr. PALLASCH. Yes. So some of the measures that we look at are successful completion and earning the credential, yes.

Mr. NORCROSS. Do you make that information public?

Mr. PALLASCH. Yes.

Mr. NORCROSS. So every apprenticeship program reports back to you, those 23,000, to let you know what the graduation rates are?

Mr. PALLASCH. They—we track the number of credentials attained.

Mr. NORCROSS. Graduation rates. I defer back.

Chairwoman DAVIS. The gentleman's time is up.

Mr. NORCROSS. I would like the answer to my question submitted to me, graduation rates of the 23,000 programs. I yield back.

Chairwoman DAVIS. Thank you. Next is Mr. Grothman.

Mr. GROTHMAN. Thank you. First of all, I think we have an obvious problem here in that we don't have enough people getting involved in these apprenticeship programs, what I will call skills-based education. Part of it is attitude appearance. A lot of it, I think, is, quite frankly, bad advice from school counselors.

Do you have any general suggestions—and as a result, we have way too many people getting degrees that are not of value to them

or starting on a path to degrees that aren't going to be valuable to them and they drop out. And in addition to getting a degree that is not increasing their earning potential, a lot—frequently they have a lot of student debt to boot.

What can we do to get around these attitude problems, get around sometimes bad advice people are getting from their schools?

Mr. PALLASCH. Representative, I thank you for your question. As I mentioned earlier, I think the way that I can address that or at least start to deal with that issue is by working with the Department of Education. Working with our elementary and secondary education office that's responsible for K through 12 education across the country and making sure that they understand the vital role that they play in workforce. And when I talk about workforce, I talk about the broader workforce, not just ETA's workforce, but the broader workforce. And how does the education system play into that? How are they preparing students upon graduation to enter the workforce?

Mr. GROTHMAN. Can we specifically talk about salary or wage compensation nor number of job openings? Is that something you could make available to the public?

Mr. PALLASCH. Absolutely. And we've talked not only about the 7.1 million open jobs, but the other number that keeps me awake at night are the 34 million Americans who aren't part of the labor force.

Mr. GROTHMAN. Okay.

Mr. PALLASCH. Not just the unemployment rate, but the forgotten men and women of the workforce.

Mr. GROTHMAN. We have also had even people in this committee talk about getting a college degree like it is somehow superior to getting an apprenticeship. And from what I can see, there is a lot more necessity for maintenance people, for people in manufacturing. So it kind of offends me when people imply like somehow they have accomplished something better than apprenticeship. And we have people talk that way here.

Is there anything specific we can do to prevent that attitude from spreading, I mean, given that we do have people, including congressmen, who kind of talk that way? Can you—do you have any other suggestions how we can change the attitude?

Mr. PALLASCH. Again, I think hearings such as this where we shine a spotlight on the success of the apprenticeship model and what it means. And when we talk about 94 percent retention rate and we talk about \$70,000 starting salary, those are real-world numbers. And that does not include the assumption of any debt, so individuals who are entering the workforce through an apprenticeship program, \$70,000 debt-free. We need to make sure that individuals understand that apprenticeship is a viable option, that it is one of those multiple pathways that we talked about.

Mr. GROTHMAN. Okay. Right now there is some restrictions to employment, age-based restrictions on ability to use certain equipment, which maybe delays people entries into these fields. Do you have any plans to look into that or see whether some of these restrictions are perhaps too extreme and perhaps we could get people working in a manufacturing setting at a younger age?



Mr. PALLASCH. I'm not familiar with the specific restriction you talk about. I'm not sure if that's at the state or the Federal level, but I'm happy to work with you or your staff to look into that issue.

Mr. GROTHMAN. Okay. I yield the remainder of my time.

Chairwoman DAVIS. Thank you. Thank you for yielding. Mr. Levin.

Mr. LEVIN. Thank you, Madam Chairwoman. So, Assistant Secretary Pallasch, the data you were referring to, 70 percent or 94 percent employed, that is Registered Apprenticeship data, right?

Mr. PALLASCH. That's correct.

Mr. LEVIN. Seventy thousand dollars a year, Registered Apprenticeship data, right?

Mr. PALLASCH. Correct.

Mr. LEVIN. Growing fast, Registered Apprenticeships?

Mr. PALLASCH. Correct.

Mr. LEVIN. Unbelievable data from the department, huge success?

Mr. PALLASCH. Correct.

Mr. LEVIN. All right. So let us talk about this other enterprise you have going on.

In a letter to the committee this past July, the department stated that IRAPs may receive "incidental benefit" from funds appropriated solely for Registered Apprenticeships. Will you please explain to the committee how the department is justifying the use of RA funds on the premise that this is permissible if it provides incidental benefit to IRAPs? And please explain the Solicitor's role in determining what constitutes an incidental benefit.

Mr. PALLASCH. Thank you very much for your question, Representative Levin. So this was one of the issues that we attempted to address in the letter that we delivered earlier today.

Mr. LEVIN. Yes, so if you could just quickly explain it in simple terms, that is the point of the hearing.

Mr. PALLASCH. Understood. Yes, and the overarching doctrine that applies is the necessary expense doctrine that talks about any expense that is reasonably related to accomplish the stated purpose of the appropriation. Now, within that, there is an incidental benefit clause that says if another program were to receive an incidental benefit, that would be allowed. In an abundance—

Mr. LEVIN. So let me just ask you, did the Solicitor's Office tell the department, tell ETA, that you can use Registered Apprenticeship funds if it can be shown that there is incidental benefit to IRAPs?

Mr. PALLASCH. Not to my knowledge.

Mr. LEVIN. They didn't do that?

Mr. PALLASCH. Not to my knowledge. So, again, the controlling legal—

Mr. LEVIN. Well, the information that has been made available to the committee says they did precisely that.

Mr. PALLASCH. The controlling legal document is the necessary expense rule. Within the necessary expense rule there is an incidental benefit that is allowed.

Mr. LEVIN. And the Solicitor's Office didn't give you this information?

Mr. PALLASCH. Give me—I'm sorry, give me what information?

Mr. LEVIN. My question to you is whether the Solicitor's Office told the department or ETA that you can use Registered Apprenticeship funds if it can be shown that there are incidental benefits to IRAPs. It is a simple yes or no question.

Mr. PALLASCH. I'm not familiar with that.

Mr. LEVIN. Is the administration saying that as long as the money promotes both Registered Apprenticeships and IRAPs, appropriated funds can be used for IRAPs?

Mr. PALLASCH. When you say "appropriated funds," are you talking about TES appropriated funds or PA?

Mr. LEVIN. That is the only funds you have, sir, the funds we appropriate for your department.

Mr. PALLASCH. We also have program administration funds, or PA funds, which would be allowed to be used for both Registered and any industry-recognized work program.

Mr. LEVIN. So you are saying that the program administration funds can be used without limit for IRAPs?

Mr. PALLASCH. It is my understanding that after talking with our departmental budget center and the Office of the Solicitor and the appropriations attorneys, yes, there's broad—

Mr. LEVIN. And how much of those program administration funds have you used for IRAPs?

Mr. PALLASCH. As I discussed earlier, that's a number that we can't disaggregate. We're not able to—

Mr. LEVIN. What did you think you would be asked, sir, when you came here today?

Mr. PALLASCH. Oh—

Mr. LEVIN. What is going on where there has been misappropriated funds, where the Secretary repeatedly came here and he said he would not use RA funds for IRAPs, and now we found out that was not true, and that you have been using our appropriated funds for IRAPs? What do you think the topic of conversation would be here, sir?

Mr. PALLASCH. We thought that this would be a topic of conversation.

Mr. LEVIN. And you are not prepared to give us the basic data on the funds expended?

Mr. PALLASCH. Again—

Mr. LEVIN. I used to work—I used to run a state department in Michigan that only used your funds along with some funds from other Federal—you know, I ran the workforce system in Michigan. And I would not have dared to come to a hearing unprepared to explain the expenditure of funds.

Mr. PALLASCH. Again, I'm prepared to explain the expenditures of TES, Training and Employment Services, funding as that was the subject of the request from Congress.

Mr. LEVIN. I am asking you about program administration funds right now.

Mr. PALLASCH. Again, program administration funds, as I mentioned, there's broad discretion for the agency.

Mr. LEVIN. Too complicated, too hard to say how much have been used for IRAPs.

Mr. PALLASCH. Yeah, as I'm told by our departmental budget center, it's—I don't want to say impossible. It is extremely difficult

to disaggregate the funding because program administration funding is used for all ETA programs.

Mr. LEVIN. Right. My time is limited. Under the legal theory that apparently was proffered by the Solicitor's Office at DOL, would it not be the case that if Federal funds were appropriated for women's health, say, that they could also be used for abortion services on the grounds that they are expanding opportunities to receive services related to women's health?

Mr. PALLASCH. I'm—

Mr. LEVIN. That would seem logical, wouldn't it?

Mr. PALLASCH. I'm not familiar with the instance you're referring to, so I'm not comfortable—

Mr. LEVIN. I just told you what the instance is.

Mr. PALLASCH. Again, that's not my area of expertise. I wouldn't be comfortable commenting on whether that's an appropriate use or not.

Mr. LEVIN. All right. Well, sir, my time has expired. I am extremely concerned about this department creating a new program for which we explicitly told you we are not appropriating funds and you are using funds made for—you are using funds for programs that you have proudly told us are extremely successful, are growing fast, lead to real middle class jobs for Americans, on your own unproven theory.

Chairwoman DAVIS. Mr. Levin, I'm sorry, your time is up.

Mr. LEVIN. Thank you.

Chairwoman DAVIS. Thank you.

Mr. LEVIN. I yield back.

Chairwoman DAVIS. Thank you. Mr. Takano.

Mr. TAKANO. Thank you, Chairwoman Davis, for this critical hearing on the Department of Labor's improper—improper—handling of the Registered Apprenticeship Program and the money appropriated by Congress.

Mr. Pallasch, it is my understanding that DOL allowed a contractor to use Registered Apprenticeship funds to create a group called Apprenticeship Powered by Industry, known as API. Additionally, one of its three stated goals was to “support the establishment of the I-RAP model.” It is also my understanding that this API initiative was also used for recruiting and developing potential I-RAP accreditors, or SREs, despite DOL telling this committee that they have not convened any meetings or working groups on IRAPS.

My first question to you, was API created with Registered Apprenticeship funds? And was it a major part of this initiative to support IRAPs?

Mr. PALLASCH. Thank you for your question, Representative. Just so we're clear, the committee that you're referring to both existed and was disbanded prior to my joining the Department of Labor, so I cannot speak definitively to how the committee came to be and what their work exactly was.

Mr. TAKANO. It is really difficult to hold accountable a department that sends this committee people who weren't there when these committees were formed or disbanded and they can't answer questions. It is very frustrating. Well, so you can't answer the question because you weren't there.

This includes finding programs to become IRAPs and organizations also to apply to become SREs. And was this all done using Registered Apprenticeship money?

Mr. PALLASCH. Again, Representative, any—

Mr. TAKANO. You can't answer the question because you weren't there.

Mr. PALLASCH. So any money that was misapplied to the TES account, or the Training and Employment Services account, was discovered in the contractual review that we discussed earlier in the letter I provided. And all of that funding was appropriately charged to the program administration account.

Mr. TAKANO. Well, let me just ask you the question again. Finding programs to become IRAPs and organizations also to apply to become SREs, was this done using Registered Apprenticeship money?

Mr. PALLASCH. Again, any funds there were misapplied from the TES account were appropriately charged against the program administration account, and that was done through a working group with career and noncareer staff from the Solicitor's Office, the departmental budget center, the Office of Apprenticeship, and the ETA front office. So that working group, a very capable working group, sat down and went deliverable by deliverable within those three contracts and anything that was attributable to the Industry-Recognized Apprenticeship Program was appropriately paid for out of the program administration account.

Mr. TAKANO. Well, Assistant Secretary Pallasch, are you aware that the committee first requested information in February regarding the department's handling of apprenticeship funding?

Mr. PALLASCH. I am.

Mr. TAKANO. Are you also aware that those requests were reiterated multiple times in public hearings, letters, and staff-level briefings over the last 9 months?

Mr. PALLASCH. I am.

Mr. TAKANO. And is it your testimony today that this information was not available until 9:30 p.m. last night before this hearing?

Mr. PALLASCH. I was—Representative, I was attempting to, upon my arrival, to address some of these issues. I believe there was three briefings that I attended with Committee—or Subcommittee Staff to try to better understand those issues, better understand their concerns. And as I mentioned, there was an exhaustive review done, that contract review was very exhaustive, to ensure that we were identifying the appropriate funding amount and the appropriate appropriation to charge those funds against. So it was a complex issue.

Mr. TAKANO. Well, in fact, the department finally sent a partial response to this committee at 9:30 last night. Are you aware of any internal policies or practices in which the Department of Labor collects information requested by Congress, but decides to withhold that information in order to impede congressional oversight?

Mr. PALLASCH. No, I am not aware of such a process.

Mr. TAKANO. You are not aware of that, okay. Do you agree that the department's decision to provide long-requested information to the committee roughly 15 hours before this hearing makes it hard-

er for the committee to conduct proper oversight on behalf of the American taxpayers?

Mr. PALLASCH. It was important for us to deliver the requested information as accurately and completely as we could, and, unfortunately, that finalized with us delivering that to you late last night.

Mr. TAKANO. Well, and you already answered, yes, you were aware of the many, many times that we have requested this over several months. And yet, it is delivered 15 hours before. It is the intent of DOL to impede congressional oversight and authority?

Mr. PALLASCH. No, it is not.

Mr. TAKANO. Well, from where I sit it is increasingly evident that the Department of Labor intentionally directed funds that Congress intended for the Registered Apprenticeship Program towards an untested program called IRAPs after explicitly telling Congress the opposite. This is unacceptable, Mr. Assistant Secretary.

Thank you and I yield back.

Chairwoman DAVIS. Thank you. Thank you. Your time is up. I now turn to the Ranking Member of the committee, Dr. Foxx.

If it is the wish of the committee, we will go on to Ms. Adams at this time.

Ms. ADAMS. Thank you, Chairwoman Davis and Ranking Member Smucker, for convening the hearing. And thank you, Mr. Secretary, for being here. I want to touch on a couple of items that my colleagues have addressed already as it relates to the Department of Labor's adherence to Federal law.

As you may know, my home state of North Carolina has a state apprenticeship agency. The National Apprenticeship Act stipulates that the Department of Labor engage with state apprenticeship agencies when formulating and promoting labor standards. And given the department's new I-RAP rule implicates this law, how and when did you engage with state apprenticeship agencies in this formation?

Mr. PALLASCH. Again, Representative Adams, I appreciate your question, but the IRAP rule is in open Notice and Comment Rulemaking, so I'm unable to comment on the rule itself.

During that Notice and Comment Rulemaking I would inform you that we received over 324,000 comments from states, from trade organizations, from business associations, from interested members of the public, which is most comments that the department—or that ETA has ever received on a rule.

Ms. ADAMS. Okay. So you can't—I am not really asking about the rule itself, but the formation of the rule. And so the department is currently using money to develop IRAPs and has staff in an I-RAP office. So these actions and questions are within the scope of the committee's investigation of the department's misuse of appropriated funds. But you don't have any—I mean, I don't want you to comment about the proposed rule, but the formation of it.

Mr. PALLASCH. So the formation of the division of the Industry-Recognized Apprenticeship Program Office within the Office of Apprenticeship was done in consultation with the department's Solicitor's Office and the departmental budget center. So there were no appropriations issues with the creation of that office.

Ms. ADAMS. Okay. So it is my understanding that you informed the staff from the House and the Senate committees that the Department of Labor has taken steps to streamline the registration process for Registered Apprenticeships to make it easier for employers to participate in the system, but those actions have not been implemented because all of the work on Registered Apprenticeship are on hold to create the IRAP system. It that is not actually the case will you commit that this streamlined registration process will be submitted to the Office of Management and Budget for official review by the end of this month? Can you commit to that?

Mr. PALLASCH. Representative Adams, I want to make sure that we're clear. The work on the Registered program not only has continued, but has been more aggressive than at any point in history. So simply, while we're going through the IRAP Notice and Comment Rulemaking, the Registered program is continuing to run, it's continuing to operate, we're continuing to making improvements to it and make it more efficient.

Ms. ADAMS. So what about my question about the end of the month? Are you able to submit an official review?

Mr. PALLASCH. What—I'm sorry, I wasn't following?

Ms. ADAMS. Well, you—

Mr. PALLASCH. What specifically are you asking us to produce?

Ms. ADAMS. So you said that—I wanted to know if you could make a commitment that the registration process will be submitted to the Office of Management and Budget for review by the end of the month.

Mr. PALLASCH. Are you talking about—

Ms. ADAMS. Have you reviewed it? Have they reviewed it?

Mr. PALLASCH. The streamlined application process for the Registered program that I referenced earlier?

Ms. ADAMS. Yes. Has it been reviewed?

Mr. PALLASCH. I—

Ms. ADAMS. So you can't commit. Okay, well, let me move on.

One of the few quarrels that I have with our Registered Apprenticeships is the lack of diversity, particularly gender diversity. And the last figure I saw was that only 8 percent of all Registered Apprentices are women. So what is the department doing to address this gap?

Mr. PALLASCH. Representative Adams, that's a huge concern of mine. I've been working with the Women's Bureau within the Department of Labor. I spoke at their Women and Apprenticeship event earlier this month. One of the things that we are trying very hard to do through our intermediary contracts is improve not only diversity, but make sure that underrepresented populations are present in Registered Apprenticeship programs going forward. So we are very committed to that.

Ms. ADAMS. Okay. So you are taking steps to address it?

Mr. PALLASCH. Absolutely.

Ms. ADAMS. Okay. Can you specifically say, other than you said you made some presentations, what tangible kinds of things are you doing?

Mr. PALLASCH. So a number of those organizations, those intermediaries that I talked about, are working specifically with under-

represented populations. Some are working with women in trades. I'm happy to provide a breakdown of each of those contracts and the targeted deliverables within those. But those contracts very much speak to diversity and growing the Registered program.

Ms. ADAMS. Well, thank you very much for your responses.

Chairwoman DAVIS. Thank you.

Ms. ADAMS. My office can probably help you with some of that. Thank you very much. I yield back.

Chairwoman DAVIS. Thank you. I now turn to the Ranking Member, Dr. Foxx.

Mrs. FOXX. Thank you, Madam Chairman. Mr. Pallasch, I have some questions to begin with and I would appreciate it if you could answer them as quickly as possible.

You have said that there were misspent funds on the I-RAP program, is that correct?

Mr. PALLASCH. There were misapplied funds, yes.

Mrs. FOXX. You are asserting today that you believe the review conducted to determine the amount of misspent funds was thorough and erred on the side of being overly inclusive of any funds spent on the program that should not have been, correct?

Mr. PALLASCH. Correct.

Mrs. FOXX. Are you telling us today that the accounting issues with the spending have been addressed?

Mr. PALLASCH. Yes.

Mrs. FOXX. And that means that any funds paid for out of the wrong account have been corrected?

Mr. PALLASCH. That is correct.

Mrs. FOXX. In fact, I think you said that about four times. Mr. Pallasch, given all of this and your testimony, can you assure us that we will not see this happen again under your watch and that you have put in place the appropriate checks to ensure it will not happen again?

Mr. PALLASCH. Representative Foxx, I can. One of the things that we did was actually modify all three of the contracts in question and share those modifications with the contractors to alert them that there were to be no I-RAP deliverables under any of those contracts unless additional PA, or program administration, funding was added to those contracts. In addition, I've asked the department's chief procurement officer to take a look at the contract administration and the policies and procedures in place to make sure that they're as robust as need to be.

And then, in addition, I've also asked the Inspector General in addition to Congress' request that they look into the ADA violation, I've asked the Inspector General to look into the procedures, the policies, exactly how we got to where we are, so that I can assure you that going forward that we won't find ourselves in this situation again.

Mrs. FOXX. Mr. Pallasch, why were IRAPs created? What are you doing to address some of those issues in the Registered Apprenticeship space? And to be clear, are you sure you are properly spending the available Federal funds on these activities?

Mr. PALLASCH. So the I-RAP program is an outgrowth of both the Task Force on Apprenticeship and the executive order signed by the President. And what the department is trying to do is

through the Notice and Comment Rulemaking with the Notice of Proposed Rulemaking is create an additional pathway that would allow individuals to enter the apprenticeship model. So that's very much what we are focused on with the I-RAP rule.

Mrs. FOXX. And you said earlier you are making sure the money is being spent correctly?

Mr. PALLASCH. Yes.

Mrs. FOXX. Okay. How many contracts do you currently have working on apprenticeships?

Mr. PALLASCH. I believe there are 27 contracts in one capacity or another that are working towards apprenticeships.

Mrs. FOXX. Is any of that work related to IRAPs?

Mr. PALLASCH. Any work that is related to IRAPs will be appropriately paid for out of the program administration account.

Mrs. FOXX. Who oversees the accounting of that work and ensures the contractor not has to do work that would be inconsistent with the funding appropriated?

Mr. PALLASCH. So that's the program office, the Office of Apprenticeship, and what's called the contracting officer's representative, or the COR.

Mrs. FOXX. With the backup of the IG, as I understood you say earlier?

Mr. PALLASCH. We're asking the IG to look into the policies and procedures to make sure that they're as robust as needed.

Mrs. FOXX. Have you included other safeguards to ensure the contractors will spend funds only on allowable expenses moving forward?

Mr. PALLASCH. As I mentioned earlier, those contract modifications are a very clear message to our contractors that there is to be no additional Industry-Recognized Apprenticeship Program work on any of those contracts if and until they are notified that additional appropriate funding is added to their contract.

Mrs. FOXX. Now, Mr. Pallasch, this hearing is about apprenticeships, but while you are here I want to ask about the Job Corps program. This is a program that has a noble goal, but has fallen woefully short of expectations and hopes. This committee has had several hearings on the program, looking at implementation and safety of the program. In fact, the DOL IG just released its Management Challenges and Job Corps' safety was chief among those concerns. There is a lot that needs to be done in that program if it is ever going to achieve that noble goal.

My question to you is whether your office is working on these issues. And if so, when can you come and brief us on these efforts?

Mr. PALLASCH. Yes, we are. One of the primary deputies within my office is dedicated entirely to the Job Corps program, so he's been on board with the department for over 2-1/2 years and been focused solely on Job Corps. And a significant amount of his time has been focused on this security and safety issue.

There was a comprehensive safety and security plan that was adopted by the department in March of this year. There's been any number of security enhancements that have taken place. I believe that the funding is around \$55 million.

So we have worked very closely with the IG to address the concerns that they have in their Management Challenges Report to



make sure. They had a report last year that had three recommendations. We have closed all three of those recommendations with the IG. So we work very closely with the IG when they come to us with issues or concerns related to the safety of our students.

Mrs. FOXX. Madam Chairman, I think we are owed about 50 seconds. I would like to take the remainder of that time to give Mr. Pallasch the time to clear the record about any other questions you have received today. Are there any answers from earlier today that you would like to expand upon at this time?

Mr. PALLASCH. I appreciate that, Chairwoman Foxx. One of the complicating issues is this idea of program administration. And I understand the frustration from some of the members that we're not able to articulate exactly how much money is spent under the program administration account. A large part of that has to do with the fact that staff, who are funded out of the program administration account, do not track their activities within that account.

So we have staff who work on any number of programs, paid for out of the program administration account. So if we're asked to attribute some percentage of that program administration to a specific activity, we simply can't do it because that's not the way the time and attendance system works.

So I want to be clear that we have—

Chairwoman DAVIS. Thank you, Mr. Pallasch.

Mr. PALLASCH. Thank you.

Chairwoman DAVIS. Yeah, thank you.

Mrs. FOXX. Thank you, Madam Chairman.

Chairwoman DAVIS. Mr. Trone.

Mr. TRONE. Thank you, Chairman Davis and Ranking Member Foxx, for holding this important hearing.

Registered Apprenticeships are by far America's most successful workforce training program, delivering real results, both workers and employers. On a bipartisan basis, Congress has consistently provided for the expansion of Registered Apprenticeships. Unfortunately, rather than doing that, the Trump administration has improperly shifted funding from Registered Apprenticeships to start an entirely new program, the Trump-initiated, Industry-Recognized Apprenticeship, IRAP, Program, and then misled Congress as to what they are doing.

I am concerned that the DOL isn't sufficiently carrying out its statutory requirements to safeguard the welfare of apprenticeships within the Registered Apprenticeship system. Can you explain why the DOL guidance on apprentice to journeyman worker ratios was pulled down in last December of last year and has yet to be replaced?

Mr. PALLASCH. So, Representative Trone, I appreciate the question. That's one of the issues that I'm working with the Office of Apprenticeship on. As I mentioned earlier, there are a number of initiatives that I'm working with that office on to try to improve the efficiency and the efficacy of the Registered program. And that ratio circular is one of those specific issues.

Mr. TRONE. One second, let me back up. It is 11 months.

Mr. PALLASCH. Understood. I was not at the department when it came down, but shortly after I joined in July, it was brought to my attention as something that we needed to address.

Mr. TRONE. Okay. Well, sooner versus later. I would also be interested to hear your plans for apprenticeship complaints, the complaint form that expires in January. I saw a notice was filed in the Federal Register soliciting comments on this form, but it is, again, already mid-November. And why is there such a delay in starting this process? And I am concerned the deadline—given there is about a 60-day comment period, can you confirm when that form will be complete and renewed, will it be done by January 31, 2020?

Mr. PALLASCH. We are aware of that deadline and we are working diligently to meet that deadline.

Mr. TRONE. Okay. We will count on that. Thank you.

I would like a detailed explanation and plan on how these regulations can be fully implemented and approved in the coming weeks. And we would like a clear answer on why the guidance was pulled down and the complaint form was not addressed in a timely manner. If you could put something to committee in writing, that would be great. Could you get something back in the next week or so?

Mr. PALLASCH. I don't know if I can commit in the next week, but I will commit to working with you and your staff to get you the answers you need, yes.

Mr. TRONE. The week after Thanksgiving be good?

Mr. PALLASCH. We'll work as quickly as we can.

Mr. TRONE. Excellent. As my colleagues discussed today, the Department of Labor is awarded contracts supporting apprenticeships, three firms: Meyer & Meyer, Booz Allen, Edelman; \$32 million. It is the department's position only \$1.1 million of the Registered Apprenticeship funds were expended on these contracts to support IRAP. What has been done to support the actual Registered Apprenticeships with these millions of dollars awarded?

Mr. PALLASCH. So those are three separate contracts. The first contract is the Edelman contract, which is an outreach contract. There's a campaign that we're working with the contractor to develop to promote apprenticeships. As I mentioned, we're very interested in growing the apprenticeship model, the uptake of the apprenticeship model, so that's—we're working very close with Edelman on that.

Booz Allen Hamilton is responsible for creation of the apprenticeship.gov website. We've tried to create a one-stop shop for any—whether it's an employee, an employer, a parent, a student who's interested in apprenticeships that they can—

Mr. TRONE. I think that is important and I am glad you brought up the website because I always look for ways my constituents can get a better job. And I have to say that after searching that apprenticeship.gov website for Registered Apprenticeships in my district, I realized it is not really a website to help find Registered Apprenticeships. When I look for positions there is 2,526 postings on that site, but only 11 were for Registered Apprenticeships.

Can you explain to us how you justify using Registered Apprenticeship funds when less than 1 percent of the website's posting are for true Registered Apprenticeship positions?

Mr. PALLASCH. So I'm not familiar with the data that you refer to there, but I can assure you that in the contract review that I referenced earlier, we worked very closely with Booz Allen Ham-

ilton to determine which were Registered Apprenticeship deliverables and which were IRAP deliverables under that very contract. And anything that was misapplied to the TES account, or the Training and Employment Services account, was appropriately funded out of the PA account.

Mr. TRONE. Well, there were over 100,000 new apprenticeship opportunities in Fiscal Year 2018 and I would like if we could, get a clear explanation as to why the department is using Registered Apprenticeship funds for a website that is clearly not being used to promote Registered Apprenticeship opportunities. Is that fair?

Mr. PALLASCH. I'm not necessarily understanding what you're saying. Again, the contractor, Booz Allen Hamilton, was brought on board to create—

Mr. TRONE. Twenty-five hundred jobs.

Mr. PALLASCH. Correct.

Mr. TRONE. Not only—versus 11 about Registered Apprenticeships.

Mr. PALLASCH. Again, I'm not familiar with that data. I'm happy to look into that issue and get back to you because that's something—

Mr. TRONE. If you could look into it and get back the week after Thanksgiving, that would be great.

Chairwoman DAVIS. Thank you, Mr. Trone. We now turn to the Ranking Member for her closing statement. Oh, I am sorry. Sorry. Mr. Scott, Chairman of the committee, we now turn to you for your distinguished remarks.

Mr. SCOTT. Thank you. Mr. Pallasch, you mentioned that virtually all of the students in the Registered Apprenticeships' 94 percent end up with jobs at \$70,000 a year, is that right?

Mr. PALLASCH. Yes, that's the average, correct.

Mr. SCOTT. Okay. And are there comparable numbers for the IRAPs?

Mr. PALLASCH. There is not an IRAP program, so there is no data.

Mr. SCOTT. So you have no data at all on the IRAPs, okay. You indicated that there are 3,000 new apprenticeship programs in 2018 alone?

Mr. PALLASCH. That is correct.

Mr. SCOTT. Are those Registered Apprenticeships?

Mr. PALLASCH. Correct.

Mr. SCOTT. Now, Ms. Adams asked you about the streamlined process, the process to streamline the process for registering a program under the Registered Apprenticeship programs. Do you have proposals in the works to streamline the process for Registered Apprenticeship programs?

Mr. PALLASCH. Again, I was not—when Representative Adams referenced that, I'm not exactly sure what she's referring to. As I mentioned, we've taken some proactive measures within the Registered program to streamline the application process and reduce the paperwork. That is complete, that is done. The new application is up and active. And that showed about a, as I mentioned earlier, 70 percent reduction in that paperwork burden.

Mr. SCOTT. Okay. And did I understand you to say that you had figured out a way to fund IRAPs with Department of Labor money

even though the appropriations said Registered Apprenticeship programs only? How are you able to spend Department of Labor money anyway on IRAPs?

Mr. PALLASCH. So, again, there's two accounts that are the subject of this hearing. The first is the Training and Employment Services account, which is specifically appropriated to further and enhance the Registered Apprenticeship Program.

There's also the program administration, or the PA account, which the agency has broad discretion to use for any directives, any policies as it sees fit. Any of the IRAP funding is coming out of that program administration account, which is an appropriate use of those funds.

Mr. SCOTT. Now, have you been in touch with the Solicitor's Office on that to give you guidance on how to use appropriated money for IRAPs?

Mr. PALLASCH. Absolutely. The Solicitor's Office, the departmental budget center, career and noncareer staff from both of those offices have worked with us lockstep in this process.

Mr. SCOTT. And is that guidance in written form so we can see it?

Mr. PALLASCH. I don't know. There was a working group created, as I mentioned earlier. I don't know that there was written guidance. There was membership on that group from the Office of the Solicitor and from the appropriations office within the Office of the Solicitor.

Mr. SCOTT. Well, can you go look and see if you can find written guidance that says you can spend Department of Labor money on funding IRAPs?

Mr. PALLASCH. I will look into that issue.

Mr. SCOTT. Now, my reading of the IRAP regulations is that the National Apprenticeship Act requires the DOL cooperate with state agencies engaged in the formulation and promotion of standards of apprenticeships. Is that requirement in IRAPs?

Mr. PALLASCH. Again, because the I-RAP rule is in Notice and Comment Rulemaking it's inappropriate for me to comment on specific elements within that rule.

Mr. SCOTT. In the rule, okay. Can you tell me whether or not my home state of Virginia has been consulted in the development of IRAPs?

Mr. PALLASCH. I cannot tell you here today if Virginia submitted comments on that rule, but I'm certainly willing to get back to you with that information.

Mr. SCOTT. Thank you. I yield back.

Chairwoman DAVIS. Thank you. Thank you, Mr. Scott. And we now go to Ms. Hayes.

Mrs. HAYES. Thank you. Assistant Secretary, Pallasch, thank you so much for being here. I am concerned that we are losing sight of the fact that every dollar misused by the department represents a lost opportunity for a stable, high-paying job for one of my constituents. I support apprenticeship programs and multiple pathways to success. I am listening and a lot of the questions that I had—this is not my committee. I waived onto this committee because I had lots of questions. And much of what—many of my questions were already brought up by my colleagues and it seems

like there is this idea of either you support apprenticeship programs or you don't, and that is not really what is happening here.

The thing I would like to say to you is that while assurances are great, you could have done a much better job to help us support what you are trying to do had we been provided with the documentation a lot sooner. The night before the hearing, and I have seen this, and I think that is what gives me concern hearing after hearing, whether it is the Department of Labor, the Department of Agriculture, the Department of Education, we are getting the information right before the hearing and we can't help you do your job better or support you, you know, as a collective body on both sides to say, you know, let us give you the support that you need.

So just moving forward, we all support apprenticeship programs. I don't think that is the argument here.

In my state, we have 4,312 Registered Apprenticeship programs, all bolstering higher—more access to opportunities. At my high school, I was a high school teacher, postsecondary education is not the pathway to success for everyone, so I get it.

You said you want to enhance apprenticeship programs, but I don't understand if Registered Apprenticeship programs require wage progressions consistent with skills gained through those programs and IRAPs do not, then how could—how is IRAPs a better program as far as apprenticeships?

Mr. PALLASCH. Representative Hayes, thank you for your comments. And I first want to share my support for the apprenticeship model. As you mentioned, I think we all agree that the apprenticeship model is the model that we need to further. Again, unfortunately, I can't talk specifically about the I-RAP rule and what is contained and what is not contained in that rule.

Mrs. HAYES. Okay, but can you say that—okay, so can we agree that Registered Apprenticeship programs require a salary progression while IRAPs do not?

Mr. PALLASCH. I cannot say what an I-RAP does or does not contain because there is no final rule yet.

Mrs. HAYES. Okay. Can you say if IRAPs are required to have an Equal Opportunity plan, like Registered Apprenticeship programs?

Mr. PALLASCH. Again, under advisement of my attorneys I should not be speaking about specific elements within that rule.

Mrs. HAYES. So I am assuming that you cannot say that there is comparable data that says that IRAPs have the same salary post-graduation as apprenticeship programs, that \$70,000 a year that you talked about?

Mr. PALLASCH. Again, I can't specifically speak to the I-RAP program because it does not exist currently.

Mrs. HAYES. Okay. So how about the fact that I think a lot of what you have heard today and a lot of the concerns of my colleagues are that congressionally appropriated funds, which we had been assured over and over would not be used for something other than they were appropriated, have now been shifted to support programs like IRAPs? And I have heard you say over and over that there is two accounts.

If, in fact, you have worked with Solicitor General—I mean the Office of the Solicitor in order to implement these programs and

you knew you were coming to this hearing, why wouldn't you just bring that information with you? We could have gaveled out an hour ago.

Mr. PALLASCH. Because, again, if you're talking about the program administration funding and how much—

Mrs. HAYES. The program administration funding.

Mr. PALLASCH. Again, as I mentioned, it's the way that fund is tracked and the way that staff are assigned to that account and that their activities are not tracked within that account.

Mrs. HAYES. Right.

Mr. PALLASCH. So there may be budget activities, there may be HR activities, there may be apprenticeship activities, there may be Registered activities. There's no way to break out an individual's time to provide you that specific number that you're looking for, under the PA account how much was applied to the I-RAP program.

Mrs. HAYES. But if it is as complicated as you say, then I would—I am just imagining from in my office, if I were going into a hearing or going into a meeting and I had to give this complicated metrics that you are describing, there is no way to describe it, I would make sure that I sat with my staff and broke it down to the lowest common denominator and made it as simple as possible, so that when I sat on the other side of that dais in order to present this information, I would have given the committee more than 15 hours to go through it. I would have made the effort, you know, if we are truly trying to enhance these programs and move them forward, to say then what can we do to disaggregate it?

I just find it very difficult to believe that the Department of Labor can't come up with a system by which we are pulling this apart. To simply say we can't do it just doesn't seem reasonable when we are talking about millions of dollars in appropriated funds and hundreds of thousands possibly of students on the other side of these programs that are looking for us to get it right.

Mr. PALLASCH. Real quick, I want to make sure that there were no misappropriated funds. There were misapplied funds that have since been corrected. So all of the Training and Employment Services funds were spent on the Registered Apprenticeship Program. There are challenges with the program administration account, I will admit that. But, unfortunately, I don't have the ability to disaggregate that data in the way you're looking for.

Mrs. HAYES. Well, I thank you. My time is up.

Chairwoman DAVIS. Thank you.

Mrs. HAYES. But we could have helped you with those challenges had we had the information.

Chairwoman DAVIS. Thank you. Now turn to Ms. Wild.

Ms. WILD. Thank you, Madam Chair. Mr. Pallasch, let us wrap up this issue of money being misapplied. You do agree that to date Congress has never appropriated any funds for IRAPs, correct?

Mr. PALLASCH. There is—the department does not have a specific appropriation for the Industry-Recognized Apprenticeship Program, correct.

Ms. WILD. Okay. So will you commit today, sitting here today, going forward that no money has been dedicated to Registered Apprenticeships will be used to fund and staff an I-RAP office?

Mr. PALLASCH. Yes.

Ms. WILD. You will make that commitment today?

Mr. PALLASCH. Yes. If we're talking about TES, or Training and Employment Services, funds appropriated for the Registered program, yes.

Ms. WILD. Thank you. You and I agree on the apprenticeship model and that we need to shine a spotlight on it. I, frankly, think that contrary to some of the statements on the other side of the aisle that everybody in this room agrees with that. But I have major concerns about the lack of action that the Department of Labor has taken with regard to staffing levels, especially in the state offices of apprenticeship. We all know that staffing is important to administration.

And back in a March hearing, my colleague Mr. Walker asked a witness from the Dallas County Community College about his experience with working with the Federal Government on Registered Apprenticeships. And the witness responded about his regional office in Dallas saying they are great, they have terrific knowledge of apprenticeship programs. We consider them a critical partner, but they are understaffed.

First of all, would you agree with the witness from the Dallas County Community College about the understaffing issue?

Mr. PALLASCH. Not knowing all of the facts that they were referring to, I would be reluctant to admit to that. But what I would admit to is what I mentioned earlier, is that it's been a commitment of mine from the first day in office that all of our programs fill all of their vacancies.

Ms. WILD. And I understand that you didn't come to the department until July, but that testimony was back in March. And the Texas state apprenticeship director position is still vacant along with now Alabama, Idaho, and Oklahoma directors. And at one point, when Tennessee and Alabama were both vacant, the director in Georgia was covering three states at once.

You have now been on the job for 5 months, but we still have at least three state director vacancies and staffing levels are operating below 70 percent capacity. So if these state offices are critical to the success of the Registered Apprenticeship system, isn't it true that the vacancies are going to undermine the effectiveness of the system?

Mr. PALLASCH. So I'm not familiar with the 70 percent staffing level that you indicate, but I'm happy to provide a full accounting of where the Office of Apprenticeship is on all of the current vacancies that exist.

Ms. WILD. Well, my next question was going to be, and you must have anticipated it, what exact steps have been taken since you came to this position to fill these positions? And can we expect that they will be filled by the end of this year, 2019?

Mr. PALLASCH. Again, I would not commit to when they will be filled, but what I can commit is that I've got a weekly staff meeting with all the administrators for the programs across ETA. And on a weekly basis I provide an update on where we are as an agency with all of our vacancies.

Ms. WILD. So tell us what you learned at your last weekly meeting. Where are we in terms of filling these vacancies?

Mr. PALLASCH. Again, I will commit to provide you a listing of exactly where we are in all of the Office of Apprenticeship vacancies.

Ms. WILD. Okay. Well, that is great, but you just had a meeting last week, right, if you have weekly meetings?

Mr. PALLASCH. Correct.

Ms. WILD. Tell us what you were told at that point.

Mr. PALLASCH. So it's not what I was told. Every week we provide to the administrators a listing of all the vacancies. For ETA-wide there's about 65 vacancies in any given week. So our Office and Management and Support Services provides that listing to the program administrators and I make it very clear that they are to fill any and all vacancies that they have in their program.

Ms. WILD. Well, we have been asking for months about a plan for filling these offices and positions and the Department of Labor has yet to provide one. Can you commit to providing this plan to the committee in writing within the week after Thanksgiving?

Mr. PALLASCH. We will commit to providing you a listing of all the current vacancies and our efforts to fill those vacancies, yes.

Ms. WILD. You will provide us with all of the current vacancies and your efforts to fill those vacancies by the end of the week after Thanksgiving?

Mr. PALLASCH. Again, I would be reluctant, especially given the holidays and staff—

Ms. WILD. Well, the reason I am trying to pin you down is because we have been asking for months and we never get answers, so I need an answer.

Mr. PALLASCH. Understood. And I will commit to providing that information as quickly as we can to make sure that you've got full and accurate information.

Ms. WILD. I need a deadline on that.

Mr. PALLASCH. It would be unwise for me to give you a deadline this day without talking to staff first.

Ms. WILD. So you won't give me a deadline of, say, the end of 2019, December 31st of this year? Can we expect all of that information?

Mr. PALLASCH. Again, I—you can expect that information as quickly as we can get it to you.

Ms. WILD. Thank you.

Chairwoman DAVIS. Thank you very much. I'm sorry that your time is up.

Ms. WILD. Thank you.

Chairwoman DAVIS. And I want to make a point, I think, as you could appreciate, Mr. Pallasch, that this has been very frustrating from our end. I know it sounds like it has been frustrating from yours, as well. But we really need to have those responses. And what we are hoping for is that we can see a number of responses.

And in a moment I will just remind my colleagues of the time that they have to submit those questions, as well, that there—really by the end of this month, but even as you receive that information. So we need to have an ability to have that dialogue. And it has been happening through the correspondence and yet that has been delayed on so many different fronts, so I wanted to bring that to your attention. Thank you.



I believe everybody who wants to address the witness at this time has spoken. So I want to remind my colleagues that pursuant to committee practice, materials for submission for the hearing record must be submitted to the Committee Clerk within 14 days following the last day of the hearing, preferably in Microsoft Word format. The materials submitted must address the subject matter of the hearing. Only a Member of the committee or an invited witness may submit materials for inclusion in the hearing record.

Documents are limited to 50 pages each. Documents longer than 50 pages will be incorporated into the record via an internet link that must be provided to the Committee Clerk within the required timeframe. But please recognize that years from now that link may no longer work.

I also want to thank you again, Mr. Pallasch, for your participation. I think what we have heard is very valuable. I will have a comment in just a minute, but, at the same time, it reflects the lack—the frustration that I just mentioned in terms of getting appropriate information.

Members of the committee may have some additional questions and we ask you to please respond to these questions in writing. The hearing record will be held open for 14 days in order to receive those responses. So even though we are looking for comments by the end of next week, at the same time we know that could be extended by virtue of when they come in.

I remind my colleagues that pursuant to committee practice, witness questions for the hearing record must be submitted to the Majority Committee Staff or Committee Clerk within 7 days. And the questions submitted must address the subject matter of the hearing.

I now want to recognize the distinguished Ranking Member for her closing statement.

Mrs. FOXX. Thank you, Madam Chair. I also would like to thank Secretary Pallasch for testifying today. And I want to address just briefly the last questions that were being asked.

We all know that there are 7.1 million vacant jobs in the country, so it is logical to assume that there are unfilled jobs in all of the government agencies. And demanding that the department explain every single job that is vacant and why it is vacant and what has been done to fill it seems a little unreasonable to me. I think everybody if they have a legitimate job that is vacant wants to fill it as quickly as they possibly can. I happen to have a job in my office that we would like to get filled. And I suspect if we talked to members, everybody has got some jobs unfilled.

We all agree that apprenticeship programs are a tried and true method for providing students with the skills they need to remain competitive in today's economy. There are also tried and true methods for providing people who are already working with the skills they need to remain competitive. And I am, frankly, encouraged as I talk to people who have apprenticeship programs that they are talking more and more to existing workers about going into apprenticeship programs to improve their skills.

There is certainly room for improvement in every—any government program, and I talk about that a lot. But I do appreciate the

department's leadership in championing policies that work for American families and workers.

I look forward to working with you and my colleagues here today on strengthening the apprenticeship programs and reversing the stigma that a baccalaureate degree is the only path to achieve lifelong success. I am, frankly, very happy that the world, and our country in particular, has awakened to that issue.

We must ensure all funds are used not only efficiently and effectively, but in full accordance with the law. I am glad to hear that commitment from Mr. Pallasch today and I expect the high standards he promised to be kept. For apprenticeships to be part of solving the skills gap in the Nation, the programs need to be flexible and meet the needs of workers and employers, and be able to adapt to the growing needs of the economy.

I thank you again, Mr. Pallasch, for your time. And I thank the Chairwoman for the hearing. I look forward to continuing the conversation and work on this issue. I yield back, Madam Chair.

Chairwoman DAVIS. Thank you, Dr. Foxx. I appreciate that and now recognize myself for the purpose of making my closing statement.

And I would say as I look to my good friend and the Ranking Member, I know that there are many things that we totally agree within this. We want this to succeed. We want—we know we have a depth of programs in our country, but we can do better than that. And we know that many, many more students throughout this country and adults can benefit from these programs, but we need to be sure that we are communicating honestly and clearly.

Thank you, Mr. Pallasch, for being with us today. We know that this raises a number of serious issues with the Department of Labor's handling of the U.S. apprenticeship system. Despite your testimony, the fact remains that the department improperly spent over a million dollars, though likely much more, that should have been invested in expanding Registered Apprenticeships, which guarantee apprentices decent wages, valuable credentials, and a pathway to the middle class.

As I said at the beginning of the hearing, the apprenticeship programs are experiencing record levels of participation and interest. We are very excited about that. We have a rare chance to strengthen Registered Apprenticeships so that more American workers can experience the benefits of high-quality apprenticeship programs. But we also know that we can't accomplish that in a bipartisan manner if the department continues to resist transparency, divert resources to unaccountable and unproven apprenticeship programs, and violate the clear intent of Congress to invest taxpayer money in Registered Apprenticeship programs that have a long record of success.

I urge you, the Employment and Training Administration and the Department of Labor, to recommit to the core purpose of our apprenticeship system: to ensure access, opportunities that provide well-paying jobs and benefits, valuable skills, and a credential that can set apprentices on a path to a rewarding career. And I strongly urge you to reconsider your actions on supporting IRAPs.

And think that today's hearing makes clear that stronger language and protections need to be included in our appropriation

laws to protect from these unacceptable actions happening in the future. Our oversight in to the department's actions will only continue from here, but we also look forward to working with you and each of our colleagues to expand the high-quality Registered Apprenticeship opportunities that have helped so many Americans succeed in the modern economy.

I urge my colleagues to send in their questions as we have talked about. And if there is no further business, without objection the committee stands adjourned. Thank you.

[Additional submissions by Ms. Jayapal follow:]



**Bob Ferguson**  
**ATTORNEY GENERAL OF WASHINGTON**  
Administration Division  
PO Box 40100 • Olympia, WA 98504-0100 • (360) 753-6200

August 26, 2019

**VIA FEDERAL eRULEMAKING PORTAL**

Adele Gagliardi  
Administrator  
Office of Policy Development and Research  
U.S. Department of Labor  
200 Constitution Avenue NW  
Room N-5641  
Washington, DC 20210

**Re: Apprenticeship Programs, Labor Standards for Registration, Amendment of Regulations, RIN 1205-AB85**

Dear Administrator Gagliardi:

We, the undersigned attorneys general of Washington, [other states], write to express our concerns regarding the U.S. Department of Labor's (hereafter, "the Department") "Apprenticeship Programs, Labor Standards for Registration, Amendment of Regulations" Proposed Rule, 84 Fed. Reg. 29970 (June 25, 2019).

Apprenticeships are an important pathway for individuals in our states to gain skills, and are responsible for broadening pathways for professional success. High-quality apprenticeship programs boost our economy, provide opportunities for traditionally underserved communities, and ensure that Americans are prepared for the important, specialized work that helps our communities thrive.

We are concerned that the Proposed Rule fails to meet these critical goals because it does not do enough to ensure the welfare of apprentices or guard against a proliferation of low-quality programs that can inflict long-term harm. It is critical to ensure that apprenticeships not become

## ATTORNEY GENERAL OF WASHINGTON

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traps, and the Proposed Rule does not adequately protect apprentices' investments of time and money and incentivize high-quality programs.

A. The Proposed Rule Does Not Incorporate Sufficient Workplace Protections, Consistent with the National Apprenticeship Act.

The National Apprenticeship Act "direct[s]" the Department "to formulate and promote the furtherance of labor standards *necessary to safeguard the welfare of apprentices.*" 29 U.S.C. § 50 (emphasis added). Congress' intent is clear: the Department must ensure that the standards it promotes serve, first and foremost, to protect the welfare of apprentices. The Proposed Rule falls short of this directive.

Fundamental to protecting the welfare of apprentices is ensuring that they benefit from the education and training they receive. The Proposed Rule does not provide sufficient clarity about the standards necessary for certification of Industry Recognized Apprenticeship Programs (IRAPs).

Many of the terms in the Proposed Rule are too vague to meaningfully protect apprentices. For example, the Proposed Rule provides, "[an] Industry Program has structured work experiences, and appropriate classroom or related instruction adequate to help apprentices achieve proficiency and earn credential(s); involves an employment relationship; and provides apprentices progressively advancing industry-essential skills." These requirements are too broadly written to provide any meaningful guidance. They provide no measureable educational or training component and thus fail to ensure that programs recognized under the Proposed Rule are adequate to provide apprentices training necessary to *actually* compete in the modern economy.

By comparison, Washington's apprenticeship regulations require that apprenticeship programs include at least two thousand hours of reasonably continuous employment, and a minimum of one hundred forty-four hours per program year of educational instruction. Further, Washington's regulations provide minimum qualifications for individuals providing education instruction, including both expertise within an industry and training in teaching techniques and adult learning styles. These requirements ensure that apprenticeship programs in Washington provide apprentices beneficial training and education and protect their time and financial investments. Without similarly measurable, enforceable standards about the quality of apprenticeship programs, the Proposed Rule fails to ensure that all apprentices receive quality training that actually enables them to meet the requirements of a changing economy.

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Moreover, the Proposed Rule also fails to impose adequate protections against discrimination for apprentices. Part 30 prohibits *apprenticeship programs* and *sponsors* from discriminating against apprentices based on race, color, religion, national origin, sex, sexual orientation, age (40 or older), genetic information, and disability. Although the Proposed Rule provides that SREs should only recognize Industry Programs that adhere to antidiscrimination laws, it does not directly require Industry Programs and Standard Recognition Entities to comply with the same anti-discriminatory standards and affirmative obligations imposed by Part 30 on Registered Programs and Sponsors. *See* 29 C.F.R. Part 30.1, 30.3 – Equal Employment Opportunity in Apprenticeship. Indeed, Title VII itself does not seem to cover Industry Programs under Section 2(d) of the Act. 42 U.S.C. § 2000e-2(d). The problem stems, in part, from the fact that while the above referenced rules and statutes regulate Apprenticeship Programs as specifically defined in Section 29.2, they do not cover the newly created “Industry Programs” or “Registration Entities” as defined by Section 29.20 of the Proposed Rule. *See* 29 C.F.R. Part 30.1, 30.3. Industry Programs and Registration Entities should be explicitly directed to comply with all obligations imposed by Part 30, whether in the definition of these terms or elsewhere.

B. The Proposed Rule Fails to Incorporate Measures to Protect Apprentices and Would-be Apprentices Against Low-Quality IRAPS.

As the chief law enforcement officers in our respective states, we are unfortunately all too familiar with the myriad ways in which predatory entities exploit vague regulations and loopholes to harm vulnerable people. Many of us have taken action to stop the harms posed by predatory for-profit colleges. There are far too many examples of institutions across the country that have used deceptive tactics to attract students, including misrepresenting the quality of their programs and graduates’ job placement rates. These schools scammed students, many of whom face continuing economic harm. Consistent with the National Apprenticeship Act’s mandate to safeguard the well-being of apprentices, the Department of Labor must not allow IRAPs to become another trap for hard-working Americans trying to improve their lives.

However, we are concerned that the Proposed Rule lacks any proactive role for oversight by the Department to ensure that apprentices are not trapped in low-quality industry programs. The Proposed Rule instead relies entirely on self-policing and complaints to ensure that Standard Recognition Entities (SREs) are only accrediting high-quality IRAPs. As our offices have repeatedly seen with accreditor oversight in the higher education context, such oversight is entirely insufficient. Without enforcement of robust standards for SREs and IRAPs, the Department will be unable to ensure that apprentices are not taken advantage of by low-quality IRAPs.

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The Proposed Rule establishes a mechanism for apprentices to submit complaints about SREs, and gives the Department authority to derecognize SREs, but fails to establish a similar mechanism for apprentices to submit complaints about, or for the Department to derecognize, the IRAPs in which apprentices are enrolled. There is no reason apprentices would have an issue with the SREs that recognized their programs. Apprentice complaints are vastly more likely to concern the IRAPs. A process or forum for apprentices to raise concerns not only allows individual apprentices the opportunity for their complaints to be addressed, but also provides critical information to the Department about which programs need additional scrutiny. Additionally, the Department must eliminate the requirement that the complaint “must be submitted within 60 days of the circumstances giving rise to the complaint.” The requirement, and the additional conditions set in §29.26(b) would make it very unlikely that a complainant could submit adequate information and documentation within the required timeframe, and far too likely that the Department could then dismiss the complaint out of hand, with no regard for its merit.

The Proposed Rule does not adequately address potential conflicts of interest, and we are concerned about the potential for SREs to have financial incentives to recognize as many IRAPs as possible. The Proposed Rule fails to categorically prohibit SREs from operating or providing services to apprenticeship programs. It also does not bar officers, directors, and managers of SREs from owning or controlling any entities offering IRAPs recognized by the SRE.

C. The Proposed Rule Does Not Provide Sufficient Authority for the Department to Act When IRAPs Fail to Meet Requirements to Protect Apprentices.

As we discussed above, the Proposed Rule does not go nearly far enough to establish protections for apprentices. It also fails to provide the Department adequate enforcement mechanisms to act when IRAPs fail to provide quality training and education, and fails to require that SREs timely take action against IRAPs that fail to meet the requirements set out in the rule.

Our experiences in the for-profit college industry have shown repeatedly that strong protections (which this proposal lacks entirely) are not enough; protections must be paired with robust enforcement. The Proposed Rule fails to fully incentivize SREs to take action when IRAPs they recognize are failing apprentices, and SREs should be liable to any apprentice injured by a failing IRAP in the same measure as the IRAP.

We are concerned that the Proposed Rule does not make federal funding and recognition of IRAPs contingent on meeting certain material thresholds, such as minimum completion rate for

ATTORNEY GENERAL OF WASHINGTON

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apprentices, or minimum employment rate for apprentices within certain time frames, such as one, three, and five years. This requirement would not only protect apprentices, but would also protect taxpayer investment by diverting funding from low-quality, underperforming IRAPs.

The balance of power between industry and workers is tilted far to the side of industry, and we fear that the Proposed Rule is simply one more opportunity for unscrupulous businesses to prey on individuals seeking the training and work experience that apprenticeships can provide. We urge the Department not to proceed with the Proposed Rule.

Sincerely,



Bob Ferguson  
Washington State Attorney General



William Tong  
Connecticut Attorney General



Kathleen Jennings  
Delaware Attorney General



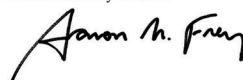
Karl A. Racine  
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Tom Miller  
Iowa Attorney General



Aaron Frey  
Maine Attorney General



Dana Nessel  
Michigan Attorney General



ATTORNEY GENERAL OF WASHINGTON

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Keith Ellison  
Minnesota Attorney General



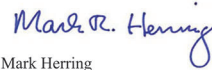
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New Jersey Attorney General



Ellen Rosenblum  
Oregon Attorney General



Josh Shapiro  
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Mark Herring  
Virginia Attorney General



DOUG BURGUM  
GOVERNOR OF NORTH DAKOTA  
CHAIR

KATE BROWN  
GOVERNOR OF OREGON  
VICE CHAIR

JAMES D. OGSBURY  
EXECUTIVE DIRECTOR

November 18, 2019

The Honorable Susan A. Davis  
Chair  
Subcommittee on Higher Education and  
Workforce Investment  
Committee on Education and Labor  
House of Representatives  
2176 Rayburn House Office Building  
Washington, D.C. 20515

The Honorable Lloyd Smucker  
Ranking Member  
Subcommittee on Higher Education and  
Workforce Investment  
Committee on Education and Labor  
House of Representatives  
2101 Rayburn House Office Building  
Washington, D.C. 20515

Dear Chair Davis and Ranking Member Smucker:

In advance of the Subcommittee's November 20 hearing on Examining the Policies and Priorities of the Labor Department's Apprenticeship Program, attached please find two items communicating Western Governors' policy on apprenticeships:

- Western Governors' Association (WGA) comments to the U.S. Department of Labor Employment and Training Administration regarding the establishment of an industry-recognized apprenticeship system; and
- WGA Policy Resolution 2018-13, Workforce Development in the Western United States.

I request that you include these documents in the permanent record of the hearing, as they articulate Western Governors' policy positions and recommendations on this important issue.

Please contact me if you have any questions or require further information. In the meantime, with warm regards and best wishes, I am

Respectfully,

 A handwritten signature in black ink that reads 'Jim Ogsbury'. Below the signature, the name and title are printed: 'James D. Ogsbury, Executive Director'.
 

James D. Ogsbury  
Executive Director

Attachments



DOUG BURGUM  
GOVERNOR OF NORTH DAKOTA  
CHAIR

KATE BROWN  
GOVERNOR OF OREGON  
VICE CHAIR

JAMES D. OGSBURY  
EXECUTIVE DIRECTOR

August 26, 2019

The Honorable John Pallasch  
Assistant Secretary  
Employment and Training Administration  
U.S. Department of Labor  
200 Constitution Avenue, N.W.  
Washington, D.C. 20210

Dear Assistant Secretary Pallasch:

The Western Governors' Association submits the following comments to the U.S. Department of Labor (DOL) Employment and Training Administration (ETA) regarding the establishment of an industry-recognized apprenticeship system.

#### BACKGROUND

On June 25, DOL published a proposed rule ([84 FR 29970](#)) to establish a system of industry-recognized apprenticeships. The purpose of the rule is to create an industry-led, market-driven approach to scale the apprenticeship model and help address the skills gap. The proposed rule would amend [29 CFR 29](#), the portion of the Code of Federal Regulations that currently governs registered apprenticeship programs, to add a new subpart on industry-recognized apprenticeships. Regulations for the existing registered apprenticeship program are unchanged.

The industry-recognized apprenticeship system would rely on standards recognition entities (SREs) to work with employers to establish, recognize and monitor industry apprenticeship programs. The proposed rule describes which entities can become SREs, outlines the responsibilities of SREs, defines high-quality industry programs, and describes how industry programs would operate in parallel with the existing registered apprenticeship system.

#### STATEMENT OF INTEREST

WGA represents the Governors of 19 western states and 3 U.S. territories in the Pacific. The Association is an instrument of the Governors for bipartisan policy development, information-sharing and collective action on issues of critical importance to the western United States.

In 2017, WGA launched the *Western Governors' Workforce Development Initiative* to create enhanced career opportunities for students, graduates and displaced workers to build a more vibrant regional economy. Through this effort, Western Governors have prioritized a variety of workforce development endeavors, from better aligning education with labor market demands, to expanding workforce services and training opportunities for the unemployed and underemployed, to attracting more skilled workers. Western states are also leading the way on expanding work-based learning opportunities for both students and adults. Work-based learning programs, including registered apprenticeships, allow people to acquire in-demand skills while earning a salary.

The Honorable John Pallasch  
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Western Governors adopted WGA Policy Resolution [2018-13, Workforce Development in the Western United States](#), to recommend federal policy that can better support state efforts. Western Governors “support the expansion of work-based learning programs, including registered apprenticeships” and “encourage Congress and federal agencies to support and incentivize state-, local-, and industry-led partnerships to create and scale work-based learning and apprenticeship programs.”

Western Governors, however, also believe that “new federal investments in apprenticeships should align with existing efforts to foster a coherent system with minimal duplication at the federal, state and local level.” Western Governors urge the Department to take steps to ensure that industry programs will not be duplicative of state investments in federally registered apprenticeships. Additionally, Western Governors believe it is critical that the new system provides value and ensures program quality for participants as federally registered apprenticeships currently do.

#### COMMENTS

##### *Avoiding Duplication*

Federally registered apprenticeships have existed since 1938 under the National Apprenticeship Act (NAA). Pursuant to that program, individual apprenticeship programs are registered through DOL or federally recognized state apprenticeship agencies. DOL states that an alternative system is necessary because, “this model has failed to scale... even as the modern economy has required millions of skilled workers in new areas.” Many western states have, however, taken advantage of DOL grants to expand federally registered apprenticeships in their states, extending their availability to new populations and sectors.

The proposed rule clarifies that DOL will only recognize SREs that seek to recognize industry programs in sectors without significant registered apprenticeship opportunities. It also defines national thresholds by which DOL will determine which sectors already offer significant registered apprenticeship opportunities. Based on the rule, military and construction apprenticeships will be precluded from establishing industry programs under the new system.

Western states have expanded registered apprenticeships to a variety of other sectors, including information technology and healthcare professions. The creation of industry programs in sectors outside the jurisdiction of the state apprenticeship agencies may create confusion and undermine the significant time and effort that states have invested in registered apprenticeships.

##### *Alignment*

WGA Policy Resolution 2018-13 also states: “Western Governors support efforts to incentivize employers to play a more active role in talent development, through partnership with state workforce development agencies and educational institutions or investments in the skills and training of their employees.”

The industry-recognized apprenticeship system strives to encourage industry leadership and investment in the development of apprenticeship structure, curricula, and requirements. To achieve this, the proposed rule requires that entities demonstrate they represent industry consensus in their application to become an SRE.

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DOL also notes that applicants should demonstrate sufficient support from industry authorities to validate their expertise. DOL seeks comment on whether additional requirements are necessary to further align the skills apprentices receive to the needs of employers in a region.

Western Governors recommend that the proposed regulations ensure that SREs consult with state workforce boards in addition to industry leadership. State workforce boards can provide expertise and insights about which industry programs and industry-recognized credentials are needed to meet labor market demand in their states, thus ensuring new programs align with state workforce development efforts.

#### ***Portability of Credentials***

The proposed rule requires that industry programs provide participants with an industry-recognized credential upon completion. Credentials may be any indicator, such as a certificate or degree, that attests to an individual's competencies in a specific industry. DOL "anticipates that industry programs will generally provide credentials that are portable" but notes that that may not always be possible.

The portability of an industry program credential is fundamental to its value to a prospective participant. Portable credentials are also essential to minimize barriers to workforce mobility. Western Governors request additional clarity on how DOL will ensure that credentials earned through industry programs have value nationally, not just in states or regions. Currently, registered apprenticeships have a clear framework for state and national recognition. Western Governors recommend that DOL creates a public, national database of industry programs, their associated credentials and the portability of those credentials.

#### ***Protections for Apprentices***

Western Governors are concerned that the proposed rule does not include sufficient protections for apprentices. Built into the registered apprenticeship system are protections for both the apprentice and the employer to ensure a safe and rigorous training program. Industry programs do not provide the same level of oversight and protections, with no strong requirements that employers abide by current regulations, including apprentice wage progressions and working conditions, program length, and equal employment opportunity requirements. In addition, there is a nebulous standard in defining both SREs and industry programs. Terms such as "high-quality" apprenticeship programs (29.20(b)) and "expertise to set standards, through a consensus-based process involving industry experts" are vague, and neither "high-quality" nor "consensus-based process" nor "industry experts" are defined anywhere.

#### ***Reporting Outcomes***

WGA Policy Resolution 2018-13 observes that: "Western Governors recognize the benefits of measuring and reporting outcomes by institution and program. Reporting completion rates, employment and earnings will provide useful information for students and their families and help promote the success of these programs to prepare students for in-demand jobs and careers in their regions."

The Honorable John Pallasch  
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The proposed rule would require SREs to publish annual information about each industry program they recognize. SREs would be required to release, in a timely manner, program data on the number of apprentices enrolled, completion rates, median length of the program, and post-apprenticeship employment rate.

Western Governors strongly recommend that DOL also require SREs to publish average earnings of those who have completed the industry program. This information will help assess program impact and quality; it also represents essential information for prospective participants to determine the value of completing an industry program.

**Conclusion**

Western Governors appreciate DOL's efforts to expand work-based learning opportunities to provide more workers with the skills they need in today's economy. We hope to work with you to ensure that these regulations do not undermine state efforts to address this challenge.

Sincerely,

  
Doug Bergum  
Governor of North Dakota  
Chair, WGA

  
Kate Brown  
Governor of Oregon  
Vice Chair, WGA



## Policy Resolution 2018-13

## Workforce Development in the Western United States

A. **BACKGROUND**

1. Workforce development efforts contribute to the economic well-being of western states by enabling people to find fulfilling, well-paying jobs, fostering economic mobility, and ensuring that businesses have access to the skilled employees they need to thrive.
2. Western states had an average unemployment rate of just under 4.0 percent in March 2018.<sup>1</sup> Many businesses report that they cannot find qualified candidates for open positions. At the same time, many jobseekers are unable to find good jobs for which they are qualified.
3. Workforce development challenges are particularly acute in rural communities, which are commonly characterized by higher rates of unemployment, a lack of economic diversity, geographic isolation, and limited infrastructure, including access to broadband.
4. Economic equity continues to be a problem across states, with people of color and people with disabilities, regardless of career preparation and credential levels, seeing poorer rates of employment and earnings than majority populations.
5. There are 6.6 million unfilled jobs in the United States due in part to a shortage of workers with the skills and qualifications to fill those positions.<sup>2</sup> The largest gap is in middle skills jobs, which require more than a high school diploma but less than a four-year degree.
6. Postsecondary education and training is critical in today's economy. Almost 80 percent of jobs in the United States require a postsecondary credential, including certificates, associate degrees, four-year degrees, and licenses.<sup>3</sup>
7. On average, those holding a bachelor's degree earn more than those who have not attained that degree, but those who do not reach that level of education can still find good employment. There are 30 million jobs that don't require a four-year degree and pay at least \$35,000 per year with a median salary of \$55,000.<sup>4</sup>
8. Education systems have not kept pace with economic realities. Student success is traditionally perceived, and measured, as moving directly from high school to a four-year degree program. Today, only 20 percent of students successfully complete that traditional

<sup>1</sup> Bureau of Labor Statistics, Local Area Unemployment Statistics, May 18, 2018.

<sup>2</sup> Bureau of Labor Statistics, Job Openings and Labor Turnover Summary, May 8, 2018.

<sup>3</sup> National Skills Coalition, [United States Middle-Skill Fact Sheet](#), February 2017.

<sup>4</sup> Carnevale, A.P., Strohl, J., and Ridley, N., [Good Jobs that Pay Without a BA: A State-by-State Analysis](#). Georgetown University Center of Education and the Workforce, 2017.

pathway to their career.<sup>5</sup> The rest are finding their own pathways to success, which may include entering the world of work or pursuing other types of credentials. Many, however, encounter obstacles.

9. On average, only about one-third of high schoolers are engaged in school, meaning that two-thirds are not actively involved in or enthusiastic about school.<sup>6</sup> Three million young adults ages 16-24 are not participating in either work or education.<sup>7</sup>
10. Additionally, many Americans start a college degree but do not complete it, leaving them with the burdensome costs of higher education but no wage benefit – 35 million people over 25 have some college credits but no degree.<sup>8</sup>
11. As students increasingly pursue indirect routes to higher education, over 70 percent of students enrolled in postsecondary education are now “nontraditional students” who may be older, working full or part time, or caring for children.
12. Technology will continue to be a disruptive force in the labor market, driving potentially drastic changes in the labor demands of certain industries. It is expected that many jobs that will be in demand in 2030 do not yet exist. Workers will need to be able to acquire new skills over their careers to adapt to change. Up to one-third of U.S. workers in 2030 may need to learn new skills or move into a new occupation due to the impacts of automation.<sup>9</sup>
13. To address these issues, Western Governors have prioritized a variety of workforce development efforts, from better aligning education with labor market demands to expanding workforce services and training opportunities for the unemployed and underemployed to attracting more skilled workers.
14. Western states are also leading the way on expanding work-based learning opportunities for both students and adults. Work-based learning programs, including registered apprenticeships, allow people to acquire in-demand skills while earning a salary.
15. Employer leadership is critical to ensure that workforce development efforts are satisfying the needs of an ever-changing economy. Businesses in the West have taken an active role in working with educational institutions and workforce agencies but increasing industry participation will remain critical.

**B. GOVERNORS' POLICY STATEMENT**

1. Western Governors recognize that there are many pathways students can take to a successful career, including short-term education and skills training or work-based learning

<sup>5</sup> U.S. Department of Education, National Center for Education Statistics, [The Condition of Education 2017](#), May 2018.

<sup>6</sup> 2016 Gallup Student Poll Snapshot Report

<sup>7</sup> Brookings, [Employment and disconnection among teens and young adults: The role of place, race, and education](#), May 2016.

<sup>8</sup> U.S. Census Bureau, Educational Attainment in the United States: 2017, December 14, 2017.

<sup>9</sup> McKinsey Global Institute, [Jobs Lost, Jobs Gained: Workforce Transitions in a Time of Automation](#), December 2017.



programs such as registered apprenticeships. Students and jobseekers should have access to understand their options and the potential outcomes of these programs.

2. Facilitating lifelong learning is essential to prepare for the impacts of technology on the labor market. Western Governors encourage Congress to increase student access to short-term education and skills training programs in reauthorization of the Higher Education Act, including through expanding the Pell Grant program to include high-quality short-term training programs leading to industry-recognized credentials. These flexible work-force oriented funds should be coupled with plans to adopt and report outcomes metrics tied to employment and earnings to maximize the success of this policy in equipping workers for high-opportunity jobs and careers.
3. Western Governors also support the expansion of work-based learning programs, including registered apprenticeships. Western Governors encourage Congress and federal agencies to support and incentivize state-, local-, and industry-led partnerships to create and scale work-based learning and apprenticeship programs. New federal investments in apprenticeships should align with existing efforts to foster a coherent system with minimal duplication at the federal, state, and local level.
4. Career and technical education (CTE) helps expose students to their career options and develop skills they will need in the workforce. Western Governors call on Congress to reauthorize and fully fund the Carl D. Perkins Career and Technical Education Act. Reauthorization of the act should take into consideration the following principles:
  - Governors and states are in the best position to determine how to use federal CTE funding to meet the unique needs of their economies.
  - High-quality CTE programs should lead to in-demand, high wage careers; include career and academic advising; include pathways to four-year degrees, for example through articulation agreements or stackable credentials; and develop employability skills through integrated education and training, work-based learning or leadership opportunities.
5. Western Governors note that federal funding for workforce development through the Workforce Innovation and Opportunity Act supports economic growth and job creation in the states. Western Governors request that the 15 percent reserve for statewide activities be maintained. This funding allows Governors to be flexible in addressing state needs and supports innovation.
6. Western Governors encourage the federal agencies, including the U.S. Department of Labor and U.S. Department of Education, to coordinate their efforts to better align federal workforce development, career and technical education, and higher education programs.
7. Western Governors recognize the benefits of measuring and reporting outcomes by institution and program. Reporting completion rates, employment and earnings will provide useful information for students and their families and help promote the success of these programs to prepare students for in-demand jobs and careers in their regions. Western Governors encourage Congress to include the College Transparency Act in reauthorization of the Higher Education Act, to adopt and report on earnings, employment,

and credential attainment metrics by education provider and individual program in a manner that protects student privacy and ensures data security.

8. Employers play an important role in state workforce development efforts. Western Governors support efforts to incentivize employers to play a more active role in talent development, through partnership with state workforce development agencies and educational institutions or investments in the skills and training of their employees.
9. Rural communities are at risk of falling further behind in skills necessary for the economy of the future due to a lack of broadband access. Western Governors encourage federal agencies and Congress to continue to deploy resources to solve this urgent need.
10. Professional licensing requirements vary by state and can create a barrier to mobility for professionals in western states. Where possible, Western Governors should work together to minimize this barrier.

**C. GOVERNORS' MANAGEMENT DIRECTIVE**

1. The Governors direct WGA staff to work with Congressional committees of jurisdiction, the Executive Branch, and other entities, where appropriate, to achieve the objectives of this resolution.
2. Furthermore, the Governors direct WGA staff to consult with the Staff Advisory Council regarding its efforts to realize the objectives of this resolution and to keep the Governors apprised of its progress in this regard.

*Western Governors enact new policy resolutions and amend existing resolutions on a bi-annual basis. Please consult [www.westaov.org/resolutions](http://www.westaov.org/resolutions) for the most current copy of a resolution and a list of all current WGA policy resolutions.*

[Additional submissions by Mr. Norcross follow:]

I am a resident of Asheville, North Carolina and I am concerned about your proposal to expand apprenticeship programs. Thank you for allowing time for the public to comment on something that will end up impacting everyone.

I believe in expanding apprenticeship opportunities and thank the Department of Labor for its detailed analysis of ways to encourage development of apprenticeship programs. Specifically, I support the exemption of the construction industry. I know right now most of the individuals responsible for critical infrastructure have been trained by a program that you ensured is the best. I know mistakes can be made, but I think that the Department of Labor has the expertise to be able to ensure the training workers receive allows workers to complete their jobs safely and ensure public safety.

You were right to exclude construction from this proposal. I would encourage you to expand your current registered apprenticeship program system rather than trying out something new that could water down existing programs or allow new programs that wouldn't be the best in their areas.

Victor Rodeia

North Carolina

I'm a Journeyman Wireman with the International Brotherhood of Electrical Workers (IBEW). I have been a member of the IBEW for 14 years. I completed the best, most challenging training program in the electrical industry. Because I completed a DOL registered apprenticeship program, I believe I can provide valuable comments in response to your proposed apprenticeship rule.

The IBEW and the contractors we work with build projects worth millions of dollars every year. These projects get done on-time and on-budget because of well-trained people like me. I support the Department of Labor's decision to keep Industry Programs out of construction so that future generations of apprentices will receive the same excellent skills training I received.

The Department of Labor is right to keep IRAPs out of construction. Registered apprenticeship programs make sure that apprentices get the skills and safety training they need to keep construction sites running efficiently, productively and safely. Don't let an experimental system destroy these standards, which have been working well in our industry for decades.

Steven Villegas

Adrian, Michigan

I am a resident of Astoria, Oregon. I have been a member of the International Brotherhood of Electrical Workers (IBEW) for 13 years. I completed a DOL registered training program - one created by a partnership between the IBEW and its contractor association, the National Electrical Contractors Association. While in school I also had hands on, on the job training. I earned while I learned and had benefits. I graduated with a profession, debt free. I am extremely thankful for the opportunities that have come my way as a result of my completion of an apprenticeship program. I am thankful for the opportunity to comment on your proposal, because I want the U.S. apprenticeship system to remain strong.

I support construction apprenticeships being exempted from this proposal. I believe this exemption should be permanent. I know that the training program I completed was intense. Not only did it take years, but it upgraded the specialized skill training and certifications are available to me. My industry is one that is always changing. It concerns me that the IRAP system would not stay on top of the most current technology and safety measures in the electrical industry - which would create safety concerns.

Excluding construction from Industry Programs is a no-brainer. Preserving the registered apprenticeship program will ensure that future apprentices get the training they will need to work on the complex construction projects that are necessary to rebuild America's infrastructure.

Brent Brockey  
Astoria, Oregon

Hi my name is Dennis Smith. I have been in the power line industry for 21 years and in the IBEW for 3 years. Since I have been in the IBEW I have had a chance to deal with the apprenticeship they have. There is no comparison when comparing union apprenticeship to non union. I have participated in both throughout my career and the on the job training and classroom instruction is leaps and bounds apart. Allowing any and all recognized apprenticeships would be a disaster to our building trades in America. It would deliver a devastating blow to the quality and training of multiple industries and water down the true journeyman workers in this country. I can personally attest to the difference in quality and professionalism as being a part of both sides. So I say if you truly care about your country and the stability of our country and a strong infrastructure you will seriously consider the apprenticeship we have in place now and always had. Not allowing fly by night companies create their own watered-down apprenticeships.

To whom it may concern:

I am a Certified Insulators for 13 years with the Heat and Frost Insulators Union and have been directly involved in apprenticeship programs. A Federal and State Registered Union Apprenticeship gave me the professional craftsmanship skills to earn a good living wage with health and retirement benefits. A career I can be proud of and a way to support my family.

Throughout my career I have personally worked with other union members, who received the same great Union Registered Apprenticeship training as I did. This means we perform efficient, high quality work and keep each other safe on the jobsite by avoiding unnecessary accidents and injuries. At the end of day would that not be your goal, to see working class citizen perform and achieving success under the current system of apprenticeship and going home safely to their families.

Unlike in my registered apprenticeship program, apprentices in the proposed Industry Programs could be paid minimum wage throughout their apprenticeship. If I had made minimum wage while working in the dangerous condition an insulator may encounter, I'm not sure I would have completed my apprenticeship program. The Department of Labor is right to exclude the construction industry from its Industry Program proposal because construction apprentices are more likely to complete training when good wages and high-quality training are offered. This will result in more well-trained construction workers who pay attention to best practices.

In this day and age, we cannot afford to have unqualified people building our nation's infrastructure. This is important work that needs the best trained workforce.

Please make the construction exemption permanent and keep our infrastructure and construction workforce secure.

Sincerely



Joshua Sherrard

Heat & Frost Insulators



U.S. Department of Labor  
Office of Policy Development and Research  
Attn: Administrator Adele Gagliardi  
200 Constitution Avenue NW, Room N-5641  
Washington, DC 20210





My name is Benjamin Stilson and I am a 2nd period union iron worker local 416 in California. I am fully against the new regulations concerning industry recognized apprentice programs. These new regulations dilute and cheapen the national and state recognized certifications and credentials us union Ironworkers work so hard to attain. We take immense pride in our quality of work, safety and nationally recognized certifications. These new regulations create lower wages and quality of life for union Ironworkers and our families.

RIN: 1205-AB85

Christian Gallardo

Iron Workers Local 433

Baldwin Park, CA

To Whom It May Concern:

My name is Christian Gallardo and I am currently in a certified apprenticeship program through the International Association of Bridge, Structural, Ornamental, and Reinforcing Ironworkers. I came in as an experienced welder which helped me get into the apprenticeship program quicker than the common person who randomly signs up. I have an Associates degree in science for welding, and from there I would move from one job to another. A year before I signed up for the apprenticeship program, I was welding on the field for another company that was not in a union and did not have an apprenticeship or training program. The pay was low at the time, not quite enough to make it as a single person let alone if you have any dependents. I was not struggling as much as I thought was going to struggle, but that was because there was a lot of overtime and I did not have any bills at the time.

Not once did we have a safety meeting, or toolbox talk, this is terminology we use referring to a job hazard analysis we go through weekly and for some, daily. We plan the day and tasks and try to be prepared for errors, hazards, and more. Although this task and paperwork is usually performed by the foreman, the competent person in charge of the crew for the task to be done, we as apprentices were shown and taught how to fill one out when we go to the outdoors and have our hands on training. As simple as tripping over a crack to electrocution, they make sure we look at the bigger picture to make sure we are ready. The school trains us and shapes us so that we can take what we learn from the apprenticeship school straight to the field. The apprenticeship program works towards making the training resemble the construction work we on the jobsites. We talk all our tools as if we were going to work, dress the job, and respect.

The apprenticeship improved my life because I was only a welder, I had no plans on getting out there on the skeleton of the building and connecting iron beams, or hanging off the edge of buildings, driving heavy machinery like boom lifts and forklift. While I would take my math classes in college, I never wanted to work with fractions, but now thanks to the school's teachings, I now know new methods to do fraction math a lot faster than I ever could learn from a calculus class. Entering the apprenticeship program having an AS degree already made me feel like it was just some training and a waste of time, but once I took the first class, which is an orientation class, I learned to much it humbled me. Now not only am I learning, but I am constantly trying to get the highest score I could possibly have. I try to go over and beyond; I do not do this for a grade but because I am that eager to learn more and I do it for myself. I go to the apprenticeship classes with the mentality that if I cannot teach someone else what I learned in that class then I did not truly learn; and I have applied it. During breaks, other levels try to study, and some struggle more than I could bear, so me and some of my other classmates will go and

spill all the information we learned so that they have another prospective on how to perform that task. My favorite is the knots; I tell my own classmates, if you could only tie it one way the same way every time, then you are memorizing it, not learning it. In every single class, every single day, we talk about safety. The constant battle is to stay safe or transition and adapt new methods in order to be safer.

A quote that didn't affect me at first, but now is key, is to do everything possible to get home safe. When I first started, I did not have any responsibilities, I was a student. I was used to not having money and staying up late at night. Today, 2 years in the apprenticeship program, I have many bills and responsibilities, which include a house mortgage. The ability to be able to work and study at the same time allows me to move forward with my life and not backwards. I do not have to await completion of the program to start working. I will not need to take loans to study. The apprenticeship program implements that although construction workers like to cut corners at times, the school will teach us the correct ways and encourage us to correct our fellow coworkers, not to make it more difficult but to make it safer.

The apprenticeship teaches us how to participate in our roles of ironworkers in the most efficient way, but also in the safest way possible. Knowing that I possess the ability to stop a task because it is unsafe, lets me sleep better at night knowing that I will be able to come home again the next day. A lot of times many programs are forced to give a safety talk. Many other programs give you the most broad and general common-sense safety lessons; do not cut your fingers, be careful with sharp objects, the flame is hot and will burn you. This is what people will consider quality safety if IRAP gets into the construction field. In our apprenticeship program certified with Cerritos college, a credited school, we go into dept of the safety of the workplace, and how to do our job the best way possible from previous years of experience. If anyone is allowed to create their own programs with no standards or any oversight from the Department of Labor then they will not only put their own lives at risk, but everyone around them at the jobsite. This could be a disaster to all construction industry. There are many shops and individuals that make a living by cutting corners, passing people when they are, in reality, not ready to be out on the field, all for a quick dollar. We will have very poor-quality work performed, but most importantly a lot more injuries, and even deaths from accidents. I respectfully request you keep IRAP out of the construction industry.

Thank you,

Christian Gallardo

Iron Workers Local 433

Baldwin Park, California

1526724

**Twin Cities Ironworkers Apprenticeship & Training  
Local 512 · A.G.C.**

835 Pierce Butler Route · St. Paul, Minnesota 55104  
JATC Office Phone: 651-489-3829 · JATC Office Fax: 651-489-1440

Larry Gilbertson Director of Training  
email: larry@iw512jac.com

Pete Teigland Training Coordinator  
email: pete@iw512jac.com

RIN 1205-AB85

8/21/19

My name is Larry Gilbertson and I am the Training Director for the Ironworkers Local 512 Apprenticeship program in St. Paul, MN. As a veteran, a former apprentice, and a 35 year member of our Local I am strongly opposed to removing the construction exemption from the IRAP Final Rule. I have seen firsthand on countless jobs the benefits of the training we provide our apprentices and journeymen members as we do the dangerous job of ironworking each day. We provide our apprentices with over a week of safety training before they ever step foot on a jobsite! I am gravely concerned that construction IRAP's would greatly compromise the safety of all workers on a jobsite. In our Registered Apprenticeship program, our apprentice to journeyman ratio provides experienced members the opportunity to look out for inexperienced apprentices new to the trade and new to the dangerous environment of heavy construction such as steel erection. These ratios were developed to keep workers safe, have been proven effective, and I would hate to see that compromised.

I am also concerned about the construction IRAP's not adhering to 29 CFR 29 and 30 which govern the operation of our Registered Apprenticeship program. We are very proud of the minority and female inclusion into our apprenticeship program and we work with many community-based organizations who act as defacto partners in helping us diversify our ranks. We want our Local to be reflective of the community in which we work and serve and I would hate to see these opportunities for these young folks evaporate in a construction IRAP program. Some of my greatest moments working with apprentices are when a young person goes from a dead-end job with no benefits to being able to provide their families with a living wage, insurance coverage, and retirement plans. We are able to give our apprentices a tiered wage package tied to their education and on-the-job training so that as they get more skilled and valuable to their employer, their pay increases. This formula works and has worked for our union for more than 50 years.

In conclusion, Registered Apprenticeships have shown to be a successful model for the construction industry. I have seen workers injured on jobsites, even killed on jobsites, as ironworking is a very dangerous occupation. Having undertrained and underpaid workers compromises the safety of not only the jobsite workforce but the general public as well.

I would like to ask the DOL to please keep the construction exemption in the IRAP Final Rule.

Sincerely,



Larry Gilbertson, Training Director  
Ironworkers Local 512  
St. Paul, MN

## Twin Cities Ironworkers Apprenticeship & Training

### Local 512 · A.G.C.

835 Pierce Butler Route · St. Paul, Minnesota 55104  
 JATC Office Phone: 651-489-3829 · JATC Office Fax: 651-489-1440

Larry Gilbertson Director of Training  
 email: larry@iw512jac.com

Pete Teigland Training Coordinator  
 email: pete@iw512jac.com



RIN 1205-AB85

I am writing today in hopes that the construction industry will stay exempt from the IRAP rule.

I am a current member of Ironworker Local #512 in St. Paul, Minnesota. I have been a member since July of 1994. The first 20 years of my career were spent in the field working on projects all across Minnesota, Wisconsin, and North Dakota. I started teaching in our Apprenticeship Program in 1999. Since 2013, I have been the Apprentice Coordinator of our Local and have continued to teach in the program.

Local 512's Apprenticeship Program started in the boiler room of a local elementary school in 1966. The program was funded by the students making and selling steel chokers to local contractors. The program moved into a Technical College in the 1970's and we built our own building in 1999. In 2017 we added a \$3 million expansion to our existing facility. This facility now includes 8 classrooms, 2 shops, a 5 ton overhead crane, and 30 welding booths. This has all been funded by our members with no government handouts.

Construction is a dangerous occupation, and Ironwork is the most dangerous of the trades. If the construction industry is included in the IRAP rule, I fear that these new programs will have watered down safety training, making jobsites more hazardous for everyone. Ironworker Apprentices in Local #512, receive over 50 hours of safety training before going to work for the first time. This safety training is continued in each of the classes the Apprentices take over their 3-year term of Apprenticeship. Journeyman are also required to upgrade their safety training through classes offered at the Training Center. These safety certifications and credentials are recognized nationwide.

Local #512's Apprenticeship Program is regulated by the Minnesota Department of Labor and has strict standards to which the Apprentice, the Union, and the Contractors are held accountable. An example of this is our Apprentice to Journeyman ration of no more than one Apprentices to every four Journeymen on a jobsite. I feel that the IRAP's will have minimal oversight by the Department of Labor and will lack many of the standards that our Local Union has worked so hard to get.

Apprentice Ironworkers in Local #512 make a living wage to start, including health insurance, pension plan, and annuity. If the Apprentices keep current on school and work hours, they earn a 5% raise every 6 months until they become a Journeyman. IRAP's will offer no guarantee in wages and benefits to Apprentices. What they will offer is much lower wages and minimal benefits. This will hurt the industry and the people who have worked so hard to earn a good wage and a retirement.

My union apprenticeship will start me in a great career as a laborer living in Detroit, MI, with no student debt.

LIUNA and our partner contractors invest millions of dollars every year in high quality training, to meet the workforce needs of the construction industry.

Do not open the system to scammers who will lower standards, make money off the backs of apprentices, and encourage contractors to cut corners.

Let's continue to exclude construction industry workers from IRAP.

With IRAPs, contractors will be allowed to pay apprentices minimum wage with no guarantee of wage progression. This will drive down wage and benefit standards across the industry.

- Wesley Anderson

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RIN:1205-AB85

**Raymond A Smith III**

9165 Point Lace Ct.  
Las Vegas, NV 89149  
(702)493-5808  
ironworker433@live.com  
1232449

July 30th, 2019

**To Whom it may concern:**

My name is Raymond A Smith III;

Because you will have tens of thousands of these letters to read I will keep it brief. IRAP does not belong in the construction industry PERIOD. I was a roughneck in the oilfield from 1986-1991. We were trained by the company. That literally was, get your ass up on that stack and don't get hurt. Pay attention and the men will help you out. Luckily I did not get hurt too bad just some broken fingers from sliding a crossover, check valve, and bit in the bit breaker into the rotating table by myself. Terrible mistake that should have cut my fingers off. After the bottom fell out and every rig in the country got stacked out I found my way to Alaska as a greenhorn crab fisherman. From 1991 until 1996 I managed again, not to get killed on the back of a catcher boat. My first boat and best boat was the Ocean Olympic skippered by Rip Carlton and chief'd by Dave Riccio. I replaced the deckhand whose hand got chopped off up to his wrist by the bait grinder. It was probably something to see...

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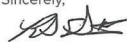
RIN: 1205-AB85

the chopper from the Coast Guard cutter Hamilton lowering down the man basket in stormy seas must have been wild. So to get to the point: Had I had the incredibly thorough and high level training the JATC offers I definitely would not have made the bit breaker mistake or other mistakes on the crab boats that got me stitches or time off to heal. Had the man whose hand and wrist got chopped off had the level of training I received through the Union, he would still have his hand. Safety is paramount in these high level accredited training programs.

Anyway, I have been working iron now for twenty three years. I have all my fingers and all my toes in an industry where everything is trying to kill you. Look, employers are concerned with costs and bottom line. The accredited JATC program I went through is not. They care about SAFETY! Had I not been surrounded by the best most highly trained men in the industry I have little doubt I would have been seriously injured or killed. After twenty three years working iron the hair still stands up on the back of my neck from situations that arose. Had it not been for men as highly skilled and trained as I...things would have turned out differently.

Leave the cost cutting to areas that don't matter. In the construction trades it matters GREATLY. Keep IRAP out of the building and construction trades and keep us SAFE!

Sincerely,



Raymond A Smith III

Journeyman Union Ironworker Local 433 Book #1232449



I am a member of BAC Local 529161 from Connecticut. I am proud to belong to the IUBAC and to benefit from their training programs. I enjoy my work, but it can be very dangerous. I work around heavy machinery and sometimes in toxic environments. I'm thankful every day that my registered apprenticeship program teaches the skills and safety training necessary to keep me and my coworkers safe at work. Industry Recognized Apprenticeship Programs (IRAPs) aren't right for construction because there is nothing that will require them to be held to the same high standards as my registered program. I agree with the Department of Labor's proposal to exempt the construction industry from IRAPs.

In registered apprenticeship programs like the one my union offers, you get the best training in the construction industry. In the classroom and on-the-job, you get years of state-of-the-art construction skills training in the business. Once an apprentice reaches journey-level status, you can pick up and move anywhere in the country and use your skills to get a good job and provide for your family. Allowing training programs that don't meet the standards required of registered programs would undercut my training and effort. High quality training is so important that I am proud to say part of my hourly wage pays for training future generations of apprentices as well as upgrade training for journey-level workers.

If an industry that comprises less than 4% of the workforce is producing half of the nation's apprentices, it means that the apprenticeship system in that industry is more than just getting it done - it should be a model for the rest of the country.

I support the Department of Labor's decision to keep industry programs out of construction so that future generations of apprentices will receive the same excellent skills training I received.

Jarrett Dziarkowski

[Questions submitted for the record and their responses follow:]

hovl

MAJORITY MEMBERS:  
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COMMITTEE ON  
EDUCATION AND LABOR  
U.S. HOUSE OF REPRESENTATIVES  
2176 RAYBURN HOUSE OFFICE BUILDING  
WASHINGTON, DC 20515-6100

December 19, 2019

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The Honorable John Pallasch  
Assistant Secretary of Labor for Employment and Training  
Employment and Training Administration  
U.S. Department of Labor  
Washington, D.C. 20210

Dear Assistant Secretary Pallasch:

I would like to thank you for testifying at the November 20, 2019, Subcommittee on Higher Education and Workforce Investment hearing entitled "*Examining the Policies and Priorities of the Labor Department's Apprenticeship Program.*"

Please find enclosed additional questions submitted by Committee members following the hearing. Please provide a written response no later than Friday, January 17, 2019, for inclusion in the official hearing record. Your responses should be sent to Katherine McClelland of the Committee staff. She can be contacted at 202-225-3725 should you have any questions.

I appreciate your time and continued contribution to the work of the Committee.

Sincerely,

**ROBERT C. "BOBBY" SCOTT**  
Chairman

Enclosure

Higher Education and Workforce Investment Subcommittee Hearing  
*“Examining the Policies and Priorities of the Labor Department’s Apprenticeship Program”*  
 Wednesday, November 20, 2019  
 1:00 p.m.

**Chairman Robert C. “Bobby” Scott (D-VA)**

- At the hearing you stated that you would “look into” the written guidance that the Solicitor of Labor’s (SOL) Office has provided the Employment and Training Administration (ETA) regarding how to use appropriated funds for Registered Apprenticeships, including how to use those funds for industry-recognized apprenticeship programs (IRAPs).
  - Did the Solicitor of Labor prepare a memo in 2019 for the Acting Assistant Secretary of Labor for ETA which discussed the guidelines for using Registered Apprenticeship (RA) funds for IRAPs?
  - Have you reviewed this memo?
  - On what date was this memo sent to the Acting Assistant Secretary?
  - Why was this memo prepared? Was it in response to February 2019 oversight letters from Senator Murray, Representative Davis and myself?
  - Is this SOL memo still in effect and applicable to the use of Registered Apprenticeship funds for IRAPs?
- At the hearing you stated that ETA made contract modifications that sent a “very clear message” to your contractors “that there is to be no additional Industry-Recognized Apprenticeship Program work on any of those contracts if and until they are notified that additional appropriate funding is added to their contract.”
  - Please explain what is meant by “appropriate funding”?
  - Who is responsible for making the determination that additional “appropriate funding is added to their contract” for IRAP work?
- At the hearing you stated that the Department does not know how much the Department has expended on IRAPs because you “can’t disaggregate” IRAP spending from program administration (PA) funds.
  - Did ETA staff keep track of the time they spent carrying out activities related to the Task Force on Apprenticeship Expansion? Was that time paid for with PA funding?
  - Is it feasible for ETA to tabulate the amounts obligated for IRAPs from PA funds and RA funds under contracts to Maher & Maher, Booz Allen Hamilton, ICF and Edelman? Please explain why it is not feasible to tally the amounts obligated for IRAPs?
  - Does ETA know how many full-time equivalents (FTEs) in the Office of Apprenticeships are working on IRAPs and their General Schedule (GS) classifications? Is it feasible to estimate the share of time and related personnel expense for their work on IRAPs? If not, please explain why not.

- Has the SOL kept track of hours working on IRAPs, including related rulemaking and legal support for contracting? Is it feasible to multiply the number of hours times an estimated rate per FTE? If not, please explain why not.
  - Please explain why it is infeasible to provide an estimate for the amount expended by the DOL on IRAPs.
- Please provide the name and title of the Contracting Officer's Representative (COR) for contracts which are or were carrying out work on IRAPS (including Booz Allen Hamilton, Edelman, Maher & Maher).
- Are any of the CORs for contracts which are carrying out work on IRAPS (including Booz Allen Hamilton, Edelman, Maher & Maher) currently or previously based in the IRAP division of the Office of Apprenticeships? If yes, please provide the dates for any period of time when the COR position was based out of the IRAP division.
  - At any time since January 20, 2017, has the COR for these contracts been filled by a political appointee?
- Did personnel in ETA or its contractors share the proposed IRAP regulations with outside stakeholders before they became public through the official notice and comment period?
  - With whom did the Department consult on the policy formation of IRAPs and standard recognition entities (SREs), and what role did Maher & Maher, Booz Allen Hamilton, and Edelman play in this consultation and policy formation?
  - Who helped develop regulations and the Training and Employment Notice (TEN) outlining IRAP and SRE roles and responsibilities? Was this carried out by Departmental staff, contractors, or outside organizations?
  - Did any individual not employed by or under contract with the Department review or edit the proposed IRAP regulations before they were published, and if so, how was that documented? Please provide a list of such individuals or organizations.
  - Have any of the organizations that reviewed the TEN and Notice of Proposed Rulemaking (NPRM) before it became public also express interest in applying to be an SRE or IRAP? Please identify these organizations?
- *The National Apprenticeship Act* requires the Secretary of Labor to engage with state apprenticeship agencies when formulating and promoting labor standards.
  - When and how did you engage with state apprenticeship agencies in the formulation of IRAP and SRE standards?
  - Was the Commonwealth of Virginia's apprenticeship agency consulted in the formulation of IRAP regulations? Please explain how the Virginia State Office of Apprenticeship was consulted?
- In your testimony you mentioned that there have been over 325,000 comments on the proposed IRAP rule, the most ever received for an ETA proposed rule.
  - Did the Department retain the services of a contractor(s) to review comments?
  - Please provide the names of the contractors, the tasks they have been assigned, the amounts obligated and expended for comment review activity, and the source of funding for these activities.

- You confirmed at the hearing that “the accounting issues with spending have been addressed” regarding the misused line-item appropriation for RA funds in the Training and Employment Service (TES) account, and that “any funds paid out for the wrong account have been corrected.”
  - How were the funds for the PA and the TES accounts apportioned in FY 2018? Specifically, how were amounts apportioned in these accounts for Registered Apprenticeships and IRAPs? How were the apportioned amounts allotted, or, if applicable, sub-allotted, by the agency for Registered Apprenticeships and IRAPs?
  - What were the de-obligated PA funds originally obligated for that were used to correct the misuse of RA funds?
  - Please provide an accounting of the date the PA funds were obligated and de-obligated, and the source of funds by fiscal year that were used to replace the RA funds that were de-obligated.
  - On August 23, 2019, the Department informed Committee staff that there was a \$190,000 remaining PA balance after the completion of the Booz Allen Hamilton contract review, but before the Maher & Maher and Edelman reviews had been completed. What was the source of the approximately \$900,000 additional PA funds used to replace the misused funds?
  - How did the Department determine whether, at the point in time at which funds were obligated for the contracts to the three contractors that misused RA funds, there were sufficient funds available in the PA appropriations account (at the account, apportionment, allotment, and if applicable, the sub-allotment level) to address the misuse of RA funds? This should include discussion on how the Department analyzed the obligated, apportioned, and allotted balance of PA funds at the time of the errors.
  - Please provide a full accounting of the PA account (including obligated, de-obligated, and expended funds at the account, apportionment, allotment, and if applicable, sub-allotment level) at the point in time in which the contracts were awarded through the end of fiscal year 2018.
  - What is the current balance of obligated, unobligated, and expended PA funds for Fiscal Year (FY) 2018 and FY 2019? Is there a sufficient balance to allow for additional de-obligation of PA funds, should the Department find additional improper uses of RA funds?
- In a letter you sent to the Committee on November 20th, you stated that the Department applied the “necessary expense” doctrine to each deliverable under the contracts to determine that there was \$1.1 million in misused appropriated funds. Please describe the Department’s justification and rationale for how expending funds appropriated for Registered Apprenticeships on anything related to IRAPs would constitute a necessary

expense of the line-item appropriation for Registered Apprenticeships in the TES account.

- The Department’s apprenticeship regulations at 29 CFR 30.18 requires each State Apprenticeship Agency (SAA) to submit a proposed Equal Employment Opportunity (EEO) plan to the Office of Apprenticeship (OA) by January 18, 2018.
  - How many of the 27 SAA states submitted a proposed state EEO plan to OA by January 18, 2018? How many have done so since then?
  - What process has OA established to ensure that states comply with 29 CFR 30.18 and adopt state EEO plan consistent with 29 CFR 30?
- Have the technical-assistance resources listed on page 1 of the “Technical Assistance Strategy for Apprenticeship Equal Employment Opportunity (EEO) Regulations 29 CFR Part 30;”<sup>1</sup> been created? If so, please provide the date they were made public, and the electronic link where the resource can be found.
- Has OA revised all its external guidance (circulars, bulletins, etc.) to align them with the EEO regulations that were revised in 2017, or with new IRAP standards or guidelines, and if so, what is the date that it was issued or reissued? Why are these guidance documents housed on the Department’s ETA website<sup>2</sup> rather than apprenticeship.gov?
- The Department is responsible for overseeing the RA system, including prompt review of all EEO plans.
  - How many staff members are currently dedicated to the oversight of the EEO requirements, and how many staff members would be needed to complete the reviews of state EEO plans, provide technical assistance, and conduct oversight of the EEO requirements the Department is required to perform in 2020?
  - How many staff members are dedicated to the oversight of the Registered Apprenticeship system?
  - At the hearing you indicated that there are 115 staff members who “would be dedicated specifically to the registered program.” Does this mean that these 115 staff members do not work on IRAPs in any capacity? If not, how many of those staff members have been or are currently working on IRAPs, including the IRAP Notice of Proposed Rulemaking (NPRM), the review of comments, and the proposed final rule?
- When questioned about Apprenticeship Powered by Industry (API) at the hearing you stated that the “Apprenticeship Powered by Industry committee was created and disbanded prior” to you joining the Department so you could not “speak definitively to how the committee came to be and what their work exactly was.” Was the API work part of the comprehensive review that, under your direction, ETA conducted that “went deliverable by deliverable within those three contracts”?

<sup>1</sup> Employer and Training Administration, United States Department of Labor; “Technical Assistance Strategy for Apprenticeship Equal Employment Opportunity (EEO) Regulations 29 CFR Part 30.” Available at: [https://www.doleta.gov/oa/eeof\\_assets-eeo/pdf/EEO\\_in\\_Apprenticeship\\_Rule\\_Technical\\_Assistance\\_Strategy.pdf](https://www.doleta.gov/oa/eeof_assets-eeo/pdf/EEO_in_Apprenticeship_Rule_Technical_Assistance_Strategy.pdf).

<sup>2</sup> OA Bulletins and Circulars, FY 2020 Bulletins and Circulars [https://www.doleta.gov/OA/oa\\_bulletin.cfm](https://www.doleta.gov/OA/oa_bulletin.cfm)

- It is the Committee's understanding that one of API Committees three stated goals was to "support the establishment of the IRAP model" and that the API initiative was used for recruiting and developing potential SREs and IRAPs. Please confirm the following for the record:
  - How was the API initiative used to support IRAPs? Did this include recruiting apprenticeship programs to become IRAPs and organizations to become SREs?
  - How much did the entire API initiative cost?
    - Was the entire work of the API initiative paid for using PA funds, and if not, what is the total breakdown of RA and PA funds, broken down by the API data collection and the API committee work?
    - How did the Department determine the API work that needed to be obligated to RA versus PA funds?
  - Who made the appointments to the "Apprenticeship Powered by Industry Thought Leadership Group" and the related task forces?
  - What specific recommendations did API provide on Registered Apprenticeships?
  - What recommendations did API, including the Leadership Committee or any of the Sector Working Groups make regarding IRAPs?
  - Did any of the members of the API Leadership Committee or the Sector Working Groups review the proposed IRAP regulations in any form, including content or policies to be included in the regulation, before the proposed IRAP regulation was publicly released? Please provide a list of these individuals.
  - How many new Registered Apprenticeship programs have been created as a result of API?
  - How many existing unregistered apprenticeship programs have become Registered Apprenticeships as a result of API?

**Representative Susan A. Davis (D-CA)**

- According to the Department's data, State Expansion Grants helped create new opportunities for 133,428 registered apprentices to date, in less than 5 years. Would you agree that a consistent funding stream to state agencies would be beneficial in seeing these expansion numbers increase?
- How did the Department determine the work conducted by Maher & Maher, Booz Allen Hamilton, and Edelman that needed to be obligated to Registered Apprenticeship (RA) versus Program Administration (PA) funds?
- The Department provided documents to the Committee at 9:30 PM the night before the hearing. These documents indicate that there are no IRAPs in existence. Given the Department canceled the Training and Employment Notice (TEN) on industry-recognized apprenticeship programs (IRAPs), is there currently active guidance or regulation on any form of apprenticeship other than Registered Apprenticeships? Where

is the cutoff line between what is and is not an apprenticeship, and is this information publicly available?

- In a briefing with Committee staff, the Department indicated that a total of 41 referrals had been made to the Registered Apprenticeship program from the data collection work of Apprenticeship Powered by Industry (API) carried out by Maher & Maher.
  - Did the Department provide direction to Maher & Maher or other contractors indicating that if an organization or employer expressed interest in both Registered Apprenticeships and IRAPs, they should be directed to the division of IRAP, and if so, is this referral system still Departmental policy? If not, please show how this policy has changed.
  - What specific instructions, training, etc., have been given to the Office of Apprenticeship's (OA) National Office, Regional, and State directors about what to tell employers and others that are interested in apprenticeships?
- Mr. Pallasch, you described steps the Department of Labor has taken to streamline the registration process for Registered Apprenticeships to make it easier for employers to participate in the system, saying you've reduced the application down to 12 pages, a 70 percent reduction in the size of the application. You also stated that those changes are "complete" and that "the new application is up and active." Does this streamlined registration process, and related forms, need to be submitted to the Office of Management and Budget (OMB) for review and approval before going into effect? If it does require OMB review, please provide the date the revisions will be sent to OMB for review?
- At the hearing, when questioned about clear lines distinguishing between funds for RA and IRAP activities you stated that you "think the lines are very clear. I have made those lines known to our staff. We have made those lines known to our contractor." How are the lines drawn between the two? What additional internal controls have been established that ensure funds are not being improperly used?
- At the hearing a question was raised about how the Department is increasing diversity in apprenticeship programs, and you stated you would be "happy to provide a breakdown of each of the contracts and the targeted deliverables within those contracts to target increasing diversity and underrepresented populations, and growing the registered program." Please provide this breakdown of contracts and deliverables.
- Over the past year 6 State OAs have had vacancies for 6 months or more, and at least 2 State's offices have yet to be filled, including Alabama and Oklahoma.
  - Why were these state office positions allowed to be vacant for so long?
  - When can we expect that the remaining positions will be filled?
  - How much did the OA save in PA funds by leaving these and other positions vacant?
  - How much of these savings were available and used to fund IRAPs?
- Please provide a breakdown of how the FY 2018 and FY2019 Program Administration funds have been apportioned and spent within the Office of Apprenticeship:



- How much on OA's state or regional offices in FY 2018 and FY 2019?
- How much in the OA in the Department Headquarters in FY 2018 and FY 2019?
- How much is budgeted for FY 2020 for the IRAP division in OA?
  - What percentage of OA staff are now working exclusively on IRAPs?
  - What percentage are spending some or the majority of their time on IRAPs? How will this change once SREs and IRAPs start applying?
- Was training provided to Employment and Training Administration (ETA) and OA staff on the development and delivery of IRAPs?
  - When did each training occur?
  - Did contractors support the training?
  - What source of funds were used for these trainings?
  - Has the Department or their contractors conducted outreach to potential standard recognition entities (SREs)?
  - How has that outreach been conducted and funded?
- Under the *National Apprenticeship Act*, the Secretary of Labor is directed to "formulate and promote the furtherance of labor standards necessary to safeguard the welfare of apprentices," however the proposed IRAP regulations eliminate the responsibility of the Secretary to carry out these functions. Instead, the Department's proposed IRAP rule would shift these inherently governmental responsibilities to SREs. What is the legal basis under the *National Apprenticeship Act* for shifting these responsibilities to a third-party from the Secretary?
- Since January of 2017, how many complaints of noncompliance with the Department's Equal Employment Opportunity (EEO) regulations 29 CFR 30, has OA received?
  - If there have been complaints, has OA completed its investigation of each of the complaint, and if not, why not?
  - If OA has not completed its investigation of any such complaints, explain what OA is doing to do so, and provide a date by which it will do so.
  - RA sponsors have to report whether apprentices self-identify as being individuals with disabilities in OA's data-reporting system, RAPIDS. Since the self-identification invitation went into effect: what percentage of apprentices who have been enrolled in Registered Apprenticeships have responded?

**Representative Donald Norcross (D-N.J.)**

- You mentioned in your testimony that some of the performance measures collected on apprenticeship programs are the rates of successful completion and rates of participants earning credentials.
  - Do all of the Registered Apprenticeship Programs submit reports back to the Department of Labor detailing the completion rate or graduation rate of each program?

- Do you then make that information public record? If so, please supply to the Committee the graduation rates of the 23,000 Registered Apprenticeship programs.

**Representative Andy Levin (D-MI)**

- Mr. Pallasch, in a letter to the Committee this past July, the Department stated that Industry Recognized Apprenticeship Programs (IRAPs) may receive “incidental benefit” from funds appropriated solely for Registered Apprenticeships (RAs).
  - Will you please explain to the Committee how the Department is justifying the use of Registered Apprenticeship Training and Employment Service funds for IRAPs on the premise that this is permissible if it provides “incidental benefit” to IRAPs?
  - Please explain the Solicitor’s role in determining what constitutes an “incidental benefit”.
  - Did the Solicitor’s Office provide guidance to the Employment and Training Administration that they can use Registered Apprenticeship funds if it can be shown there are incidental benefits to IRAPs?
  - Is it the Administration’s position that as long as the appropriated funds for Registered Apprenticeship promotes both Registered Apprenticeships and IRAPs, appropriated funds can be used for IRAPs?

**Representative Josh Harder (D-CA)**

- Can you please provide the Education and Labor Committee members with the Department’s public comment survey regarding proposed regulations to implement Industry-Recognizes Apprenticeship Programs (IRAPs)? Our understanding is that the vast majority of comments submitted were in favor of keeping the construction industry exclusion permanent. Please provide data on the following:
  - The number of total comments you received regarding the construction industry exclusion;
  - The number of comments in favor of keeping the construction industry exclusion permanent; and
  - The number of comments opposing keeping the construction industry exclusion permanent.
- Can you clarify what federal standards, particularly regarding training and labor standards, the Department would require of IRAPs to ensure apprentices are set up to succeed in their apprenticeships? How will these standards compare to the existing standards for Registered Apprenticeships? Are they weaker, as strong, or stronger? How will you ensure that all federally funded apprenticeships are meeting the “gold standard” as set by Registered Apprenticeships?
- What engagement has the Department had with labor groups and existing Registered Apprenticeship experts regarding the Department’s apprenticeship priorities? Who have you talked with, what sectors and industries do they represent? Have you engaged with

unions and apprenticeships specifically in rural and suburban communities? Exactly how many unions have been represented in your conversations with stakeholders, and what regions are these experts representing?

- What efforts are being made by the Department to engaged in to ensure that younger, post-high school, and even opportunity youth have access to the existing “gold standard” registered apprenticeship programs? What efforts is the Department making to increase the flow of new applicants to registered apprenticeship programs? What does that outreach look like? How is the success of the efforts to increase the flow of new applicants to registered apprenticeship programs being measured?

**Representative David Trone (D-MD)**

- Can you explain why the Department’s guidance on apprentice to journeyman worker ratios was pulled down in December of 2018 and has yet to be replaced, and when this guidance will be replaced?
- I am interested to hear your plans for apprenticeship complaints, as the complaint form that expires at the end of January 2020. A 60-day notice was filed in the Federal Register soliciting comments on this form in mid-November, why was there such a delay in starting this process?
- The Department of Labor has awarded about \$32 million in contracts supporting apprenticeships to three firms: Maher & Maher, Booz Allen Hamilton, and Edelman. It is the Department’s position only \$1.1 million of the Registered Apprenticeship funds were expended on these contracts to support industry-recognized apprenticeship programs (IRAPs).
  - What has been done to support the actual Registered Apprenticeship programs with the remaining millions of dollars awarded?
  - What products have been developed in support of Registered Apprenticeship program creation or expansion, and for things that are not tangible products like marketing materials, what have these funds been or will be expended on?
  - How much has been expended and for what tasks?
- As I stated in the hearing, after searching the apprenticeship.gov website for Registered Apprenticeships in my district, I realized there were 2,526 postings on that site, but only 11 were for Registered Apprenticeships.
  - Can you explain to how the Department justifies using Registered Apprenticeship funds when only a small percentage of the website’s posting are for Registered Apprenticeship positions?
  - Why does apprenticeship.gov include listing for jobs that are not RAs or that do not have any form of on-the-job training or work-based learning?

**Ranking Member Foxx (R-NC)**

- Mr. Pallasch, please describe ETA’s considerations when it made the decision to refer the Department’s misapplication of apprenticeship Training and Employment Services (TES)

appropriated funds for Industry-Recognized Apprenticeship Programs (IRAP) to the Inspector General's Office.

- In de-obligating the Training and Employment Services (TES) funds, the Department re-obligated funding using Program Administration (PA) funding in order to support the IRAP work performed by the contractors. Mr. Pallasch, please explain the differences between these two funding sources and how the Department reached the conclusion that PA funding was an acceptable source of funding for IRAP-related work.
- Mr. Pallasch, whenever the need for more data is brought up, I believe it is imperative that we discuss privacy. While we want to understand if our programs are working, we also do not want the federal government tracking every individual for the rest of their lives. Have you considered how you can get the information you need by minimizing the data collected at the local level? If we only required local and state grantees to submit aggregated data to the federal government, would that work?
  - One aspect of the data/privacy discussion that concerns me is how we interchange security and privacy. Privacy is being free from observation, security is keeping, in this case, information safe. The act of collecting personally identifiable information is eliminating privacy, discussing security is trying to protect the data we do collect.
  - Can you commit to us that in your push for data collection and data driven decision making you will work to minimize the data collected and then focus on ensuring any personally identifiable data that is collected, whether it is at the local, state, or federal level, be kept as secure as possible using the latest technology and industry standards?

**Representative Elsie Stefanik (R-NY)**

- The Department of Labor recently published its Fiscal Year 2019 Agency Financial Report (AFR). This report included an unmodified opinion on DOL's consolidated financial statements from the independent auditor. Additionally, the auditor found no material weaknesses or significant deficiencies in the Department's internal control over financial reporting for the first time since the Federal Financial Management Improvement Act of 1996. Mr. Pallasch, can you explain how such an opinion can be made in light of the concerns raised by the Subcommittee?
- Mr. Pallasch, in your testimony you mention the need for better data. I agree that data is critical, not only to understand what is working and what is not in a program, but to determine more broadly if the program is meeting its purpose. In the case of your programs, I believe that purpose is mostly whether people are getting jobs in fields that appropriately use their credentials. What do you believe are the key data elements that can inform policymakers, employers, and prospective apprentices of the quality and outcomes for an apprenticeship program? How can the Department work to collect and disseminate this data on program quality, while reducing the burden on employers and programs at the local level?

- Mr. Pallasch, while apprenticeships have often been discussed as an alternative to a four-year college degree, I believe they also can be a valuable tool to re-skill workers displaced by automation. Has the Department made efforts to enhance awareness of apprenticeship opportunities for displaced workers and mid-career professionals looking to enter a new occupation?
- You mentioned the Department has streamlined the process for Registered Apprenticeship programs to offer competency-based approaches. I believe these opportunities can be particularly valuable for apprentices with previous work experience, allowing them to progress rapidly by demonstrating mastery of skills they have already obtained. What other steps could the Department or Congress take to expand the competency-based model in the Registered Apprenticeship program?

**Representative Russ Fulcher (R-ID)**

- Community colleges are a major growth area of our state. They are a crucial vehicle to provide BOTH education and learning and skill development. Idaho had three community colleges in 2009, and today we have five community colleges. What would you want to see from them when it comes to their contributions and input to federal Department of Labor-run and state-run apprenticeship programs?
- What challenges do you see in trying to get apprenticeship programs approved that fit where technology is evolving and the jobs are not fully formed, but where companies and DOL and state agencies can still develop curriculum to fit into a program? For example, is there a way to develop an apprenticeship program that fits an emerging technologies category?
- Idaho's apprenticeship programs have grown by 50% in just the past two years. Moreover, Idaho's Department of Labor has a strong working relationship with its federal Department of Labor partner. What resources do you need in the states to be able to approve programs more quickly and do more streamlining in your process?

[Mr. Pallasch response to questions submitted for the record follows:]

**Responses of John Pallasch, Assistant Secretary, Employment and Training Administration, U.S. Department of Labor, to Questions for the Record stemming from November 20, 2019, hearing of the Subcommittee on Higher Education and Workforce Investment, Committee on Education and Labor, U.S. House of Representatives**

**QUESTIONS SUBMITTED BY REPRESENTATIVE Robert C. Scott**

Mr. Scott: At the hearing you stated that you would “look into” the written guidance that the Solicitor of Labor’s (SOL) Office has provided the Employment and Training Administration (ETA) regarding how to use appropriated funds for Registered Apprenticeships, including how to use those funds for industry-recognized apprenticeship programs (IRAPs).

Did the Solicitor of Labor prepare a memo in 2019 for the Acting Assistant Secretary of Labor for ETA which discussed the guidelines for using Registered Apprenticeship (RA) funds for IRAPs?

Mr. Pallasch: The Solicitor of Labor prepared a memo in 2019 for the Acting Assistant Secretary of Employment and Training, which discussed using ETA funds for registered apprenticeship and all Department apprenticeship models.

Mr. Scott: Have you reviewed this memo?

Mr. Pallasch: No, I have not reviewed the memorandum.

Mr. Scott: On what date was this memo sent to the Acting Assistant Secretary?

Mr. Pallasch: This memorandum was sent on March 21, 2019.

Mr. Scott: Why was this memo prepared? Was it in response to February 2019 oversight letters from Senator Murray, Representative Davis and myself?

Mr. Pallasch: This information is subject to the deliberative-process and attorney-client privileges.

Mr. Scott: Is this SOL memo still in effect and applicable to the use of Registered Apprenticeship funds for IRAPs?

Mr. Pallasch: As the Department has stated, the appropriate use of Registered Apprenticeship Program funds is determined by applying the necessary expense doctrine. Any specific legal advice provided to ETA is protected by attorney-client privilege.

Mr. Scott: At the hearing you stated that ETA made contract modifications that sent a “very clear message” to your contractors “that there is to be no additional Industry-Recognized Apprenticeship Program work on any of those contracts if and until they are notified that additional appropriate funding is added to their contract.”

Please explain what is meant by “appropriate funding”?

Mr. Pallasch: The Employment and Training Administration (ETA), in consultation with the Departmental Budget Center (DBC) and Solicitor's Office (SOL), determined that the Program Administration (PA) appropriation is the appropriate funding source for Industry-Recognized Apprenticeship Programs (IRAPs). The PA appropriation affords broad discretion to the Assistant Secretary to administer any and all employment and training programs.

Mr. Scott: Who is responsible for making the determination that additional "appropriate funding is added to their contract" for IRAP work?

Mr. Pallasch: If additional IRAP work is required, ETA, in consultation with career and non-career staff from DBC, SOL, and the Office of Procurement Services will work together to evaluate and define requirements for additional work and appropriate funding sources.

Mr. Scott: At the hearing you stated that the Department does not know how much the Department has expended on IRAPs because you "can't disaggregate" IRAP spending from program administration (PA) funds.

Did ETA staff keep track of the time they spent carrying out activities related to the Task Force on Apprenticeship Expansion? Was that time paid for with PA funding?

Mr. Pallasch: The Program Administration (PA) appropriation is used for all Employment and Training Administration (ETA) staff time, career and non-career, across a variety of activities and program areas. While ETA does not track time spent on specific activities, including time spent carrying out activities related to the Task Force on Apprenticeship Expansion, any ETA staff time spent on supporting the Task Force was appropriately paid for with PA funding.

Mr. Scott: Is it feasible for ETA to tabulate the amounts obligated for IRAPs from PA funds and RA funds under contracts to Maher & Maher, Booz Allen Hamilton, ICF and Edelman? Please explain why it is not feasible to tally the amounts obligated for IRAPs?

Mr. Pallasch: It is not feasible to tabulate the amounts obligated for Registered Apprenticeship Programs (RAPs) and Industry-Recognized Apprenticeship Programs (IRAPs) from all PA-funded contracts. The total value of contract support work for IRAPs was \$1.1 million. The value of ETA staff's time, or non-ETA staff's time, spent in support of the IRAP program cannot be disaggregated. Neither career nor non-career ETA staff time is tracked or recorded by a specific initiative. The PA appropriation is used for all ETA staff time, career and non-career, across a variety of activities and topics. The IRAP-related costs of the three contracts listed below were examined and identified in order to determine the amounts that were moved from TES to PA:

- Booz Allen Hamilton: \$480,000
- Growth Transitions, Inc. (Maher & Maher): \$538,000
- Daniel J Edelman, Inc.: \$96,590.21

Additionally, within ETA PA's contracts activities, ETA has had several contracts that support a broad range of ETA programs, including, in some cases, the Office of Apprenticeship (OA), RAPs, and IRAPs. This includes \$1,111,020.99 for ICF, Incorporated, L.L.C for regulatory support, of which \$665,933.95 was for IRAP regulatory support.

Mr. Scott: Does ETA know how many full-time equivalents (FTEs) in the Office of Apprenticeships are working on IRAPs and their General Schedule (GS) classifications? Is it feasible to estimate the share of time and related personnel expense for their work on IRAPs? If not, please explain why not.

Mr. Pallasch: ETA does not track PA FTE time by specific activities or projects. In March 2019, ETA created an IRAP division within OA. As of January 29, 2020, there are eight staff assigned to the IRAP division. The General Schedule (GS) levels and associated number of staff are as follows: GS-15 (1); GS-14 (2); GS-13 (5). The IRAP division's staff is not exclusively dedicated to IRAP-related activities. Individuals within this division also support performance reporting, education and outreach, as well as general apprenticeship promotion to employers and industries. However, as the Department does not track staff time by activity, it is therefore not feasible to estimate the share of time and related personnel expenses for the staff's work on IRAPs.

Mr. Scott: Has the SOL kept track of hours working on IRAPs, including related rulemaking and legal support for contracting? Is it feasible to multiply the number of hours times an estimated rate per FTE? If not, please explain why not.

Mr. Pallasch: The Solicitor's Office generally tracks its time internally by case or matter. It is not feasible to extrapolate an accurate estimate of the total number of hours worked on IRAPs or rate per FTE.

Mr. Scott: Please explain why it is infeasible to provide an estimate for the amount expended by the DOL on IRAPs.

Mr. Pallasch: The IRAP-related costs of the three contracts listed below were examined and identified in order to determine the amounts that were moved from TES to PA:

- Booz Allen Hamilton: \$480,000
- Growth Transitions, Inc. (Maher & Maher): \$538,000
- Daniel J Edelman, Inc.: \$96,590.21

The value of ETA staff's time, or non-ETA staff's time, spent in support of the IRAP program cannot be disaggregated. Neither career nor non-career ETA staff time is tracked or recorded by specific initiative. The PA appropriation is used for all ETA staff time, career and non-career, across a variety of activities and topics.

Mr. Scott: Please provide the name and title of the Contracting Officer's Representative (COR) for contracts which are or were carrying out work on IRAPs (including Booz Allen Hamilton, Edelman, Maher & Maher).

Mr. Pallasch: Representatives from ETA will make themselves available to brief Committee members and staff regarding individual personal inquiries. In addition, both Congress and ETA have asked the Office of the Inspector General (OIG) to investigate this matter, and ETA intends to fully cooperate with the OIG's investigation. ETA is also committed to working with the OIG to identify corrective measures that would avoid a similar situation in the future.



Mr. Scott: Are any of the CORs for contracts which are carrying out work on IRAPS (including Booz Allen Hamilton, Edelman, Maher & Maher) currently or previously based in the IRAP division of the Office of Apprenticeships? If yes, please provide the dates for any period of time when the COR position was based out of the IRAP division.

Mr. Pallasch: No, the Contracting Officer's Representative (COR) assigned to the Edelman and Maher contracts worked within the Office of Apprenticeship's Division of Workforce, Operations, and Investments (formally called the Division of Investments, Operations, and Performance). The COR for the Booz Allen Hamilton contract worked within the Office of the Assistant Secretary for Administration and Management, Office of the Chief Information Officer. All CORs and Contract Officers are career staff.

Mr. Scott: At any time since January 20, 2017, has the COR for these contracts been filled by a political appointee?

Mr. Pallasch: No, the COR for these contracts has not been filled by a political appointee. The COR for these contracts has always been a career staff member from OA and OASAM.

Mr. Scott: Did personnel in ETA or its contractors share the proposed IRAP regulations with outside stakeholders before they became public through the official notice and comment period?

Mr. Pallasch: I was confirmed by the U.S. Senate on July 11, 2019, and began in my role as DOL Assistant Secretary in late July 2019. The Industry-Recognized Apprenticeship Program (IRAP) Notice of Proposed Rulemaking (NPRM) had already been published on June 24, 2019.

I have no knowledge of the proposed IRAP regulation being shared with, reviewed, and/or edited by outside stakeholders prior to their publication.

Mr. Scott: With whom did the Department consult on the policy formation of IRAPs and standard recognition entities (SREs), and what role did Maher & Maher, Booz Allen Hamilton, and Edelman play in this consultation and policy formation?

Mr. Pallasch: Beyond the formal process the Department undertook in establishing the Task Force on Apprenticeship Expansion, which provided its report and recommendations to the Department on May 10, 2018, I have no knowledge of Maher & Maher, Booz Allen Hamilton, and Edelman being consulted in the policy formation for IRAPs and Standards Recognition Entities (SRE).

Mr. Scott: Who helped develop regulations and the Training and Employment Notice (TEN) outlining IRAP and SRE roles and responsibilities? Was this carried out by Departmental staff, contractors, or outside organizations?

Mr. Pallasch: To the best of my knowledge, career and non-career Departmental staff were the only individuals involved in developing the NPRM and the Training and Employment Notice (TEN) outlining IRAP and SREs.

Mr. Scott: Did any individual not employed by or under contract with the Department review or edit the proposed IRAP regulations before they were published, and if so, how was that documented? Please provide a list of such individuals or organizations.

Mr. Pallasch: I have no knowledge that any individual outside of the Federal government reviewed or edited the IRAP NPRM prior to its publication. It is my understanding the IRAP NPRM went through the Office of Management and Budget interagency clearance process under Executive Order 12866.

Mr. Scott: Have any of the organizations that reviewed the TEN and Notice of Proposed Rulemaking (NPRM) before it became public also express interest in applying to be an SRE or IRAP? Please identify these organizations?

Mr. Pallasch: I have no knowledge that the TEN or the NPRM was reviewed by any organization before it became public.

Mr. Scott: The National Apprenticeship Act requires the Secretary of Labor to engage with state apprenticeship agencies when formulating and promoting labor standards.

When and how did you engage with state apprenticeship agencies in the formulation of IRAP and SRE standards?

Mr. Pallasch: The National Apprenticeship Act (29 U.S.C. 50) directs the Department to cooperate and engage with States in the development, formulation, and promotion of standards of apprenticeship. However, the National Apprenticeship Act does not require that DOL engage with, or obtain the approval of, States in formulating apprenticeship-related regulations or any other apprenticeship standards. The Industry-Recognized Apprenticeship Program NPRM was open for public comment between June 25, 2019, and August 26, 2019. During this period, states were free to provide comments, which the Department would consider after the comment period closed.

Mr. Scott: Was the Commonwealth of Virginia's apprenticeship agency consulted in the formulation of IRAP regulations? Please explain how the Virginia State Office of Apprenticeship was consulted?

Mr. Pallasch: The National Apprenticeship Act (29 U.S.C. 50) directs the Department to cooperate and engage with States in the development, formulation, and promotion of standards of apprenticeship. However, the National Apprenticeship Act does not require that DOL engage with, or obtain the approval of, States in formulating apprenticeship-related regulations or any other apprenticeship standards. The Industry-Recognized Apprenticeship Program NPRM was open for public comment between June 25, 2019, and August 26, 2019. During this period, states were free to provide comments, which the Department would consider after the comment period closed.

Mr. Scott: In your testimony you mentioned that there have been over 325,000 comments on the proposed IRAP rule, the most ever received for an ETA proposed rule.

Did the Department retain the services of a contractor(s) to review comments?

Mr. Pallasch: Yes. As is standard with extensive and comprehensive rulemakings across the Department, additional support was required and procured to assist in the processing of comments. This includes \$1,111,020.99 for ICF, Incorporated, L.L.C for regulatory support, of which \$665,933.95 was for IRAP regulatory support. This contract is fully funded with Program Administration (PA) funds.

Mr. Scott: Please provide the names of the contractors, the tasks they have been assigned, the amounts obligated and expended for comment review activity, and the source of funding for these activities.

Mr. Pallasch: ETA has PA-funded contracts that provide regulatory support, including comment review activity, to a broad range of its programs. The following outlines the regulatory support contract vehicles and relevant values for IRAP work. All funding is from the ETA's PA funds:

- ICF Incorporated, L.L.C. (Blanket Purchase Agreement (BPA) DOL-ETA-15-A-0010 )
  - Task order: 1630DC-17-U-00049
  - Purpose: regulatory support for IRAPs, Trade Adjustment Assistance (TAA), and senior community service employment regulations.
  - Value: \$604,089.00 (fully funded) of which **\$250,000** was for IRAP support.
  - Task order: 1630DC-19-F-00060
  - Purpose: additional support for the IRAP and TAA comment processing and final rules due to the volume of comments.
  - Value: \$506,931.99 (fully funded) of which **\$415,933.95** was for IRAP support

Mr. Scott: You confirmed at the hearing that "the accounting issues with spending have been addressed" regarding the misused line-item appropriation for RA funds in the Training and Employment Service (TES) account, and that "any funds paid out for the wrong account have been corrected."

How were the funds for the PA and the TES accounts apportioned in FY 2018? Specifically, how were amounts apportioned in these accounts for Registered Apprenticeships and IRAPs? How were the apportioned amounts allotted, or, if applicable, sub-allotted, by the agency for Registered Apprenticeships and IRAPs?

Mr. Pallasch: The Program Year (PY) 2017 Training and Employment Services (TES) apprenticeship funds are apportioned on a two-year apportionment, with funding available from April 1, 2017, through September 30, 2018. The apprenticeship funding is one of eleven Category B projects that are part of the Department's apportionment request. The Category B projects align with the TES appropriations provided by Congress. The funding availability of each specific appropriation aligns with the period of availability listed in the appropriations language.

The initial PY 2017 apportionment was signed by the Office of Management and Budget (OMB) on June 1, 2017, for the various program accounts that had funding available from April 1, 2017 through September 30, 2018. Funds not obligated during Fiscal Year (FY) 2017 were carried over into FY 2018. OMB signed the Department's estimated carryover apportionment on September 5, 2017, and an actual carryover apportionment on November 6, 2017. Reapportionments were signed by OMB on March 5, 2018, and September 21, 2018.

The FY 2018 Program Administration (PA) funds are apportioned on a one-year apportionment. Funds were automatically apportioned and allotted during the period the Department operated under a continuing resolution. A full-year apportionment was signed by OMB on May 1, 2018. PA funding is apportioned by quarter. In addition, the PA account has four budget activities that are listed on the Program Reporting Category tab of the apportionment. Apprenticeship is one of the four budget activities.

Each budget activity/Category B project has a different program code within the Department's accounting system.

After OMB signs an apportionment, ETA submits an allotment to the Departmental Budget Center. ETA's allotment requests align with the apportionment. The program codes are listed on the allotment request.

Allotments are prepared by the requesting agency, processed by the Departmental Budget Center, and signed by the Office of the Chief Financial Officer. Funds are allotted in the accounting system according to the program code. With the completion of the allotment, funds are made available to the agency to be sub-allotted and allocated. PA funding is not sub-allotted or allocated separately between Registered Apprenticeship Programs and Industry Recognized Apprenticeship Programs (IRAP).

Mr. Scott: What were the de-obligated PA funds originally obligated for that were used to correct the misuse of RA funds?

Mr. Pallasch: ETA had unobligated PA balances at the end of FY 2018. In order to have sufficient unobligated balances to cover all IRAP-related contract adjustments, ETA:

- Deobligated all FY 2018 funds that had been obligated for training that was not delivered before the end of FY 2018.
- Examined all of the Interagency Agreements (IAAs) and contracts that had been paid using FY 2018 funds. At times, the IAAs or contract value exceeded the actual final costs of the work. Any unexpended funds that would not be needed were deobligated from the IAAs or contracts.
- In FY 2018, the Department entered into a Reimbursable Work Agreement (RWA) with the General Services Administration (GSA) related to the Philadelphia regional office move. There were undelivered orders related to the move. With concurrence from GSA, the Department amended the RWA by the amount of the undelivered order for the ETA PA funds. These funds were then deobligated.

Mr. Scott: Please provide an accounting of the date the PA funds were obligated and de-obligated, and the source of funds by fiscal year that were used to replace the RA funds that were de-obligated.

Mr. Pallasch: Contracts that were charged to the PY 2017 account occurred during FY 2018 and should have been charged to the FY 2018 PA account. Contracts that were charged to the PY 2018 account occurred during FY 2019 and should have been charged to the FY 2019 PA account. In order to realize sufficient resources to cover the costs, ETA deobligated funds from the FY 2018 PA account. Deobligation of FY 2018 PA funds was completed in June, August, and September 2019, which enabled the Department to replace funds on the Booz Allen Hamilton contract in June 2019 and the other two contracts in September 2019. No deobligations were needed from FY 2019 PA funds.

The value of IRAP-related work performed across the three contracts totaled \$1,114,590.21. ETA adjusted the TES and ETA PA accounts by crediting the TES-funded contracts with PA funds in the amounts listed below.

Contract	Amount	Funding Year	Month Adjusted	Program Administration Account Adjustment
Booz Allen Hamilton	\$480,000.00	TES PY 2017	June 2019	PA FY 2018
Maher & Maher	\$538,000.00	TES PY 2017	September 2019	PA FY 2018
Edelman	\$96,590.21	TES PY 2017 and PY 2018	September 2019	PA FY 2018 and PA FY 2019
<b>Total</b>	<b>\$1,114,590.21</b>			

\* The Department applied deobligation actions on contract/order # 1605DC-18-F-00181, 1605DC-18-F-00121, and 1605DC-18-F-00060 to adjust the TES and PA accounts by crediting the contracts with PA funds. ETA used departmental and Office of Apprenticeship PA funding to reobligate funding to these contracts. This spreadsheet reflects the amount of OA reobligated PA funds.

Mr. Scott: On August 23, 2019, the Department informed Committee staff that there was a \$190,000 remaining PA balance after the completion of the Booz Allen Hamilton contract review, but before the Maher & Maher and Edelman reviews had been completed. What was the source of the approximately \$900,000 additional PA funds used to replace the misused funds?

Mr. Pallasch: ETA had unobligated PA balances at the end of FY 2018. In order to have sufficient unobligated balances to cover all IRAP-related contract adjustments, ETA:

- Deobligated all FY 2018 funds that had been obligated for training that was not delivered before the end of FY 2018.
- Examined all of the IAAs and contracts that had been paid using FY 2018 funds. At times, the IAAs or contract value exceeded the actual final costs of the work. Any unexpended funds that would not be needed were deobligated from the IAAs or contracts.
- In FY 2018, the Department entered into a RWA with the GSA related to the Philadelphia regional office move. There were undelivered orders related to the move. With concurrence from GSA, the Department amended the RWA by the amount of the undelivered order for the ETA PA funds. These funds were then deobligated.

Mr. Scott: How did the Department determine whether, at the point in time at which funds were obligated for the contracts to the three contractors that misused RA funds, there were sufficient funds available in the PA appropriations account (at the account, apportionment, allotment, and if applicable, the sub-allotment level) to address the misuse of RA funds? This should include discussion on how the Department analyzed the obligated, apportioned, and allotted balance of PA funds at the time of the errors.

Mr. Pallasch: The Department reviewed the status of unobligated PA balances. Once the Department became aware of the need for additional PA resources, it examined all potential options. After the final accounting of all of the TES contract costs that needed to be adjusted, the Department completed all remaining deobligations, including amending the RWA with the GSA and deobligated those funds. Once the RWA amendment was complete, there were sufficient unobligated balances available from the PA accounts to cover the contract adjustments. Please see below:

- Booz Allen Hamilton contract awarded: February 8, 2018.
- Growth Transitions, Inc. contract awarded: April 3, 2018
- Edelman contract awarded: June 19, 2018
- FY 2018, Year-end closeout

FY 2018 Program Administration Obligations					
	Training and Employment	Workforce Security	Apprenticeship	Executive Direction	Total
2/8/2018	23,028,000.00	15,619,446.88	11,210,591.11	2,996,325.12	52,854,363.11
4/3/2018	30,347,037.24	20,436,046.69	14,623,483.76	3,853,192.79	69,259,760.48
6/19/2018	45,359,305.22	31,136,347.02	22,086,055.42	7,327,812.17	105,909,519.83
Year-end closeout	70,575,875.89	42,624,841.41	36,051,351.77	9,063,358.46	158,315,427.53
Post-corrections (10/2/19)	70,677,708.17	42,692,388.64	36,156,020.74	9,099,394.86	158,625,512.41

Data pulled January 3, 2020.

FY 2018 Program Administration Expenditures					
	Training and Employment	Workforce Security	Apprenticeship	Executive Direction	Total
2/8/2018	17,651,892.18	12,345,659.47	9,016,811.82	2,452,883.71	41,467,247.18
4/3/2018	24,296,978.50	16,820,696.30	12,142,598.09	3,284,016.28	56,544,289.17
6/19/2018	36,797,970.79	25,141,505.93	18,035,627.03	4,998,907.97	84,974,011.72
Year-end closeout	56,292,175.27	36,683,695.08	27,056,554.18	6,575,504.13	126,607,928.66
Post-corrections (10/2/19)	69,624,306.91	42,446,279.10	35,769,355.10	9,062,777.12	156,902,718.23

Data pulled January 3, 2020.

Mr. Scott: Please provide a full accounting of the PA account (including obligated, de-obligated, and expended funds at the account, apportionment, allotment, and if applicable, sub-allotment level) at the point in time in which the contracts were awarded through the end of fiscal year 2018.

Mr. Pallasch: Please see below:

- Booz Allen Hamilton contract awarded: February 8, 2018.
- Growth Transitions, Inc. contract awarded: April 3, 2018
- Edelman contract awarded: June 19, 2018
- FY 2018, Year-end closeout

FY 2018 Program Administration Obligations					
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Post-corrections (10/2/19)	69,624,306.91	42,446,279.10	35,769,355.10	9,062,777.12	156,902,718.23

Data pulled January 3, 2020.

Mr. Scott: What is the current balance of obligated, unobligated, and expended PA funds for Fiscal Year (FY) 2018 and FY 2019? Is there a sufficient balance to allow for additional de-obligation of PA funds, should the Department find additional improper uses of RA funds?

Mr. Pallasch: ETA PA's obligations and expenditures for both FY 2018 and FY 2019, as of

January 3, 2020, are listed below. The Department cannot speculate on the hypothetical situation posed in the question.

ETA PA Obligations and Expenditures as of January 3, 2020.

	FY 2018	FY 2019
Obligations	158,641,050.74	158,293,875.49
Expenditures	158,267,074.07	137,823,519.48

Mr. Scott: In a letter you sent to the Committee on November 20th, you stated that the Department applied the “necessary expense” doctrine to each deliverable under the contracts to determine that there was \$1.1 million in misused appropriated funds. Please describe the Department’s justification and rationale for how expending funds appropriated for Registered Apprenticeships on anything related to IRAPs would constitute a necessary expense of the line-item appropriation for Registered Apprenticeships in the TES account.

Mr. Pallasch: The Department did not determine that expending funds on Industry Recognized Apprenticeship Program (IRAP)-related contract deliverables constituted a necessary expense of the Training and Employment Services (TES) account. Rather, the Department determined that the referenced \$1.1 million was a necessary expense of the Program Administration (PA) account. As I explained in my November 19, 2019 letter, while it is true that an expenditure to expand opportunities related to Registered Apprenticeship Programs may incidentally benefit other apprenticeship models, including IRAPs, the Department determines the use of TES funds by applying the necessary expense doctrine to particular contract deliverables and recording the associated obligations to the proper appropriations accounts.

Mr. Scott: The Department’s apprenticeship regulations at 29 CFR 30.18 requires each State Apprenticeship Agency (SAA) to submit a proposed Equal Employment Opportunity (EEO) plan to the Office of Apprenticeship (OA) by January 18, 2018.

How many of the 27 SAA states submitted a proposed state EEO plan to OA by January 18, 2018? How many have done so since then?

Mr. Pallasch: Because the Virgin Islands and Puerto Rico recently transitioned to State Apprenticeship Agency (SAA) states and territories, there are now 29 SAA states. By the end of calendar year 2018, all of the SAA states and territories had submitted Equal Opportunity Employment (EEO) state plans to the Department for review. Of these 29 SAA states and territories, 18 jurisdictions met the January 18, 2018, submission deadline: Arizona, Connecticut, Florida, Hawaii, Kansas, Louisiana, Maine, Massachusetts, Montana, Nevada, New Mexico, New York, Ohio, Oregon, Wisconsin, Vermont, the Virgin Islands, and Virginia, while another 11 SAA jurisdictions submitted EEO plans within six months of the January 18, 2018, deadline: Delaware, the District of Columbia, Guam, Kentucky, Maryland, Minnesota, North Carolina, Pennsylvania, Puerto Rico, Rhode Island, and Washington.

Mr. Scott: What process has OA established to ensure that states comply with 29 CFR 30.18 and adopt state EEO plan consistent with 29 CFR 30?

Mr. Pallasch: All SAA states and territories are required to submit an EEO plan; these plans



are reviewed by the Employment and Training Administration's Office of Apprenticeship (OA) and the Department's Office of the Solicitor for conformity with the requirements of 29 CFR Part 30. The Department then provides written feedback, as well as technical assistance to the appropriate SAA state and territorial representatives. States can utilize OA's suite of EEO technical assistance products and tools, including the EEO pledge and the Universal Outreach Tool, which may be found at [www.doleta.gov/oa/eoo](http://www.doleta.gov/oa/eoo).

In cases where SAA states and territories do not submit EEO state plans, the Department provides technical assistance to bring them into compliance with this requirement. If a state continues to be out of compliance, the Department may ask the state to submit a corrective action plan to remedy non-conforming activity.

Mr. Scott: Have the technical-assistance resources listed on page 1 of the "Technical Assistance Strategy for Apprenticeship Equal Employment Opportunity (EEO) Regulations 29 CFR Part 30,"<sup>1</sup> been created? If so, please provide the date they were made public, and the electronic link where the resource can be found.

Mr. Pallasch: Technical assistance is an evolving, iterative process, so it is never complete. Having said that, many technical assistance resources have been created in connection with the EEO regulations at 29 CFR part 30. Resources include: the Equal Employment Opportunity Pledge; the Universal Outreach Tool; the Anti-Harassment Training Video and Knowledge Check; Resources to Identify Non-Discriminatory Selection Procedures; and the Voluntary Disability Self-Identification form. All of these resources can be accessed on the Department's website at <https://www.doleta.gov/oa/eoo/>. The Department is still completing its efforts to release the sample Affirmative Action Plan to support states and sponsors in completing these requirements.

Mr. Scott: Has OA revised all its external guidance (circulars, bulletins, etc.) to align them with the EEO regulations that were revised in 2017, or with new IRAP standards or guidelines, and if so, what is the date that it was issued or reissued? Why are these guidance documents housed on the Department's ETA website<sup>2</sup> rather than apprenticeship.gov?

Mr. Pallasch: The Office of Apprenticeship (OA) has identified external guidance that would need to be updated or rescinded to meet the requirements of the 2017 Equal Employment Opportunity regulations, and is developing new external guidance that would formally rescind or amend such previously-issued guidance documents to align with the governing regulatory requirements at 29 CFR part 30. With respect to the location of OA's external guidance documents on the Department's websites, it should be noted that, prior to the launch of the Department's apprenticeship.gov website in June 2018, the [www.doleta.gov](http://www.doleta.gov) website housed all external guidance (including bulletins and circulars) related to Registered Apprenticeship

<sup>1</sup> Employment and Training Administration, United States Department of Labor; "Technical Assistance Strategy for Apprenticeship Equal Employment Opportunity (EEO) Regulations 29 CFR Part 30." Available at: [https://www.doleta.gov/oa/eoo/\\_assets-eco/pdf/EEO\\_in\\_Apprenticeship\\_Rule\\_Technical\\_Assistance\\_Strategy.pdf](https://www.doleta.gov/oa/eoo/_assets-eco/pdf/EEO_in_Apprenticeship_Rule_Technical_Assistance_Strategy.pdf).

<sup>2</sup> OA Bulletins and Circulars, FY 2020 Bulletins and Circulars  
[https://www.doleta.gov/OA/oa\\_bulletin.cfm](https://www.doleta.gov/OA/oa_bulletin.cfm)

Programs. The location of all ETA guidance, including OA guidance, may be impacted by implementation of Executive Order 13891, which requires each agency to establish a single, searchable database of all agency guidance.

Mr. Scott: The Department is responsible for overseeing the RA system, including prompt review of all EEO plans.

How many staff members are currently dedicated to the oversight of the EEO requirements, and how many staff members would be needed to complete the reviews of state EEO plans, provide technical assistance, and conduct oversight of the EEO requirements the Department is required to perform in 2020?

Mr. Pallasch: All Office of Apprenticeship (OA) staff who work with Registered Apprenticeship Programs (RAPs) have oversight responsibilities with respect to those programs, which include oversight of the EEO requirement contained at 29 CFR part 30. In addition, OA currently has four staff members in the National Office and support from the Office of the Solicitor to provide technical assistance to states to support states' recognition and implementation of the Equal Employment Opportunity (EEO) in Apprenticeship rule. Additionally, OA regional and field staff play an integral role in providing technical assistance to states and sponsors on EEO and provide support for compliance. The Department will continue to monitor implementation and may make adjustments in the future if appropriate.

Mr. Scott: How many staff members are dedicated to the oversight of the Registered Apprenticeship system?

Mr. Pallasch: All Regional and Field staff having varying degrees of oversight responsibilities for RAPs.

Mr. Scott: At the hearing you indicated that there are 115 staff members who "would be dedicated specifically to the registered program." Does this mean that these 115 staff members do not work on IRAPs in any capacity? If not, how many of those staff members have been or are currently working on IRAPs, including the IRAP Notice of Proposed Rulemaking (NPRM), the review of comments, and the proposed final rule?

Mr. Pallasch: Any work related to Industry Recognized Apprenticeship Programs (IRAP) has been limited to OA staff in the National Office. All OA staff, including staff in OA's Division of IRAPs, provide support specific to the registered apprenticeship system.

Mr. Scott: When questioned about Apprenticeship Powered by Industry (API) at the hearing you stated that the "Apprenticeship Powered by Industry committee was created and disbanded prior" to you joining the Department so you could not "speak definitively to how the committee came to be and what their work exactly was." Was the API work part of the comprehensive review that, under your direction, ETA conducted that "went deliverable by deliverable within those three contracts"?

Mr. Pallasch: Yes, the Apprenticeship Powered by Industry (API) work was a part of the comprehensive review. The API committee was disbanded on August 23, 2019.

Mr. Scott: It is the Committee's understanding that one of API Committees three stated goals was to "support the establishment of the IRAP model" and that the API initiative was used for recruiting and developing potential SREs and IRAPs. Please confirm the following for the record:

How was the API initiative used to support IRAPs? Did this include recruiting apprenticeship programs to become IRAPs and organizations to become SREs?

Mr. Pallasch: As context, the main objective of the Maher & Maher contract was to "produce a final report documenting the level of apprenticeship activity occurring across the country, classifying the different types of apprenticeship occurring in various industries, assessing their impact on the workforce, and using this information to come up with innovative ideas to help agency decision makers advance apprenticeship expansion initiatives." To do so, the contract required Apprenticeship Powered by Industry (API) to engage in several activities, including "providing technical assistance to employers," gathering "information from public and other stakeholder groups about non-college earn and learn opportunities," and "providing analysis and recommendations of potential growth opportunities for apprenticeship in the U.S. and recommend the incentives, services, and supports needed to encourage more businesses to sponsor apprenticeship programs at scale."

Pursuant to the contract, Maher & Maher proposed and created the API Leadership Committee and Sector Working groups. The purpose of these groups was to engage businesses and gain insight on apprenticeship and other work-based learning opportunities across the country; gain a better understanding of business challenges and how apprenticeship can help; and obtain more insight on opportunities to scale apprenticeship. All of the feedback and insight gathered would be used to inform the final report and provide recommendations on how to scale Registered Apprenticeship Programs (RAP).

Because neither Industry-Recognized Apprenticeship Programs (IRAP) nor Standards Recognition Entities (SRE) existed at the time of the contract creation, Maher & Maher's contract and API's efforts did not include recruiting apprenticeship programs to become IRAPs or organizations to become SREs. However, during the initial period of this contract, there was a period when, in addition to promoting and expanding RAPs, Maher & Maher provided support for the development of the IRAP model by creating informational materials such as factsheets, assisting with IRAP informational webinars, providing names of potential SREs and IRAP providers, and providing technical assistance.

When it was determined that any IRAP-related work should be funded from Program Administration (PA) resources, accounting actions were taken to utilize PA resources to cover the value of the IRAP-related work. After this discovery, ETA explicitly stated that no further IRAP work was to be performed under the terms of the contract. This directive was formalized in a modification to the Maher & Maher contract.

Maher & Maher's contract and API's efforts did not include recruiting apprenticeship programs to become IRAPs or organizations to become SREs, both of which were not possible at the time.

Mr. Scott: How much did the entire API initiative cost?

Mr. Pallasch: The cost of the API Leadership Committee and Sector Working Groups (including sector plan tools and API factsheet) totaled \$385,850. Of this, \$105,140 was funded with PA resources, and \$280,710 was funded with Training and Employment Services (TES) resources. The TES appropriation funded RAP-related activities, while PA funded IRAP-related activities. Career and non-career staff from ETA, the Solicitor's Office, and Departmental Budget Center, examined apprenticeship contracts and identified and reviewed the specific deliverables developed under each contract to determine these amounts.

Mr. Scott: Was the entire work of the API initiative paid for using PA funds, and if not, what is the total breakdown of RA and PA funds, broken down by the API data collection and the API committee work?

Mr. Pallasch: The cost of the API Leadership Committee and Sector Working Groups (including sector plan tools and API factsheet) totaled \$385,850. Of this, \$105,140 was funded with PA resources, and \$280,710 was funded with Training and Employment Services (TES) resources. The TES appropriation funded RAP-related activities, while PA funded IRAP-related activities. Career and non-career staff from ETA, the Solicitor's Office, and Departmental Budget Center, examined apprenticeship contracts and identified and reviewed the specific deliverables developed under each contract to determine these amounts.

Mr. Scott: How did the Department determine the API work that needed to be obligated to RA versus PA funds?

Mr. Pallasch: The cost of the API Leadership Committee and Sector Working Groups (including sector plan tools and API factsheet) totaled \$385,850. Of this, \$105,140 was funded with PA resources, and \$280,710 was funded with Training and Employment Services (TES) resources. The TES appropriation funded RAP-related activities, while PA funded IRAP-related activities. Career and non-career staff from ETA, the Solicitor's Office, and Departmental Budget Center, examined apprenticeship contracts and identified and reviewed the specific deliverables developed under each contract to determine these amounts.

Mr. Scott: Who made the appointments to the "Apprenticeship Powered by Industry Thought Leadership Group" and the related task forces?

Mr. Pallasch: The Apprenticeship Powered by Industry Thought Leadership Group and related Sector Working groups were informal groups that Maher pulled together. The group members were identified by Maher, with feedback from the Department, and participated on a voluntary basis.

Mr. Scott: What specific recommendations did API provide on Registered Apprenticeships?

Mr. Pallasch: The Maher & Maher final deliverable is a final report that will include recommendations on how to expand and scale RAPs. According to the contract, the draft report is due in March 2020, and the final report is due in April 2020, on the last day of the contract.

Mr. Scott: What recommendations did API, including the Leadership Committee or any of the Sector Working Groups make regarding IRAPs?

Mr. Pallasch: Neither I nor the Office of Apprenticeship (OA) is aware of any IRAP-related recommendations by API, including the Leadership Committee or any of the Sector Working Groups.

Mr. Scott: Did any of the members of the API Leadership Committee or the Sector Working Groups review the proposed IRAP regulations in any form, including content or policies to be included in the regulation, before the proposed IRAP regulation was publicly released? Please provide a list of these individuals.

Mr. Pallasch: I have no knowledge that the proposed IRAP regulations were shared with, reviewed, and/or edited by outside contractors, organizations, or stakeholders, including the API Leadership Committee or the Sector Working Groups, prior to their publication.

Mr. Scott: How many new Registered Apprenticeship programs have been created as a result of API?

Mr. Pallasch: As of January 31, 2020, 12 new Registered Apprenticeship Programs (RAP) have registered that were previously unregistered. In addition, 11 RAPs were expanded as a result of API's efforts, meaning that the RAP added another program at a different location or added a new registered occupation.

Mr. Scott: How many existing unregistered apprenticeship programs have become Registered Apprenticeships as a result of API?

Mr. Pallasch: Maher & Maher has verified a total of 1,220 unregistered apprenticeship programs that have five key components of a RAP. Of the 1,220 unregistered apprenticeship programs, 576 organizations were interested in learning more about RAPs. If interested, they were referred to Maher & Maher's Business Engagement team to learn more. If interested in registering their program, the Maher & Maher team referred them to an Office of Apprenticeship (OA) representative to start the registration process. As of January 31, 2020, 123 organizations were interested in registering their programs and were referred to OA to begin the registration process. So far, 12 have been registered, and the remaining 111 are in the process of being registered.

Although we know that 12 programs have been registered so far, it is difficult to provide the exact number of RAPs created as a result of the contract with Maher & Maher due to the extensive amount of business engagement and outreach conducted over the past two years. As a result of that outreach, it is likely that additional RAPs are in development or have been developed through their efforts.

**QUESTIONS SUBMITTED BY REPRESENTATIVE Susan Davis**

Ms. Davis: According to the Department's data, State Expansion Grants helped create new opportunities for 133,428 registered apprentices to date, in less than 5 years. Would you agree that a consistent funding stream to state agencies would be beneficial in seeing these expansion

numbers increase?

Mr. Pallasch: A consistent, results-based funding stream to state agencies has been beneficial to increasing the number of registered apprentices, which is why the Department's Budget continues to request funding in annual appropriations.

Ms. Davis: How did the Department determine the work conducted by Maher & Maher, Booz Allen Hamilton, and Edelman that needed to be obligated to Registered Apprenticeship (RA) versus Program Administration (PA) funds?

Mr. Pallasch: Career and non-career staff from ETA, in consultation with the Solicitor's Office, Departmental Budget Center, Office of Apprenticeship, and ETA front office, scrutinized the work performed under existing apprenticeship contracts and took the necessary actions to have expenditures for this work obligated against the proper appropriation accounts. The adjustments were made as follows:

- Registered Apprenticeship Program (RAP)-Only Cases: In cases where it was determined, in consultation with the contractor, that a task was 100 percent RAP-related, the full expenses were appropriately charged to apprenticeship program activity appropriated in the Training and Employment Services (TES) account.
- Industry-Recognized Apprenticeship Program (IRAP)-Only Cases: Similarly, in cases where it was determined, in consultation with the contractor, that the work was 100 percent IRAP-related, then ETA adjusted its accounts to reflect that the full expense was charged to the Program Administration (PA) account.
- Mixed / Dual Purpose Deliverables: In cases where there were "mixed" deliverables—*i.e.*, deliverables identified to have a dual purpose in promoting or expanding both RAPs and IRAPs, the contractor provided an assessment to determine the estimated value of the IRAP work performed.

In every case, OA reviewed this assessment and provided a best estimate of the total value of the work performed and the cost was allocated to TES or PA accordingly.

The full deliverable-by-deliverable tracker with associated values was provided to committee staff on November 19, 2019.

The assessment determined that following were the estimated total value spent on IRAPs, not to exceed:

<b>Contract</b>	<b>Amount</b>
Booz Allen Hamilton	\$480,000.00
Maher & Maher	\$538,000.00
Edelman	\$96,590.21
<b>Total</b>	<b>\$1,114,590.21</b>

Ms. Davis: The Department provided documents to the Committee at 9:30 PM the night before the hearing. These documents indicate that there are no IRAPs in existence. Given the Department canceled the Training and Employment Notice (TEN) on industry-recognized

apprenticeship programs (IRAPs), is there currently active guidance or regulation on any form of apprenticeship other than Registered Apprenticeships? Where is the cutoff line between what is and is not an apprenticeship, and is this information publicly available?

Mr. Pallasch: On March 10<sup>th</sup>, the Industry-Recognized Apprenticeship Program Final Rule was made available on the *Federal Register's* website. The final rule text as well as additional information and fact sheets regarding IRAPs can be found on [apprenticeship.gov](http://apprenticeship.gov). The final rule outlines the elements of high quality apprenticeships in 29 CFR 29.22(a)(4). In addition, the Department issued a companion Paperwork Reduction Act package outlining the application requirements for DOL-recognized Standards Recognition Entities. This information is also available on [apprenticeship.gov](http://apprenticeship.gov). Finally, the Department will issue shortly a 60-day *Federal Register* notice outlining proposed performance collection requirements of SREs. At this time, the Department does not intend to issue additional guidance beyond these documents.

Ms. Davis: In a briefing with Committee staff, the Department indicated that a total of 41 referrals had been made to the Registered Apprenticeship program from the data collection work of Apprenticeship Powered by Industry (API) carried out by Maher & Maher.

Did the Department provide direction to Maher & Maher or other contractors indicating that if an organization or employer expressed interest in both Registered Apprenticeships and IRAPs, they should be directed to the division of IRAP, and if so, is this referral system still Departmental policy? If not, please show how this policy has changed.

Mr. Pallasch: During a recent reorganization, the Office of Apprenticeship's (OA) Business Engagement team was moved under the Division of Industry Recognized Apprenticeship Programs (DIRAP). The team was renamed, but maintained all of its core responsibilities to oversee the office's marketing, outreach, and business engagement activities. Since that team is responsible for conducting all outreach for Registered Apprenticeship Programs (RAP) and IRAPs for the National Office, it was logical to have RAP and IRAP referrals go to the Business Engagement team within one office. Due to the significant number of referrals that came in, especially RAP referrals, OA later asked Maher & Maher to send all RAP-related referrals to the OA Regional Directors for follow-up and process support in registering their programs.

It should be noted, that although Maher & Maher directed organizations interested in IRAPs to DIRAP, DIRAP staff neither reached out to these organizations nor provided technical assistance during the rulemaking process. Instead, these organizations were told to submit comments to the public docket. After the Notice of Proposed Rulemaking's public comment period ended, they were told that support would not be available if and until after the IRAP final rule was published.

Ms. Davis: What specific instructions, training, etc., have been given to the Office of Apprenticeship's (OA) National Office, Regional, and State directors about what to tell employers and others that are interested in apprenticeships?

Mr. Pallasch: To expand apprenticeships, the Office of Apprenticeship (OA) has focused on providing consultative sales training to all staff to educate them on how to promote apprenticeship to employers. Edelman, the current outreach contractor, also developed talking points, messaging documents, and held webinars for OA to train staff on how to promote

apprenticeship in a more business-friendly manner.

Ms. Davis: Mr. Pallasch, you described steps the Department of Labor has taken to streamline the registration process for Registered Apprenticeships to make it easier for employers to participate in the system, saying you've reduced the application down to 12 pages, a 70 percent reduction in the size of the application. You also stated that those changes are "complete" and that "the new application is up and active." Does this streamlined registration process, and related forms, need to be submitted to the Office of Management and Budget (OMB) for review and approval before going into effect? If it does require OMB review, please provide the date the revisions will be sent to OMB for review?

Mr. Pallasch: There is no required format for potential sponsors to submit standards of apprenticeship for registration with the Department in accordance with 29 CFR Part 29. The Office of Apprenticeship (OA) can accept proposed standards in any format the potential employer wishes to submit to the Department for approval. However, to facilitate the registration process, OA has developed templates and/or boilerplate applications, which are available for use on a voluntary basis.

The new boilerplate application simplifies the application process by providing one uniform set of standards for all sponsors to use, where previously there were four different sets of standards. The new boilerplate application also removes redundant regulatory language, thereby reducing the length of the application by 70 percent. The new boilerplate application also provides easy to complete, fillable fields that sponsors may complete online. It should be noted that these streamlining efforts do not affect existing registration requirements as set forth in 29 CFR Parts 29 and 30.

As for the related forms, in an effort to ensure the uninterrupted operation of its key administrative functions – namely, the ongoing registration of apprenticeship programs and of individual apprentices – OA decided to secure the full three-year approvals by OMB on the Information Collection Requests (ICR) associated with ETA Forms 671 and 9039. Now that OMB has granted full approval on these ICRs, OA will develop a more comprehensive ICR package, one of which will include the complete set of OA related forms that are associated with this streamlined registration process.

Ms. Davis: At the hearing, when questioned about clear lines distinguishing between funds for RA and IRAP activities you stated that you "think the lines are very clear. I have made those lines known to our staff. We have made those lines known to our contractor." How are the lines drawn between the two? What additional internal controls have been established that ensure funds are not being improperly used?

Mr. Pallasch: Moving forward, Registered Apprenticeship Program (RAP) products will be funded using Training and Employment Services (TES) funds, and Industry Recognized Apprenticeship Program (IRAP) products will be funded with program administration funds only. With regard to the Booz Allen Hamilton, Growth Transitions, Inc. (Maher & Maher), and Edelman contracts, these contracts were modified to add a provision that clearly states that "no further IRAP-related work is authorized to be performed under [the] contract unless additional appropriate funding is added for that purpose through a future modification." Future work related to IRAP materials or activities under these contracts, if any, will adhere to all funding



limitations. Should the Department wish to have IRAP-related work performed under these contracts, additional funding would need to be added in advance of the work and expressly for that purpose through a future contract modification. At the time of any such future modification, the Contracting Officer would work with Department's appropriations officials to ensure that appropriate funding sources are used.

In addition, I formally requested that the Department's Chief Procurement Officer assist ETA and the Office of Apprenticeship to review and strengthen contract management controls. This process is underway and includes a review of ETA's policies and procedures for the procurement and oversight of contracts. ETA will also be providing training to staff, including Contracting Officer's Representatives, to ensure the necessary safeguards are implemented and reinforced.

Ms. Davis: At the hearing a question was raised about how the Department is increasing diversity in apprenticeship programs, and you stated you would be "happy to provide a breakdown of each of the contracts and the targeted deliverables within those contracts to target increasing diversity and underrepresented populations, and growing the registered program." Please provide this breakdown of contracts and deliverables.

Mr. Pallasch: The Department has made promoting inclusion in apprenticeship a priority for apprenticeship expansion, based on the Taskforce on Apprenticeship Expansion's report. Moreover, the Department has invested in contracts and grants that support diversity in apprenticeship, including with the Chicago Women in the Trades and the National Urban League, which are partnering with the Department to make connections between underrepresented groups looking for opportunity and apprenticeship programs looking for talent. Diversity and inclusion are among the critical strategies of many recent investments including the Youth Apprenticeship contracts; Industry Intermediary contracts; Equity Intermediary contracts; and State grants. Links to information on those programs can be found below:

- Apprenticeship Industry Intermediary:  
[https://beta.sam.gov/opp/46bc0734484485c1630a19483aa44a03/view?keywords=Apprenticeship&sort=-relevance&index=opp&is\\_active=true&page=1](https://beta.sam.gov/opp/46bc0734484485c1630a19483aa44a03/view?keywords=Apprenticeship&sort=-relevance&index=opp&is_active=true&page=1)
- Equity Partners to Increase Opportunities in Apprenticeship:  
[https://beta.sam.gov/opp/61020d98f85d276daf25d1e4d54bfefe/view?keywords=Apprenticeship%20Equity&sort=-relevance&index=opp&is\\_active=true&page=1](https://beta.sam.gov/opp/61020d98f85d276daf25d1e4d54bfefe/view?keywords=Apprenticeship%20Equity&sort=-relevance&index=opp&is_active=true&page=1)
- Youth Intermediary:  
<https://govtribe.com/opportunity/federal-contract-opportunity/oa-youth-apprenticeship-intermediaries-1630dc19n00009>
- State Apprenticeship Expansion Grants:  
[https://wdr.doleta.gov/directives/corr\\_doc.cfm?doen=5113](https://wdr.doleta.gov/directives/corr_doc.cfm?doen=5113)

Additionally, the Department has continued to implement the Equal Employment Opportunity (EEO) in Apprenticeship regulation (see *Equal Employment Opportunity in Apprenticeship*, CFR 29 Part 30<sup>3</sup>), which ensures non-discrimination in apprenticeship and has a secondary goal of expanding diversity in apprenticeship programs. The Department has worked with apprenticeship sponsors to provide them

<sup>3</sup> <https://www.govinfo.gov/content/pkg/FR-2016-12-19/pdf/2016-29910.pdf> [https://www.doleta.gov/oa/eeo/\\_assets-eeo/pdf/29\\_CF\\_30\\_regs\\_only\\_PDF.pdf](https://www.doleta.gov/oa/eeo/_assets-eeo/pdf/29_CF_30_regs_only_PDF.pdf)

with technical support to comply with the EEO rule and to support them with additional tools in recruiting a diverse workforce. Moreover, the Office of Apprenticeship has worked with State Apprenticeship Agencies to revise their rules by including EEO in their plans.

Lastly, ETA collaborates regularly with other agencies that advance opportunity for underrepresented groups, including with the Department's Women's Bureau and Office of Disability Employment Policy.

Ms. Davis: Over the past year 6 State OAs have had vacancies for 6 months or more, and at least 2 State's offices have yet to be filled, including Alabama and Oklahoma.

Why were these state office positions allowed to be vacant for so long?

When can we expect that the remaining positions will be filled?

How much did the OA save in PA funds by leaving these and other positions vacant?

How much of these savings were available and used to fund IRAPs?

Mr. Pallasch: First, I have encouraged all of ETA leadership to prioritize filling vacancies across the agency. Although these vacancies predate my time in ETA, I have no reason to believe that the state director positions were left vacant intentionally. I have repeatedly stressed the importance of filling approved vacancies.

Second, given the fluid nature of job openings and onboarding of new employees, exact timelines on filling these positions are not available. As of January 29, 2020, the Office of Apprenticeship (OA) has 118 staff onboard. As of March 9, 2020, there are 4 state director positions vacant (Utah, Mississippi, Arkansas, and Missouri). These vacancies have been approved to fill, the vacancy announcements were posted, and selections are in process.

Any potential contract spending out of the PA account – Industry Recognized Apprenticeship Programs or otherwise – requires deliberate planning, strategy, and particular attention from ETA, program office, and finance office leadership in order to ensure affordability of all contract commitments after approved Full Time Equivalent costs. OA's staffing needs across the entire portfolio need to be balanced when considering approval of any given vacancy, and once approved, the process to properly post and fill the position can be lengthy.

Ms. Davis: Please provide a breakdown of how the FY 2018 and FY2019 Program Administration funds have been apportioned and spent within the Office of Apprenticeship:

How much on OA's state or regional offices in FY 2018 and FY 2019?

Mr. Pallasch:

- FY 2018: \$13,591,150
- FY 2019: \$13,249,060

Ms. Davis: How much in the OA in the Department Headquarters in FY 2018 and FY 2019?

Mr. Pallasch:

- FY 2018: \$7,298,030
- FY 2019: \$6,109,629

Ms. Davis: How much is budgeted for FY 2020 for the IRAP division in OA?

Mr. Pallasch: ETA does not establish budgets at the division level within individual offices.

Ms. Davis: What percentage of OA staff are now working exclusively on IRAPs?

Mr. Pallasch: None of the Office of Apprenticeship's (OA) staff work exclusively on Industry-Recognized Apprenticeship Programs (IRAPs). Currently 8 OA staff (less than 7 percent of the current 118 staff) are in the Division of IRAP (DIRAP). As with other OA staff, none of the DIRAP staff work exclusively on IRAPs.

Ms. Davis: What percentage are spending some or the majority of their time on IRAPs? How will this change once SREs and IRAPs start applying?

Mr. Pallasch: Staff in ETA do not track their time spent working on specific program activities. None of OA's staff work exclusively on IRAPs. Within the DIRAP, the eight staff spend some of their time working on IRAPs, but the office is also responsible for the operations of the former Business Engagement unit, as well as for performance, data and IT systems. Additionally, none of the DIRAP staff work exclusively on IRAPs. It is unknown how the OA workload will change, now that the IRAP final rule has published.

Ms. Davis: Was training provided to Employment and Training Administration (ETA) and OA staff on the development and delivery of IRAPs?

Mr. Pallasch: Informational sessions ("training") where contractors provided support include:

- March 2019: Edelman developed elements of a slide deck for an internal webinar designed for providing information to OA staff on protocols and technical assistance topics, which mention Industry-Recognized Apprenticeship Programs (IRAPs) (in addition to Registered Apprenticeship Programs and apprenticeship in general).

Ms. Davis: When did each training occur?

Mr. Pallasch: Informational sessions ("training") where contractors provided support occurred in March 2019.

Ms. Davis: Did contractors support the training?

Mr. Pallasch: Yes, Edelman developed elements of the slide deck.

Ms. Davis: What source of funds were used for these trainings?

Mr. Pallasch: Although originally funded with Training and Employment Services funds, the value of this training was adjusted to be funded with Program Administration (PA) funding sources.

Ms. Davis: Has the Department or their contractors conducted outreach to potential standard recognition entities (SREs)?

Mr. Pallasch: Under the Department's contract with Maher & Maher, identification and outreach to potential Standards Recognition Entities was conducted and this work was later identified and adjusted to be paid for with PA funding sources.

Ms. Davis: How has that outreach been conducted and funded?

Mr. Pallasch: Under the Department's contract with Maher & Maher, identification and outreach to potential Standards Recognition Entities was conducted and this work was later identified and adjusted to be paid for with PA funding sources.

Ms. Davis: Under the National Apprenticeship Act, the Secretary of Labor is directed to "formulate and promote the furtherance of labor standards necessary to safeguard the welfare of apprentices," however the proposed IRAP regulations eliminate the responsibility of the Secretary to carry out these functions. Instead, the Department's proposed IRAP rule would shift these inherently governmental responsibilities to SREs.

What is the legal basis under the National Apprenticeship Act for shifting these responsibilities to a third-party from the Secretary?

Mr. Pallasch: The Department addressed this and other authority questions related to the National Apprenticeship Act in the preamble of the final rule, which may be viewed at: [apprenticeship.gov](http://apprenticeship.gov).

Ms. Davis: Since January of 2017, how many complaints of noncompliance with the Department's Equal Employment Opportunity (EEO) regulations 29 CFR 30, has OA received?

Mr. Pallasch: The Department has received approximately 30 complaints and inquiries, which may involve issues of non-compliance with the Department's EEO regulations that took effect in January 2017.

Ms. Davis: If there have been complaints, has OA completed its investigation of each of the complaint, and if not, why not?

Mr. Pallasch: The Department has received approximately 30 complaints and inquiries, which may involve issues of non-compliance with the Department's EEO regulations that took effect in January 2017. The Employment and Training Administration's Office of Apprenticeship (OA) has reviewed each of the complaints or inquiries and has referred 6 formal complaints of non-compliance with the Department's Equal Employment Opportunity (EEO) regulations at 29 CFR part 30 to the Equal Employment Opportunity Commission (EEOC) for further review. These referrals were made pursuant to 29 CFR section 30.14(c)(3)(i), which states that "the Registration Agency, at its discretion, may choose to refer a complaint immediately upon its

receipt or any time thereafter” to the EEOC. Another complaint of noncompliance, filed in May 2019, is currently being reviewed by OA staff.

Ms. Davis: If OA has not completed its investigation of any such complaints, explain what OA is doing to do so, and provide a date by which it will do so.

Mr. Pallasch: The Employment and Training Administration’s Office of Apprenticeship (OA) has reviewed each of the complaints or inquiries and has referred 6 formal complaints of noncompliance with the Department’s Equal Employment Opportunity (EEO) regulations at 29 CFR part 30 to the Equal Employment Opportunity Commission (EEOC) for further review. These referrals were made pursuant to 29 CFR section 30.14(c)(3)(i), which states that “the Registration Agency, at its discretion, may choose to refer a complaint immediately upon its receipt or any time thereafter” to the EEOC. Another complaint of noncompliance, filed in May 2019, is currently being reviewed by OA staff. Accordingly, it would not be appropriate for OA to comment on an ongoing review.

Ms. Davis: RA sponsors have to report whether apprentices self-identify as being individuals with disabilities in OA’s data-reporting system, RAPIDS. Since the self-identification invitation went into effect: what percentage of apprentices who have been enrolled in Registered Apprenticeships have responded?

Mr. Pallasch: Approximately 0.5 percent of apprentices have responded affirmatively or negatively to the question of whether they self-identify as being an individual with a disability. It should be noted that self-identification is completely voluntary on the part of apprentices and applicants for apprenticeship. It should also be noted that sponsors who are newly-registered have two years in which to extend the invitation to self-identify, so there may be sponsors or apprentices who are registered, but have not yet become subject to the self-identification requirement.

#### **QUESTIONS SUBMITTED BY REPRESENTATIVE Donald Norcross**

Mr. Norcross: You mentioned in your testimony that some of the performance measures collected on apprenticeship programs are the rates of successful completion and rates of participants earning credentials.

Do all of the Registered Apprenticeship Programs submit reports back to the Department of Labor detailing the completion rate or graduation rate of each program?

Mr. Pallasch: Registered Apprenticeship Programs do not submit detailed reports on their completion or graduation rates. However, they do report the status, including completion status of individual apprentices, which the Department then calculates and reports at a national level for the Registered Apprenticeship program as a whole.

Mr. Norcross: Do you then make that information public record? If so, please supply to the Committee the graduation rates of the 23,000 Registered Apprenticeship programs.

Mr. Pallasch: The Office of Apprenticeship (OA) does not publish completion rate breakouts by state or by program. However, in 2015, OA published the methodology for calculating

completion rates in Bulletin FY 2015-10. Included in that Bulletin were national completion rates for FY 2005 to FY 2014. In addition, the Department publishes the annual number of completers (graduates) across the national apprenticeship system. The data can be found at [https://www.doleta.gov/oa/data\\_statistics.cfm](https://www.doleta.gov/oa/data_statistics.cfm). The Department also uses this data as part of its oversight of and technical assistance to these programs.

**QUESTIONS SUBMITTED BY REPRESENTATIVE Andy Levin**

Mr. Levin: Mr. Pallasch, in a letter to the Committee this past July, the Department stated that Industry-Recognized Apprenticeship Programs (IRAPs) may receive “incidental benefit” from funds appropriated solely for Registered Apprenticeships (RAs).

Will you please explain to the Committee how the Department is justifying the use of Registered Apprenticeship Training and Employment Service funds for IRAPs on the premise that this is permissible if it provides “incidental benefit” to IRAPs?

Mr. Pallasch: The Department does not justify the use of Training and Employment Services (TES) funds on this basis. As I explained in my November 19, 2019 letter, the Department determines the use of TES funds by applying the necessary expense doctrine to particular contract deliverables and recording the associated obligations to the proper appropriations accounts.

Mr. Levin: Please explain the Solicitor’s role in determining what constitutes an “incidental benefit”.

Mr. Pallasch: The Department does not justify use of TES funds on this basis. The Employment and Training Administration (ETA), in consultation with the Office of the Solicitor and other Departmental agencies, reviews contract deliverables and applies the necessary expense doctrine to ascertain the proper appropriations account from which the deliverables should be funded. Notwithstanding this, any specific legal advice provided to ETA is protected by attorney-client privilege.

Mr. Levin: Did the Solicitor’s Office provide guidance to the Employment and Training Administration that they can use Registered Apprenticeship funds if it can be shown there are incidental benefits to IRAPs?

Mr. Pallasch: The substance of legal advice provided to ETA is protected by attorney-client privilege. The Department determines the use of TES funds by applying the necessary expense doctrine to particular contract deliverables and recording the associated obligations to the proper appropriations accounts.

Mr. Levin: Is it the Administration’s position that as long as the appropriated funds for Registered Apprenticeship promotes both Registered Apprenticeships and IRAPs, appropriated funds can be used for IRAPs?

Mr. Pallasch: That is not ETA’s position. The Department determines the use of TES funds by applying the necessary expense doctrine to particular contract deliverables and recording the associated obligations to the proper appropriations accounts. If a contract deliverable benefits

both Registered Apprenticeship and IRAPs, then the appropriations available for those activities (TES, for Registered, and PA, for IRAPS) are charged proportionately, according to the respective benefit to each.

**QUESTIONS SUBMITTED BY REPRESENTATIVE Josh Harder**

Mr. Harder: Can you please provide the Education and Labor Committee members with the Department's public comment survey regarding proposed regulations to implement Industry-Recognizes Apprenticeship Programs (IRAPs)? Our understanding is that the vast majority of comments submitted were in favor of keeping the construction industry exclusion permanent. Please provide data on the following:

The number of total comments you received regarding the construction industry exclusion  
The number of comments in favor of keeping the construction industry exclusion permanent  
and The number of comments opposing keeping the construction industry exclusion permanent.

Mr. Pallasch: The Department published the Notice of Proposed Rulemaking (NPRM), Apprenticeship Programs, Labor Standards for Registration, Amendment of Regulations on June 25, 2019 (84 FR 29970). In the NPRM, the Department announced that public comments would be accepted on the proposal until August 26, 2019, establishing a 60-day comment period. The Department received a total of 326,798 public comments in response to the NPRM. Comments submitted in response to this NPRM can be accessed and viewed at <http://www.regulations.gov> by entering docket number ETA-2019-0005.

The Department received 323,989 comment submissions regarding the proposed construction industry exclusion.

The vast majority of these submissions favored permanent exclusion of construction industry from the final rule.

The Department received 21 comments opposing the exclusion of construction industry from the final rule.

Mr. Harder: Can you clarify what federal standards, particularly regarding training and labor standards, the Department would require of IRAPs to ensure apprentices are set up to succeed in their apprenticeships? How will these standards compare to the existing standards for Registered Apprenticeships? Are they weaker, as strong, or stronger? How will you ensure that all federally funded apprenticeships are meeting the "gold standard" as set by Registered Apprenticeships?

Mr. Pallasch: On March 10<sup>th</sup>, the Industry-Recognized Apprenticeship Program Final Rule was made available on the *Federal Register's* website. The final rule text as well as additional information and fact sheets regarding IRAPs can be found on [apprenticeship.gov](http://apprenticeship.gov). The final rule outlines the elements of high quality apprenticeships in 29 CFR 29.22(a)(4). In addition, the Department issued a companion Paperwork Reduction Act package outlining the application requirements for DOL-recognized Standards Recognition Entities. This information is also available on [apprenticeship.gov](http://apprenticeship.gov). Finally, the Department has recently issued a 60-day *Federal Register* notice outlining proposed performance collection requirements of SREs. At this time, the Department does not intend to issue additional guidance beyond these documents.

Mr. Harder: What engagement has the Department had with labor groups and existing Registered Apprenticeship experts regarding the Department's apprenticeship priorities? Who have you talked with, what sectors and industries do they represent? Have you engaged with unions and apprenticeships specifically in rural and suburban communities? Exactly how many unions have been represented in your conversations with stakeholders, and what regions are these experts representing?

Mr. Pallasch: Career and non-career staff from ETA routinely meet with numerous outside groups, including labor groups and experts, related to any number of policy priorities across the workforce development field. No special priority is given to groups from particular geographic areas or sectors / industries. As you are aware, the Department supported the Task Force on Apprenticeship Expansion, which included a cross-section of stakeholders (including labor groups and existing Registered Apprenticeship experts). Through the Task Force, the Department engaged with stakeholders and received input and recommendations regarding the Department's apprenticeship priorities.

Mr. Harder: What efforts are being made by the Department to engaged in to ensure that younger, post-high school, and even opportunity youth have access to the existing "gold standard" registered apprenticeship programs? What efforts is the Department making to increase the flow of new applicants to registered apprenticeship programs? What does that outreach look like? How is the success of the efforts to increase the flow of new applicants to registered apprenticeship programs being measured?

Mr. Pallasch: The Department of Labor's strategic goals include strengthening the youth talent pipeline and increasing registered apprenticeship for youth (individuals ages 16-24) who are in and out of school. Efforts to fulfill these goals include investments in pre-apprenticeship and apprenticeship programs. In addition to the Workforce Innovation and Opportunity Act's (WIOA's) Job Corps and YouthBuild programs that can prepare youth for entry into a Registered Apprenticeship Program, recent youth apprenticeship targeted investments include:

- In Summer 2018, the Department invested in new strategies to raise awareness about apprenticeships as a viable career pathway among youth and their support networks. Through this project, the Department has formalized partnerships with five organizations to create and/or disseminate materials that promote youth apprenticeship among middle and high school students and their support networks. These efforts include promoting middle school career exploration of apprenticeship through a partnership with Scholastic magazine (<https://www.apprenticeship.gov/educators/high-school-and-middle-school>).
- In Summer 2019, the Department awarded \$7.7 million through four contracts to Jobs for the Future, NetAmerica, Urban Institute, and ICF Incorporated, L.L.C., who serve as youth apprenticeship intermediaries. These intermediaries assist educational institutions, employers, industry associations, joint-labor management organizations, States, grantees, and other organizations to launch in- and out-of-school youth Registered Apprenticeship Programs (RAP) to rapidly accelerate the "earn and learn"



model across multiple industries and sectors to meet the occupational and skill needs of those industries.

- A Youth Apprenticeship Readiness Grant Program will be announced in 2020. The program's purpose is to support the enrollment of youth apprentices (16-24 years, in-and-out of school) into new or existing RAPs, and ensure that wraparound services are provided to improve youth apprentices' opportunities for success in the program. ETA is committed to a focus on outcomes for all competitive funding opportunities.

**QUESTIONS SUBMITTED BY REPRESENTATIVE David Trone**

Mr. Trone: Can you explain why the Department's guidance on apprentice to journeyman worker ratios was pulled down in December of 2018 and has yet to be replaced, and when this guidance will be replaced?

Mr. Pallasch: The Department's Registered Apprenticeship regulations at 29 CFR § 29.5 address what standards need to be included in an apprenticeship program for that program to be eligible for approval and registration by a Registration Agency. With regards to ratios, 29 CFR § 29.5 (b)(7) states:

A numeric ratio of apprentices to journeyworkers consistent with proper supervision, training, safety, and continuity of employment, and applicable provisions in collective bargaining agreements, except where such ratios are expressly prohibited by the collective bargaining agreements. The ratio language must be specific and clearly described as to its application to the job site, workforce, department or plant.

Circular 2017-01, issued by the Department's Office of Apprenticeship (OA) on January 9, 2017, established additional and more detailed guidelines for determining the appropriate number of apprentices to journeyworkers for particular programs and occupations in federally-administered States. Subsequently, on November 20, 2018, the Department issued Circular 2019-01, which rescinded Circular 2017-01. In the rescission circular, the Department expressed its view that Circular 2017-01 required significant revision "to ensure the fulfillment of the foregoing regulatory mandate [in 29 CFR § 29.5 (b)(7)]." The Department is committed to developing a more robust and comprehensive guidance document concerning the appropriate standards for seeking expanded apprenticeship ratios (i.e., a ratio of more than 1 apprentice to 1 journeyworker). Among other things, the Department believes that both large and small apprenticeship sponsors must be able to provide documentary evidence that their workplaces are safe before an expanded ratio can be granted in hazardous occupations. OA intends to work closely with other agencies of the Department, including the Bureau of Labor Statistics and the Occupational Safety and Health Administration, in developing such updated guidance. The Department projects that a new circular on this topic will be issued during the current calendar year.

In addition, the Department is reviewing all guidance as part of its response to recent Executive Orders on guidance (13891, 13892).

Mr. Trone: I am interested to hear your plans for apprenticeship complaints, as the complaint form that expires at the end of January 2020. A 60-day notice was filed in the Federal Register soliciting comments on this form in mid-November, why was there such a delay in starting this process?

Mr. Pallasch: As noted, the 60-day Federal Register Notice (FRN) for this Information Collection Request (ICR) was published in the Federal Register on November 21, 2019, and the comment period closed on January 21, 2020. The Department issued a 30-day FRN on January 29, 2020, and the comment period closed on February 28, 2020. On March 3, 2020, the Office of Management and Budget granted a three-year approval on the revised complaint form. This form will now expire on March 31, 2023.

Mr. Trone: The Department of Labor has awarded about \$32 million in contracts supporting apprenticeships to three firms: Maher & Maher, Booz Allen Hamilton, and Edelman. It is the Department's position only \$1.1 million of the Registered Apprenticeship funds were expended on these contracts to support industry-recognized apprenticeship programs (IRAPs).

What has been done to support the actual Registered Apprenticeship programs with the remaining millions of dollars awarded?

Mr. Pallasch: ETA provided a comprehensive list of the deliverables developed for the registered apprenticeship program in its November 19, 2019, submission to committee staff.

Mr. Trone: What products have been developed in support of Registered Apprenticeship program creation or expansion, and for things that are not tangible products like marketing materials, what have these funds been or will be expended on?

Mr. Pallasch: ETA provided a comprehensive list of the deliverables developed for the registered apprenticeship program in its November 19, 2019, submission to committee staff.

Mr. Trone: How much has been expended and for what tasks?

Mr. Pallasch: ETA provided a comprehensive list of the deliverables developed for the registered apprenticeship program in its November 19, 2019, submission to committee staff.

Mr. Trone: As I stated in the hearing, after searching the apprenticeship.gov website for Registered Apprenticeships in my district, I realized there were 2,526 postings on that site, but only 11 were for Registered Apprenticeships.

Can you explain to how the Department justifies using Registered Apprenticeship funds when only a small percentage of the website's posting are for Registered Apprenticeship positions?

Mr. Pallasch: The data sources for the postings on apprenticeship.gov include several automated feeds, including from the National Association of State Workforce Agencies' National Labor Exchange, State Job Board data, and private data job boards (e.g., Monster, LinkedIn, Indeed). Through the use of artificial intelligence and machine learning, apprenticeship.gov identifies and provides individuals with access to a wide range of active

apprenticeship jobs opportunities, including Registered Apprenticeship specific opportunities that appear when the "Registered Apprenticeship" filter is activated. While the Department is working to bolster the number of Registered Apprenticeship opportunities that appear when the apprentice finder tool is used, this is an ongoing and iterative process because many employers do not use the term "registered" or even "apprenticeship" in their job announcements. For this reason, from the outset ETA has been working to improve the outcomes of the backend algorithm and crosswalk to the RAPIDS 2.0 database to better identify Registered Apprenticeship opportunities. Moving forward, ETA will encourage employers and states to post Registered Apprenticeship opportunities directly on Apprenticeship.gov.

Mr. Trone: Why does apprenticeship.gov include listing for jobs that are not RAs or that do not have any form of on-the-job training or work-based learning?

Mr. Pallasch: The data sources for the postings on apprenticeship.gov include several automated feeds, including from the National Association of State Workforce Agencies' National Labor Exchange, State Job Board data, and private data job boards (e.g., Monster, LinkedIn, Indeed). Through the use of artificial intelligence and machine learning, apprenticeship.gov identifies and provides individuals with access to a wide range of active apprenticeship jobs opportunities, including Registered Apprenticeship specific opportunities that appear when the "Registered Apprenticeship" filter is activated. While the Department is working to bolster the number of Registered Apprenticeship opportunities that appear when the apprentice finder tool is used, this is an ongoing and iterative process because many employers do not use the term "registered" or even "apprenticeship" in their job announcements. If there are jobs posted that do not have any form of on-the-job training or work-based learning they are being captured erroneously by the algorithm. As noted, ETA is continuously working to improve the algorithm outcomes and the process to crosswalk the identified apprenticeship opportunities to the RAPIDS 2.0 database.

**QUESTIONS SUBMITTED BY REPRESENTATIVE Virginia Foxx**

Ms. Foxx: Mr. Pallasch, please describe ETA's considerations when it made the decision to refer the Department's misapplication of apprenticeship Training and Employment Services (TES) appropriated funds for Industry-Recognized Apprenticeship Programs (IRAPs) to the Inspector General's Office.

Mr. Pallasch: I learned of the misapplication of funds within my first few weeks as ETA's new Assistant Secretary. Given that I did not have the full context on events that transpired before my arrival, and given that ETA does not have the full suite of investigative tools or resources of a law enforcement organization, I felt the most appropriate course of action was to refer the matter to the Office of the Inspector General for full investigation.

Ms. Foxx: In de-obligating the Training and Employment Services (TES) funds, the Department re-obligated funding using Program Administration (PA) funding in order to support the IRAP work performed by the contractors. Mr. Pallasch, please explain the differences between these two funding sources and how the Department reached the conclusion that PA funding was an acceptable source of funding for IRAP-related work.

Mr. Pallasch: The apprenticeship appropriation within the Training and Employment Services

(TES) account is available to expand opportunities relating to apprenticeship programs registered under the National Apprenticeship Act.

The Program Administration (PA) account provides for the federal administration of most ETA programs. The appropriations language states that the PA account is “[f]or expenses of administering employment and training programs,” making it an appropriate funding source for Industry Recognized Apprenticeship Program (IRAP)-related activities.

With respect to the activities for which ETA made an adjustment, ETA determined that those activities were not primarily for the purpose of promoting or expanding opportunities related to Registered Apprenticeship Programs. I have put controls into place to ensure that moving forward, no funds appropriated for registered apprenticeships will be used to support or develop IRAPs.

Ms. Foxx: Mr. Pallasch, whenever the need for more data is brought up, I believe it is imperative that we discuss privacy. While we want to understand if our programs are working, we also do not want the federal government tracking every individual for the rest of their lives.

Have you considered how you can get the information you need by minimizing the data collected at the local level? If we only required local and state grantees to submit aggregated data to the federal government, would that work?

Mr. Pallasch: I understand your concerns to minimize the burden of data collection across the workforce system, and ETA will continue to explore the most cost effective methods for the reporting of performance information from state and local grantees. However, some level of granularity, including non-aggregate data, is needed to effectively gauge performance and to rigorously evaluate programs.

Ms. Foxx: One aspect of the data/privacy discussion that concerns me is how we interchange security and privacy. Privacy is being free from observation, security is keeping, in this case, information safe. The act of collecting personally identifiable information is eliminating privacy, discussing security is trying to protect the data we do collect. Can you commit to us that in your push for data collection and data driven decision making you will work to minimize the data collected and then focus on ensuring any personally identifiable data that is collected, whether it is at the local, state, or federal level, be kept as secure as possible using the latest technology and industry standards?

Mr. Pallasch: I understand your concerns for the need for utmost security of personally identifiable information, and will work to ensure that ETA protects the information entrusted to it. As stated above, I believe that, for ETA to be good stewards of these public investments and be data-driven in our decision and policymaking, some level of granularity, including the collection of personally identifiable data, is needed to effectively gauge performance and to rigorously evaluate programs.

#### **QUESTIONS SUBMITTED BY REPRESENTATIVE Elise Stefanik**

Ms. Stefanik: The Department of Labor recently published its Fiscal Year 2019 Agency Financial Report (AFR). This report included an unmodified opinion on DOL’s consolidated financial statements from the independent auditor. Additionally, the auditor found no material

weaknesses or significant deficiencies in the Department's internal control over financial reporting for the first time since the Federal Financial Management Improvement Act of 1996.

Mr. Pallasch, can you explain how such an opinion can be made in light of the concerns raised by the Subcommittee?

Mr. Pallasch: As in previous years, ETA worked with the Office of the Chief Financial Officer to respond to all information requests during the Department's annual financial audit.

As a result of the coordination with the auditors, the Department included the following in the Fiscal Year 2019 Management Representation Letter: "We are not aware of any violations of the Anti-deficiency Act that we must report to Congress and the President, with a copy to the Comptroller General, for the year ended September 30, 2019 and through the date of this letter."

Ms. Stefanik: Mr. Pallasch, in your testimony you mention the need for better data. I agree that data is critical, not only to understand what is working and what is not in a program, but to determine more broadly if the program is meeting its purpose. In the case of your programs, I believe that purpose is mostly whether people are getting jobs in fields that appropriately use their credentials.

What do you believe are the key data elements that can inform policymakers, employers, and prospective apprentices of the quality and outcomes for an apprenticeship program? How can the Department work to collect and disseminate this data on program quality, while reducing the burden on employers and programs at the local level?

Mr. Pallasch: First, I share your concern about the need to clearly define and use data to make effective policy decisions in workforce programs. I am committed to better measuring past performance of ETA investments and to connecting outcome-driven indicators of success to conversations about future ETA investments. Effective outcome measurement is key to identifying the best workforce programs.

Second, when I joined the Department in July of last year, I surveyed available data about the cost effectiveness of our workforce programs. Unfortunately, I found that many of the barriers I encountered in Kentucky with regard to data collection and performance were not an isolated experience, but an obstacle shared by workforce development agencies throughout the country. What I learned at the Department confirmed my experience working at the state level: there is no existing tracking system that can reliably measure the cost effectiveness of the dollars we spend on job training. In particular, the available data are too disparate, and there are gaps in the existing data, which makes it impossible to accurately determine the average cost to educate a job-seeker and produce a positive outcome. Although the Workforce Innovation and Opportunity Act (WIOA) now requires states to report on the average cost per participant, states may not be in a position to do this meaningfully or consistently across states. Data integrity also affects how quickly federal, state, and local workforce agencies can adapt to an ever-changing job market and determine the types of services needed. Ultimately, improving how data are collected and used will have a positive impact on our economy and the American worker. Every moment wasted by inefficient or incomplete processes is a moment that we are not helping someone out of work find a job.

The Department is in the process of aligning all possible programs, including apprenticeships, to the WIOA primary indicators of performance. The apprenticeship grants will report on four of the six WIOA primary indicators of performance (Employment Rate—2nd Quarter After Exit, Employment Rate—4th Quarter After Exit, Median Earnings—2nd Quarter After Exit, Credential Attainment). Furthermore, the Department is in the process of making changes to the Participant Individual Record Layout (ETA-9172) and the Performance Report (ETA-9173) to facilitate state performance reporting of apprenticeship grants as part of its effort to streamline program performance reporting.

I think this is an area we can all agree deserves our attention, and I look forward to collaborating with the members of the subcommittee to improve data collection and enhance outcomes for the American workforce.

Ms. Stefanik: Mr. Pallasch, while apprenticeships have often been discussed as an alternative to a four-year college degree, I believe they also can be a valuable tool to re-skill workers displaced by automation.

Has the Department made efforts to enhance awareness of apprenticeship opportunities for displaced workers and mid-career professionals looking to enter a new occupation?

Mr. Pallasch: The Department is developing a national campaign to increase awareness and promote the adoption of apprenticeships, though some efforts have already begun, such as the November 2019 Department celebration of the 5th annual National Apprenticeship Week. More than 1,200 apprenticeship stakeholders across the country held events to showcase their apprenticeship programs and provide valuable information to career seekers. Additionally, the Department continues to engage key leaders in the public workforce system to encourage the use of apprenticeship strategies for job seekers, including the use of Workforce Innovation and Opportunity Act funding dedicated to dislocated workers. Recent H-1B-funded grant opportunities have focused on apprenticeship training strategies for high- and middle-skill jobs (specifically the funding opportunities for Scaling Apprenticeship Through Sector-Based Strategies and Closing the Skills Gap grants). I welcome the chance to discuss ways to dispel misconceptions about apprenticeships and expand apprenticeship adoption throughout the country.

Ms. Stefanik: You mentioned the Department has streamlined the process for Registered Apprenticeship programs to offer competency-based approaches. I believe these opportunities can be particularly valuable for apprentices with previous work experience, allowing them to progress rapidly by demonstrating mastery of skills they have already obtained.

What other steps could the Department or Congress take to expand the competency-based model in the Registered Apprenticeship program?

Mr. Pallasch: The Department fully concurs with your observation that Registered Apprenticeship Programs that utilize competency-based approaches “can be particularly valuable for apprentices with previous work experience, allowing them to progress rapidly by demonstrating mastery of skills they have already obtained.” Recently, the Department partnered with the Urban Institute to develop a series of nationally-approved, competency-based occupational frameworks across a variety of sectors. Twenty-one frameworks were developed

through a consensus-driven process with employers, trade associations, and apprenticeship experts, and provide an “off-the-shelf” solution for employers for a wide range of occupations, including industrial maintenance technician, transmission line worker, cybersecurity support technician, and medical assistant.

**QUESTIONS SUBMITTED BY REPRESENTATIVE Russ Fulcher**

Mr. Fulcher: Community colleges are a major growth area of our state. They are a crucial vehicle to provide BOTH education and learning and skill development. Idaho had three community colleges in 2009, and today we have five community colleges.

What would you want to see from them when it comes to their contributions and input to federal Department of Labor-run and state-run apprenticeship programs?

Mr. Pallasch: The Department acknowledges the vital role of post-secondary institutions in providing related instruction for Registered Apprenticeship Programs pursuant to 29 CFR Part 29. All RAPs include a classroom or related training and instructional component to help students develop skills and earn a certified, industry-recognized credential. The educational component meets business needs and prepares the apprentice for a successful career. Post-secondary educational institutions may contribute to the growth of registered apprenticeship through the development of curriculum, delivery of classroom instruction, and the leveraging of employers and industries to prepare students for the future of work. ETA recognizes the need for better coordination and communication between community colleges and their local employment partners.

In Idaho, the Department supports the expansion of apprenticeships through a partnership with a community college - the College of Southern Idaho, a grantee under the Department-funded American Association of Community College (AACC), Expanding Community College Apprenticeships Initiative. In April 2019, the Department awarded approximately \$20 million for a cooperative agreement with the AACC to support the creation of a virtual apprenticeship network for over 1,000 community colleges. Through partnerships between post-secondary educational institutions and industry, the virtual network will allow employers to identify and match appropriate post-secondary education providers and existing registered apprenticeship programs.

Mr. Fulcher: What challenges do you see in trying to get apprenticeship programs approved that fit where technology is evolving and the jobs are not fully formed, but where companies and DOL and state agencies can still develop curriculum to fit into a program? For example, is there a way to develop an apprenticeship program that fits an emerging technologies category?

Mr. Pallasch: Registered Apprenticeship Programs offer an array of flexibility for program sponsors in designing the on-the-job learning and related instruction components of an apprenticeship program for any apprenticeable occupation. As part of its ongoing effort to ensure that businesses and training providers are discussing and developing new models and frameworks, the Office of Apprenticeship has issued (and continues to issue) a series of Competency-based Occupational Frameworks (CBOF) that offer sponsors a broad range of job tasks from which to choose within a specific occupation. While technology is constantly changing, CBOFs could serve as a valuable resource in structuring training outlines and curricula

for jobs that are well established, as well as those that are within an emerging technologies category.

Russ Fulcher: Idaho's apprenticeship programs have grown by 50% in just the past two years. Moreover, Idaho's Department of Labor has a strong working relationship with its federal Department of Labor partner.

What resources do you need in the states to be able to approve programs more quickly and do more streamlining in your process?

Mr. Pallasch: Idaho's recent success in growing the number of Registered Apprenticeship Programs is a strong example of a productive federal-state partnership. In order to streamline the process, our first step has been to offer new boilerplate standards, which has resulted in a shorter time frame for approving program standards and registering new programs. Additionally, we are continuing to invest dedicated apprenticeship funds in States so that States can implement their own strategies to increase outreach to employers and partners and increase capacity to expand programs more quickly.

[Whereupon, at 2:59 p.m., the subcommittee was adjourned.]

