

**REPORT OF THE VIRGINIA BOARD OF
WORKFORCE DEVELOPMENT**

**Recommendations to Improve
Virginia's Utilization of
Registered Apprenticeships in
the New Virginia Economy
(Chapter 700, 2022)**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



SENATE DOCUMENT NO. 10

**COMMONWEALTH OF VIRGINIA
RICHMOND
2022**



VIRGINIA BOARD OF WORKFORCE DEVELOPMENT

December 14, 2022

The Honorable Secretary George “Bryan” Slater
Virginia, State Capitol
900 East Main Street, Richmond, Virginia, 23219.

RE: Recommendations for creating a primary office for apprenticeship programs and actions leading to increased access and participation in apprenticeship programs as directed by Acts of Assembly Chapter 699

In accordance with Acts of Assembly Chapter 699, the enclosed attachment contains the Board of Workforce Development (the Board) recommendation to the Governor and the General Assembly for creating a primary office for apprenticeship programs.

The Board studied the current state of the apprenticeship programs in Virginia, and on November 16th, 2022, at its quarterly business meeting, the Board acted to recommend that the Division of Registered Apprenticeship (DRA) be consolidated in a new workforce agency established within the Department of Labor secretariat. Currently the Registered Apprenticeship program in Virginia is administered by the Department of Labor and Industry.

The board examined and considered four courses of actions:

1. Reassign to the Virginia Employment Commission
2. Reassign to the Virginia Community College System
3. Establish a new workforce Agency
4. Maintain Status Quo

In addition, the board made 16 additional policy considerations for state leaders to consider in an effort to improve the functional effectiveness of DRA.

Sincerely,

A handwritten signature in black ink, appearing to read "Lane Hopkins".

Lane Hopkins
Chair, Virginia Board of Workforce Development

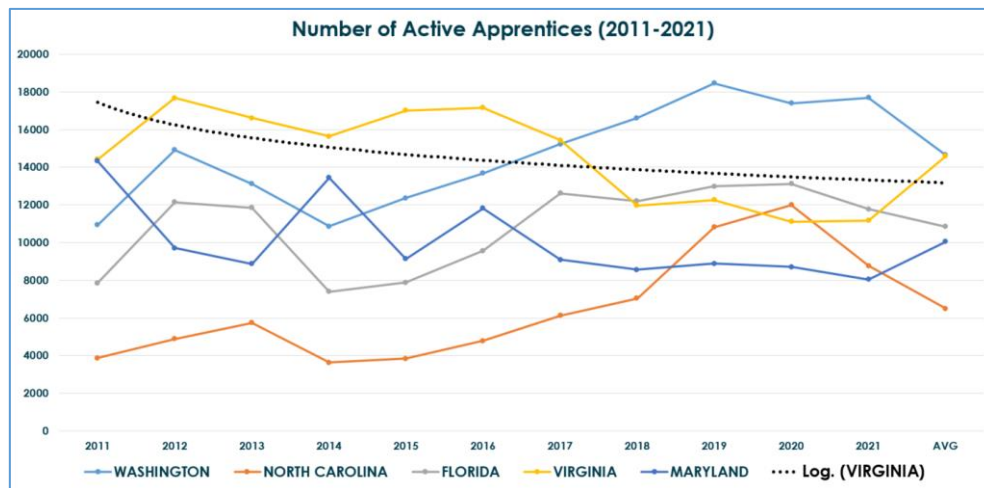
Virginia Board of Workforce Development Recommendations to Improve Virginia's Utilization of Registered Apprenticeships in the New Virginia Economy (10 November 2022)

Bottom Lines Up Front:

- To meet the labor market demands and challenges of the future, Virginia's Registered Apprenticeship performance must evolve.
- The Division of Registered Apprenticeship (DRA) should be consolidated in a new workforce agency established within the Department of Labor secretariat to more effectively grow registered apprenticeship (RA) programs and develop a dynamic workforce. However, hierarchal reorganization alone will not enhance the Division's performance, and additional policies and strategies are necessary.

Issue: To meet the growing demand for middle-skilled and highly-skilled workers in the 21st Century Economy, the Commonwealth must retool and refit its Registered Apprenticeship Program with the resources and structure required to make the Commonwealth a model among states.

When assessed, the Agency's historic performance yields inconsistent results as measured against its self-determined strategic performance objectives. The status quo is insufficient to successfully ensure the marketed success of Registered Apprenticeship Programs (RAP) in Virginia. Over the last decade, the rate of growth barely trended upward, while the growth of active apprentices trended downward. Virginia's growth in the number of apprentices trended similarly with the much smaller state of Maryland. In its ten-year assess period, though, Virginia's numbers aligned with larger states such as a North Carolina and Washington.



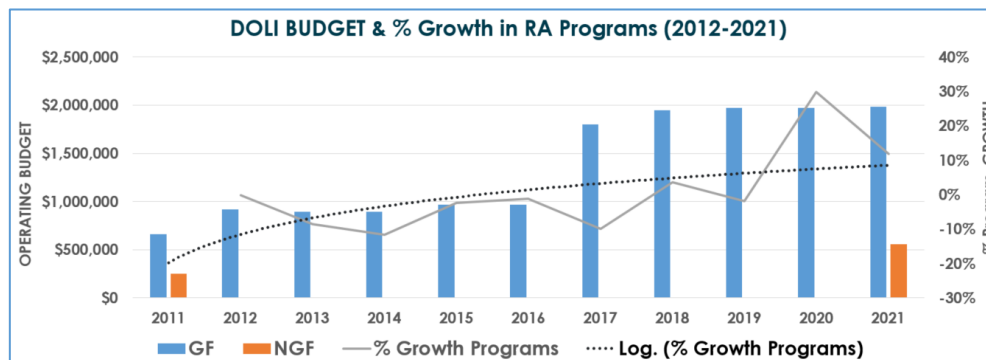
Compilation of Sources FYs 2011-2021 Data & Statistics. Employment and Training Administration, U.S. DEPARTMENT OF LABOR. <https://www.dol.gov/agencies/eta/apprenticeship/about>

Limited available data constrains the ability to make an accurate assessment of Virginia's DRA. A review of the Division's performance assessments in its Strategic Agency Plan show some quantitative progress in meeting its performance goals. However, these goals are immeasurable and generally do not provide either quantitative or qualitative depictions of the program's capabilities to serve as a productive workforce partner. Additionally, the published performance objectives for DRA do not match the complexity of the challenge of attracting more businesses.

Additional observations from reviews of workforce development programs in the Commonwealth also note the Division's limited performance. Per a 2014 Joint Legislative Audit & Review Commission (JLARC) Report:

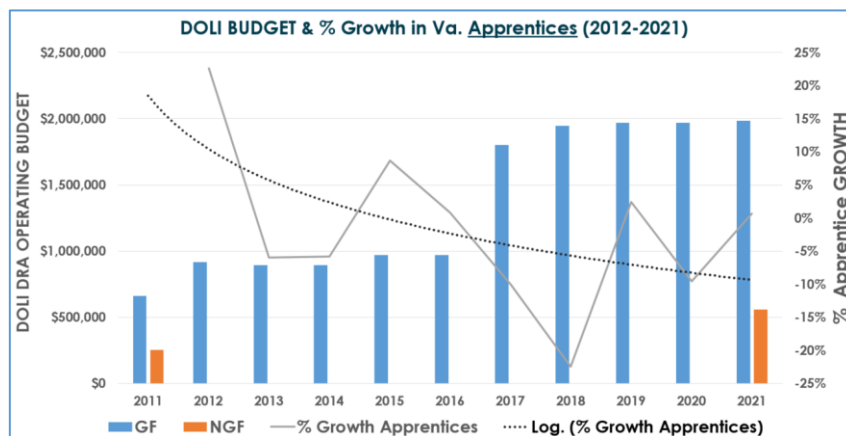
“Virginia’s registered apprenticeship program appears more limited than programs in other states, which market their services to job seekers and employers and help promote apprenticeship opportunities... Virginia does not use Federal WIOA funds to offset the cost of the program to employers, this practice is currently not in place in Virginia.”

The Virginia Department of Labor & Industry’s (DOLI) DRA is a historically lean team that has been under-resourced and ill-equipped to serve as an agile workforce development partner. Since the General Assembly and Governor approved an increased budget for DRA, the program has been able to achieve some success in growing the number of Registered Apprenticeship (RA) business sponsors, and one may infer that increased funding may have an effect on the rate (%) of growth of programs. In 2017, DRA-DOLI’s GF Operating budget grew by 172% and during the same timeframe Active RA programs grew by 22%.



Compilation of Sources FYs 2011-2021 Data & Statistics. Employment and Training Administration, U.S. DEPARTMENT OF LABOR. <https://www.dol.gov/agencies/eta/apprenticeship/about>

However, even increased funding does not appear to have a significant correlation to the rate (%) of growth of apprentices.



Compilation of Sources FYs 2011-2021 Data & Statistics. Employment and Training Administration, U.S. DEPARTMENT OF LABOR. <https://www.dol.gov/agencies/eta/apprenticeship/about>. & Va. Department of Planning & Budget. Virginia's Budget 2010-2024. <https://dpb.virginia.gov/budget/budget.cfm?biennium=2022-2024>

Although the Labor Secretariat is the appropriate cabinet-level office in which to champion and administer DRA, DOLI’s core focus and functions are regulatory in nature, rather than fostering and enabling the number of apprentices necessary to achieve the growing demand of maritime, health care and IT industries in the Commonwealth.

Discussion Points:

- Overall, RA programs in Virginia have grown in number, but the number of apprentices in those programs have stagnated and trended downward.
- There is limited performance data available for DOLI-DRA program effectiveness.
- A growth in the number of programs did not yield or correlate to a sustained growth in the number of apprentices.

- U.S. Department of Labor performance metrics (e.g. completion rates) do not prove quality or satisfaction.
- DOLI lacks specific data for analysis and to perform informed decisions about targeting businesses and high-demand trades/industries.

Course of Action (COA) Analysis & Comparison

Situation: DOLI may no longer be the appropriate agency to innovate and lead DRA into the workforce challenges of the future.

Problem Statement: How do Virginia’s senior leaders innovatively and proactively enable sustainable growth of quality registered apprenticeship programs across the Commonwealth to address the regional workforce needs of industries with both existing and emerging opportunities?

COA-1: Reassign to Virginia Employment Commission (VEC)

Reassign the Division of Registered Apprenticeship (DRA) to the VEC.

Advantages	Disadvantages
One of VEC’s core functions is workforce development, serving as an integral partner with the Virginia Board of Workforce Development and U.S. DOL	Distraction of leading other critical workforce functions.
Primary partner in the Virginia Career Works (American Job Centers) locations that are spread across the Commonwealth (~33 locations).	Challenges associated with coordination between other policy-making boards (e.g, Virginia Apprenticeship Council).
Maintains employer relationships and houses Virginia’s Labor Market Data functions. Coupled with the DRA business service teams, VEC would be able to target new employers for potential RAPs.	During periods of high unemployment, VEC’s primary focus is on UI claims administration.
Administers many other sustaining federal grant programs, including WIOA, TAA, Wagner-Peyser, and Jobs for Veterans State Grant.	

COA-2: Establish a New Workforce Agency: (*Access and Equity Recommended COA*)

Reassign the DRA with all contributing workforce development–related programs to be consolidated into one agency (New Workforce Agency=NWA).

Advantages	Disadvantages
All workforce agencies under one agency head and one Secretariat. Agency head is empowered as Chief Workforce Advisor to Governor.	Potential to be one of the largest and most expansive agencies (aside from VDOT and DMV) in state government.
Ability to synchronize and align the Commonwealth’s strategies for workforce development without the typical inter/intra secretariat infighting.	Potential perception of the creation of more government bureaucracy.
Physical plant would be significant and able to reach populations consistently.	Change management associated with a large reorganization.
Marketing and outreach could be coordinated with greater efficacy.	
Communications and operations with Federal agencies would be unified and consistent.	

Additional Policy Recommendations: Reorganizing/restructuring state agency divisions and programmatic hierarchies alone will not improve RAP and apprentice performance. Listed below are additional policy considerations state leaders should consider to improve the functional effectiveness of DRA, regardless of COA selection.

Statutory Changes:

1. Authorize DRA to recruit and connect potential apprentices with existing RAPs and approved entities.
2. Advocate for the expansion of an innovative Worker Training Tax Credit to provide a meaningful and impactful economic incentive for new businesses.

Operational Changes:

3. Expand the business service teams of the DRA to better integrate and develop a targeting process for deliberate outreach to employers in each Local Workforce Development Area (LWDA) region.
4. Develop an outreach plan that includes an inventory of the Division's historic outreach to underserved communities and unserved populations of business owners.
5. Reduce barriers to obtaining acceptance into RAPs for underserved and unserved communities.
6. Plan and execute meaningful, measureable, and attainable strategic objectives and goals.

Funding:

7. Adequately fund and staff DRA to accomplish its mission.
8. The Division should pursue all applicable additional federal grant opportunities.
9. Use state /federal funds to offset or subsidize RAP costs.

Performance Measures:

10. Strategically reassess existing statutory duties & responsibilities.
11. Develop adequate performance measures. e.g.:
 - a. Quality assessments
 - b. Sponsor and apprentice satisfaction
 - c. Wage targets for all occupations by region
 - d. Specified targeted growth in new industries
12. Make data-driven decisions by collecting more data about what the Division does. Invest and collaborate in collecting data about sponsors and apprenticeship functions.

Business Incentives:

13. Consider adopting a meaningful apprentice-oriented tax credit for employers to establish and invest in RAPs.

Awareness/Promotion:

14. Invest in a robust awareness/recruitment campaign.
15. Convene regional accelerator events with other workforce partners to enlist businesses.
16. Develop playbook for local workforce boards.

