

**Written Testimony of Jeffrey Forrest**  
**Vice-President, Economic and Workforce Development**  
**College of the Canyons**  
**Before the House Committee on Small Business**  
***The Strong Workforce Apprenticeship Group:***  
***Supporting Small Business through Apprenticeship***

**March 20, 2018**

Chairman Chabot, Ranking Member Velazquez, and Members of the Committee on Small Business, thank you for the opportunity to provide testimony today about how the Strong Workforce Apprenticeship Group (SWAG) supports Small Business, along with offering recommendations on how to fund and grow apprenticeship.

My name is Jeffrey Forrest, and I serve as the Vice President of Economic and Workforce Development for College of the Canyons which is located in Santa Clarita, California. Under the leadership of Chancellor Dr. Dianne G. Van Hook, College of the Canyons is committed to working with employers, students, and community stakeholders to develop innovative solutions that promote equity, skills attainment and economic growth in our region.

The focus on Apprenticeship is greater today than ever before. From the launch of the American Apprenticeship Initiative in 2016, to the Executive Order issued recently under President Donald J. Trump, Registered Apprenticeship has taken center stage as an effective way for companies to develop a pipeline of talent to meet the critical needs of their workforce.

This renewed emphasis presents an unparalleled opportunity to the United States Department of Labor (USDOL), Employers, State Agencies, Workforce Development Boards, Community Colleges, Workforce Intermediaries and other stakeholders to create a model that will meet the demands of industry for qualified labor, close the skills gap, increase student retention/completion, and deliver on the promise of economic prosperity for all.

However, this opportunity has not come without its share of challenges. Despite the attention, there has been little progress towards delivering apprenticeship for non-traditional occupations: Lack of consistent public funding, limited connection between education and employers, and the lack of integration of apprenticeship into workforce systems<sup>1</sup>, are three of the major barriers that have stalled the implementation and growth of Registered Apprenticeship.

Compounding these challenges is a recent report issued by Brookings Governance Studies which states, “Federal workforce development policy is highly fragmented, with multiple funding streams for myriad programs spread across many federal agencies.”<sup>2</sup>

No entity is more severely impacted by these dynamics than our nation’s small businesses. Comprising more than 99.7% of all businesses in 2016<sup>3</sup>, these companies are the backbone of the United States economy. However, they are not able to compete with the large companies for talent, and they lack the operational capacity to attract, train and develop their own workforce. What our small businesses need is a model of apprenticeship that allows them to upskill their workforce, one that is easy to implement, and requires little to no administrative oversight on their part.

In response to this need, the Strong Workforce Apprenticeship Group was formed. Referred to as SWAG, the Strong Workforce Apprenticeship Group, was founded by myself, and co-founder Tracy

DiFilippis, Apprenticeship Coordinator with Goodwill Southern California. The name SWAG is taken from “*Strong Workforce/Doing What Matters for Jobs and the Economy*”, a California Community College initiative that was developed by Van Ton-Quinlivan, Executive Vice Chancellor, Workforce and Digital Futures for the California Community Colleges Chancellor’s Office (CCCCO). “The goals of Doing What Matters for Jobs and the Economy are to supply in-demand skills for employers, create relevant career pathways and stackable credentials, promote student success and get Californians into open jobs.”<sup>4</sup>”

### **How SWAG helps Small Business**

- 1) SWAG partners with companies to recruit, attract and place individuals into apprenticeship; we also provide instruction to incumbent workers to create a pipeline of talent to fill critical positions.
- 2) We handle the administrative heavy lifting associated with managing Registered Apprenticeship, making it a more attractive option for small companies; Bill Boden, General Manager of Repairtech International says this about SWAG: "We could not imagine doing this alone. The high level coordination frees our organization to move in new levels of productivity and efficiency."
- 3) SWAG provides curriculum that is relevant and up-to-date through our partnership with ToolingU, a leader in online education in the field of advanced manufacturing. In addition, we are working with the National Institute for Metalworking Skills (NIMS) to integrate their certifications into our training model.

### **SWAG: Our Core Values**

- **Equity:** SWAG is committed to reaching all segments of the population in California, with a focus on minorities, women, veterans, formerly incarcerated, GED, and other underserved members of the community. Of the more than 30 apprentices we have registered with the Department of Labor, over 75% of them fit into one of the above categories.
- **Integrity:** SWAG practices open, honest, and clear communication with all of its stakeholders and partners; this way of doing business has enabled us to become the fastest growing apprenticeship model in the State of California.
- **Engagement:** SWAG knows that the key to constructive engagement begins with listening to our sponsors, donors, companies, and apprentices. We are convinced that our success today and in the future will be the result of applying the insights we receive from those we serve.
- **Partnership:** SWAG is powered by partnership. We recognize that the work of transforming lives is a team effort and we seek to foster relationships with entities that are committed to implementing solutions that put people to work.
- **Responsiveness:** SWAG believes that making an impact begins with being responsive to stakeholders. This means responding promptly to requests, and providing information that is meaningful and relevant for decision-making.

### **SWAG: History and Achievements**

Since its launch in August 2017, SWAG has become one of the fastest growing models for non-traditional apprenticeship in the State of California. Below is a list of some of our accomplishments:

- Approved Federal Standards with the USDOL for 10 occupations with 17 employer agreements in Manufacturing, Logistics and Cyber Security;

- Endorsement by the California Division of Apprenticeship Standards (DAS) for State-wide approval;
- SWAG has more than 50 apprentices working with 8 partner companies;
- SWAG has developed the first college-sponsored apprenticeship for the Certified Nursing Assistant in California; the standards have been submitted to the US DOL for approval;
- SWAG is selected to host the Urban Institute of Washington, DC to vet the **first two** competency-based work processes for occupations in Advanced Manufacturing to be approved by the US Department of Labor;
- SWAG was awarded a grant in the amount of \$352,000 to operate a Pre-Apprenticeship to provide life skills and jobs training for low-income residents;
- AMS Fulfillment a major logistics and distribution company has just began their On-the-job training and Related Technical Instruction with 22 apprentices for careers in logistics.

### **How we work with businesses to train apprentices**

There are two components to Registered Apprenticeship: On-the-job Training (OJT), and Related Technical Instruction (RTI). The OJT is delivered by the company, and the RTI is typically provided by an educational institution such as College of the Canyons. When Tracy and I began to meet with companies to discuss apprenticeship, they wanted to extend it exclusively to their existing employees. This strategy allows them to mitigate the risk of training a new person who may not work out for the company, while investing in the development of those who showed potential for promotion and growth.

For the educational institution, there are four challenges to delivering RTI to small businesses:

- 1) Aligning the curriculum with the skills needed for the apprenticeship;
- 2) Creating classes for small businesses that only have one or two apprentices to train (most Community Colleges will not hold a class if it falls below eleven students);
- 3) Delivering RTI at a time that works for the company and the apprentice;
- 4) Finding experienced instructors who could teach the course (s).

To meet these challenges, SWAG developed, Relevant Instruction Skills-based Education (RISE). The RISE model of RTI is flexible, accelerated and aligns with the needs of small business. At the heart of this model is partnership. SWAG has partnered with ToolingU, a leader in online education in Advanced Manufacturing.

Next, we brought the apprentices from our small companies together to create an RTI Cohort. This allowed us to justify the cost of instruction. College of the Canyons is fortunate to have well-qualified instructors who are familiar with the ToolingU platform who provide an enriching educational experience for our apprentices.

Our work in developing RISE, and creating innovative solutions of working with companies to train apprentices has led us to share our experiences with other educational institutions. SWAG is currently developing a blueprint for delivering RTI at the Community College for different apprenticeship modalities. We have identified the following structures for RTI delivery:

- 1) Front-loaded: The apprentice gets their Associates Degree, *before* beginning their On-the-Job training with their partner company;
- 2) 2/3 Framework: The apprentice attends school twice a week and works at their respective company three days a week. They earn their Associates Degree and go on to transfer to a university or remain an employee with the company;

- 3) Concurrent: The apprentice works full-time with their company while taking courses at their respective Community College;
- 4) Hybridized: The Community College works with the employer (s) to schedule the time and location to deliver the RTI. The RTI consist of online, lecture and lab course work.
- 5) Online: In those cases in which the RTI can be delivered online, the Community College will work with the employer (s) to enroll apprentices for those courses.

Offering different methods of course delivery require a great deal of flexibility and coordination. SWAG recommends that the Community College or any other educational institution determine if it has the capacity to provide RTI in a manner that fits the needs of employers prior to entering into an apprenticeship agreement.

### **SWAG: The Role of the Workforce Intermediary**

On March 21, 2016, the Employment and Training Administration issued Bulletin 2016-26 which expands the definition of an apprenticeship sponsor to include higher education institutions and Community-based organizations (CBOs). It states, “Entities such as employers, industry associations, and joint labor-management organizations have traditionally served as apprenticeship Sponsors; however, there is additional flexibility under the regulations for a wider range of organizations to serve as Sponsors. For example, workforce intermediaries such as Institutions of Higher Education as defined in Sections 101 and 102 of the Higher Education Act (Institutions of Higher Education) (e.g., Community Colleges and 4-year Colleges), community-based organizations (CBOs), and community service organizations could also serve as Apprenticeship Sponsors. With the renewed interest in and focus on apprenticeship today, new organizations and entities are seeking clarification regarding their ability to serve as Sponsors. In determining whether an organization is eligible to serve as a Sponsor, OA will first look to the regulatory requirements. In addition, OA will look for the Registered Apprenticeship Program put forward by the Sponsor to be high quality and employer-driven.<sup>5</sup>”

Goodwill Southern California serves as the Workforce Intermediary for the SWAG model of apprenticeship. Tracy DiFilippis, in addition to being the Apprenticeship Coordinator, also serves as the Sector Strategies Manager for Goodwill with a focus on Advanced Manufacturing. As Workforce Intermediary with SWAG, Goodwill Southern California manages the registration process of occupations with the US Department of Labor, works with employers to insure that forms such as the Employer Acceptance Agreement and Form 671 (Apprenticeship Application) are completed. They also work with legislators, foundations, and other workforce development stakeholders in creating opportunities for alignment and collaboration with the goals of Registered Apprenticeship. Goodwill’s contribution to SWAG is invaluable and underscores the need for collaboration between the Community College and Community-based Organizations to provide apprenticeship that is low-risk and low-maintenance to employers.

### **The Funding Landscape for Apprenticeship**

SWAG is currently funded through a grant awarded by the California Apprenticeship Initiative, New and Innovative Grant Program (CAI). The CAI Grant “seeks to create new and innovative apprenticeship opportunities in priority and emerging industry sectors or areas in which apprenticeship training does not currently exist.<sup>6</sup>” In January 2017, College of the Canyons was awarded funding for thirteen apprentices and one company under the CAI grant. We currently work with seventeen companies and more than fifty apprentices. We are in the process of applying for the third and final round of the grant which is scheduled to be awarded in June 2018.

In addition, we recently received funding to provide a pre-apprenticeship program in collaboration with AMS Fulfillment. The program will enable AMS Fulfillment to provide job training, while College of the Canyons will offer instruction to enhance the employability of the pre-apprentice. While we are grateful for the role grant finding has played in the creation and launch of SWAG, we are seeking a long-term, reliable source of funding to continue our work with small businesses.

Funding for workforce development initiatives such as apprenticeship, has been described as “highly fragmented,” “unwieldy,” and “complicated.”<sup>7</sup> The table below provides an overview of the major sources of funding for apprenticeship.

Funding Source	General Provision
Workforce Innovation and Opportunity Act (WIOA)	Employers may be reimbursed up to 50 percent of the wage rate of an OJT participant. The reimbursement rate for OJT contracts may be up to 75 percent in certain cases. <b>(WIOA Sections 680.720 and 680.730)</b>
Federal Work Study (FWS)	A provision of the Higher Education Act, the Federal Work Study (FWS) program provides nearly \$2 billion in annual awards to approximately 700,000 low- and moderate income students.
Pell	Apprentices who qualify for Federal Pell Grants can receive funding to cover all or most of the cost of tuition and fees, and books and supplies for the students' enrollment in the technical instruction portion of an apprenticeship if part of an eligible academic program.
GI Bill	Veterans receive a tax-free stipend of 100% for the first six months, and 80% for the second six months of training.
American Apprenticeship Initiative (AAI)	Extends from 2016-2021 and provides \$175 million in funding for public-private partnerships to create and implement apprenticeships in industries where it does not currently exist.
Community College Grants	State grants issued by Community College Districts to encourage community colleges to revise curriculum, engage industry and develop new programs.
Apprenticeship State Agencies	State agencies of apprenticeship may issue incentive grants and/or provide reimbursement for Related Technical Instruction.
Other	Funding from sources such as the Employment Training Panel in California reimburses educational institutions for apprenticeship training.

In addition to the funding sources outlined in the table, there are dozens of other funding streams that we call “pop-up” funding; a method of providing funds to jumpstart apprenticeship, without offering a sustainable path for long-term expansion and growth.

### **The PROSPER Act: Integrating Workforce Development into the Higher Education Act**

Recently, a House version to reauthorize the Higher Education Act (HEA) was introduced by Virginia Foxx, Chairwoman of the House and Workforce Committee. One of the most significant provisions of the bill is the introduction of a provision entitled, Promoting Real Opportunity, Success, and Prosperity through Education Reform (PROSPER) Act.

The PROSPER Act calls for significant changes to a variety of components in the existing Higher Education Act legislation. However, it also adds a provision to “Expand access to In-Demand Apprenticeships.” This provision would result in the creation of a competitive grant program that would be for apprenticeships that have a term of 1 to 4 years in duration. The grants, amounting to \$183,204,000 would require a 50% match from the grantee. In addition, the PROSPER Act calls for lifting the 25% cap on private sector employment under the Federal Work Study Program. This will enable students to obtain employment related to their field of study.

SWAG agrees with the intention of the PROSPER Act to address the critical shortage of qualified workers, while providing jobs that pay a livable wage to students in postsecondary institutions. However, it is important that any legislation that seeks to fund apprenticeship insures that small businesses have equal access to participate, and that the credentials being earned are in demand.<sup>8</sup>

### **Conclusion: Recommendations for Expansion and Growth**

Given the need for collaboration between workforce development stakeholders, and the current landscape around funding workforce development initiatives, SWAG makes the following recommendations for the expansion and growth of apprenticeship for small business:

- **Fix the Funding:** Tax credits and similar incentives can go a long way in helping small business embrace apprenticeship as part of their employment development strategy;
- **Simplify the Workforce Innovation and Opportunity Act (WIOA):** WIOA is 399 pages, of single-spaced, 10-point font legislation. Hidden somewhere in these pages is funding for On-the-job Training for businesses that have apprenticeships. However, navigating this legislation is tedious at best. We must come up with a streamlined approach to administering this program.
- **The PROSPER Act:** Consider provisions that include access to apprenticeship and the elimination of the 25% cap on private sector employment from the Federal Work Study Program.
- **Strengthen the US DOL:** To meet the growing demand for Registered Apprenticeship, the US DOL will require additional support. Funding for personnel, upgrades to technology, and updates to existing work processes is critical for the US DOL to continue to serve the workforce development community.
- **Competency-based education:** This is the most effective way to equip learners with the tools they need to fill today’s middle-skill positions. Our educational institutions must find a way to integrate it into their existing academic framework.
- **Collaboration:** In working with dozens of Small Businesses, the most important thing we have learned is that effective apprenticeship demands strong partnership. Our workforce development system must come together if we are to remain a competitive force in the global economy.

To the Committee on Small Business

On behalf of the Strong Workforce Apprenticeship Group (SWAG), thank you for allowing us to share our vision for apprenticeship, and your leadership and commitment in creating prosperity for all Americans.

#### How to reach us:

Jeffrey Forrest  
Vice-President, Economic and Workforce Development  
College of the Canyons  
jeffrey.forrest@canyons.edu

Tracy DiFilippis  
Apprenticeship Coordinator  
Goodwill Southern California  
tdfilippis@goodwillsocal.org

## REFERENCES

<sup>1</sup>Office of Disability Employment Policy, 2015.

(<https://www.dol.gov/odep/pdf/ApprenticeshipReport.pdf>)

<sup>2</sup>Elizabeth Jacobs, December 2013. “Principles for Reforming Workforce Development and Human Capital Policies in the United States.” Governance Studies at Brookings, (<https://www.brookings.edu/wp-content/uploads/2016/06/FedRoleWorkforceDev.pdf>)

<sup>3</sup>Small Business Administration, 2016.

([https://www.sba.gov/sites/default/files/advocacy/United\\_States.pdf](https://www.sba.gov/sites/default/files/advocacy/United_States.pdf))

<sup>4</sup>Doing What Matters for Jobs and the Economy, 2016.

(<http://doingwhatmatters.cccco.edu/Overview.aspx>)

<sup>5</sup>Employment and Training Administration, 2016. Bulletin 2016-26.

([https://www.doleta.gov/oa/bul16/Bulletin\\_2016-26.pdf](https://www.doleta.gov/oa/bul16/Bulletin_2016-26.pdf))

<sup>6</sup>RFA 18-191, Announcement Memo, California Apprenticeship Initiative New and Innovative Grant Program (CAI), 2018.

<sup>7</sup>Elizabeth Jacobs, December 2013. “Principles for Reforming Workforce Development and Human Capital Policies in the United States.” Governance Studies at Brookings, (<https://www.brookings.edu/wp-content/uploads/2016/06/FedRoleWorkforceDev.pdf>)

<sup>8</sup>National Skills Coalition. “Higher Education Act: Recommendations for Reauthorization,” March 2016.