**Addendum A: Subcommittee Perspectives regarding Family Sustaining Wages**

**ACA Subcommittee Perspectives regarding Family Sustaining Wages**

At its March 30th meeting, the ACA directed the subcommittees of the ACA to work to come up with additional detail and recommendations that could be put forward in terms of how to operationalize a wage standard, such as family sustaining wages, as it relates to registered apprenticeship. Portions of the addendums that follow are extracted below and provide a response to this direction from the perspective of each subcommittee.

# Pathways Issue Paper

* RAPs must include a progressive wage scale for all work performed throughout the apprenticeship, including in-school youth apprenticeships; RAPs should result in a living wage at completion and lead to long-term financial growth and stability for the participant; and the tool used to calculate a living wage should be one that is updated annually for inflation, accounts for regional differences in cost of living, and is evidence-based.

# DEIA Issue Paper

1. Family Sustaining/Living Wage

**During the March 30th meeting, the ACA voted to approve the following recommendation:**

**A registered apprenticeship must end in a family sustaining wage.**

There was strong consensus among the ACA during the public vote supporting this recommendation with only one member voting no and five abstaining.

This recommendation also reflects the joint principles developed by the U.S. Department of Commerce and the U.S. Department of Labor in the “Good Jobs Initiative” to create a framework for workers, businesses, labor unions, advocates, researchers, state and local governments, and federal agencies for a shared vision of job quality. The principle defining job quality in terms of pay states: “All workers are paid a stable and predictable living wage before overtime, tips, and commissions.” (see Appendix).

1. DEIA Subcommittee Statement on Family Sustaining/Living Wages

The lack of wage standardization in alignment with consumer buying power in apprenticeships has contributed to the economic disparities and instability that our country has experienced in the past. With the increasing demand for skilled labor and a shrinking workforce, it is imperative that we address this issue to avoid another economic collapse with disproportionate impact based on race, gender, ability, and residence.

Apprenticeships have long been a pathway for individuals to gain valuable skills and secure high-paying jobs, but not for everyone. Formany women and African Americans, apprenticeships fail to deliver on these promises. Women account for only 14% of all registered apprentices and are concentrated in lower paying service jobs. Women earn only 2/3s of what men earn, making on average $10 less per hour. Economic outcomes of women have a direct impact upon childhood poverty rates. Sixty percent of African American households are led by women (married or otherwise). While they represent the highest portion of homes living in poverty, their pay contrast is $15 less per hour than White men in apprenticeships. Studies show that equal pay would cut poverty in half.

But the issue we present today is not simply about pay equity. The crux is ensuring equitable access to family sustaining careers through any apprenticeship. History tells us that when pay does not keep pace with cost of living, the economy suffers. According to the National Bureau of Economic Research (NBER), a little-known contributing factor to the Great Depression was the fact that pay did not keep pace with the cost of living. In 1929, the minimum livable wage for a family was the equivalent of $9 in today’s currency. Wage policy and practice missteps eventually caused more than 3-in-4 families to fall into poverty during the Depression. NBER also reveals that pay between industries, including union jobs, also played its part. Manufacturing versus Utilities labor earnings in 1932 were equivalent to $9.32 and $14.59, respectively. Racial, gender, and disabilities prejudices and deeply entrenched cultural perceptions manifested through occupational segregation, in its historical context, cannot be overlooked. Prior to 1929, immigrant and African Americans were limited to low paying jobs such as Domestic Workers (Housekeeping, Cooks, Janitors). Today, Housekeeping and Culinary apprenticeships are among the top apprenticeships for African Americansdue to historical barriers. African American men make the lowest wages of any men apprentices upon completion due to a higher concentration in lower paying jobs. On completion women make even less than African American men, and African American women make the lowest wages on completion of any group. During the Covid-19 pandemic, just as during the Great Depression, Black and Hispanic unemployment were the highest of all demographics. One could look at history and see that having a job isn’t a sufficient guard against poverty and economic insecurity, nor is using the federal minimum wage as a goal post.

Apprenticeship wages can lead to a family sustaining income; however, that is not a statement of guarantee. It is true that some, not all, apprenticeships lead to good paying jobs but some reach that upon entering an apprenticeship, others upon exit, others years later, and some never. Keep in mind that nearly half of all apprentices do not complete their apprenticeships, with African Americans having the lowest at 41% of any group. Simply, the American worker without financial safety nets does not have the time to wait. Wage suppression has created a dire sense of urgency to earn enough to survive. According to the National Low Income Housing Coalition, the average wage of $18.78 is not enough to afford a two-bedroom apartment in any state. Millions of families literally can no longer afford delay or inaction on the conversation of wages in apprenticeships. This is not to ignore the tremendous challenges and impacts that would be made to collective bargaining, project costs, resetting wage scaffolding, connecting wages to skills, and labor law.

1. Terminology/Definition: Family Sustaining/Living Wages

The DEIA subcommittee has used “family sustaining wages” and “living wages” interchangeably to indicate wages which will allow workers to earn enough income to afford adequate shelter, food, and other necessities based on local geographic area. The details need to be worked out, but the DEIA subcommittee remains steadfast in the commitment to the public vote of the ACA committee on March 30, 2023 and the principles of the “Good Jobs Initiative” jointly developed by the Departments of Commerce and Labor.

1. Interim (Stackable) Credentials, Not Stackable Apprenticeships

We are also in agreement with the approach of creating pathways through registered apprenticeship programs in the newly emerging service industries that leverage learnings from the success of the pathways currently established in the construction and building trade industries. From the March ACA meeting discussion, there appears to be an emerging consensus behind an approach that would recommend that DOL could recognize apprenticeable occupations that propose to embed interim credentials (and off-ramps) as part of the occupation that would meet the overall family sustaining or living wage criteria. The DOL has stated this would be a workable approach.

Registering one apprenticeship providing stackable credentials ending in a family sustaining or living wage would both streamline the process for employers and ensure that apprenticeships would end in providing a living wage. The DEIA subcommittee provides the following example describing details of the career path in healthcare and how this approach could work:

High school juniors and seniors enrolled in health sciences pathways and dual enrolled in technical colleges may choose to begin their career journey as a youth apprentice. During the summer of their senior year, they complete the C.N.A. course at age 18, earn the credential and become eligible for promotion to the Patient Care Technician/PST at graduation). If they choose to continue with a technical college, they can continue to the next level of practical nurse upon completion of the diploma, pass the NCLEX exam, and become eligible for promotion to the L.P.N. If they choose, they can continue to the next level of registered nurse once they complete the associate degree of nursing, pass the NCLEX exam and gain a license as a Registered Nurse.

This is their “on ramp” to living wages and family sustaining income. For working adults in nursing entry level roles (i.e., C.N.A, PCT/PST, etc.), the apprenticeship model may provide the best option to assist team members to increase income and career mobility. While working adults are employed in an entry level role, participants are not likely to have extra income to use traditional tuition reimbursement models which requires them to pay upfront and wait until the end of the semester to be reimbursed, make installments payments as you go or go into further debt via student loans.

Using the Apprenticeship model, employers can assist working adults to utilize a combination of grant funds, supportive services, and a create a compensation plan that allows participants to “earn and learn” while ascending to a higher degree as well as maintain a quality of life while on their educational journey. Again, the apprenticeship model is their “on ramp” to living wages and family sustaining income.

We believe that the pathways to family sustaining or living wages need to be clearly outlined from the beginning and communicated to the apprentice as a prerequisite for an apprenticeship to be registered and that the employer must agree to support and mentor apprentices who wish to complete the entire pathway. Care should be taken to track progress and provide support for apprentices moving along the pathway to ensure that apprentices, and especially apprentices from underserved communities who have experienced systemic discrimination, are not “stuck” on the bottom rungs of the career pathway.

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1. **Recommendations and/or Best Practices**

Our goal is to leverage leading indicators to amplify the potential of Registered Apprenticeship to create a positive, healthy culture of inclusion and equitable development to benefit all apprentices and the economy as a whole.

The new things we need to focus on are systemic changes to:

* Use Leading Indicators to Proactively Support a Healthy Culture of Inclusion
  + Addressing concerns and removing barriers for potential, current, and alumni apprentices to connect with jobs that provide a family-sustaining or living wage

# IENES Issue Paper

* *Recommendations for innovation*
  + To advance best practice, we need definitions and agreement on key terms.
    - Pathways and career pathways
    - Occupational segregation
* Rigor and quality
  + - Family sustaining wages (FSW)
    - Living wage [national vs within a state vs by municipality]

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**Addendum**

The below represents non-consensus views among the Industry Engagement in New and Emerging Sectors subcommittee in response to the request that subcommittees consider any implications of the recommendation that a “registered apprenticeship program must end in a family sustaining wage.” Each of the following two groups represents approximately half of the membership of the subcommittee.

*Group 1*

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| --- |
| **Labor** |
| Daniel Bustillo |
| John Costa  Delegate: Jamaine Gibson |
| Bernadette Oliveira-Rivera |

A Registered Apprenticeship must end with a living wage, provide family sustaining benefits, and adhere to the other principles laid out by the Departments of Commerce and Labor as Good Jobs Principles. We further recommend that the DOL only approve registration of apprenticeship programs which, at a minimum, pay its participants a living wage by the last stage of their program participation.  This will ensure apprentices are able to successfully prepare for careers that upon completion of the apprenticeship program allow them to support themselves and their families.

Moreover, there should be no difference or special accommodations made for youth in apprenticeship as it relates to wage requirements. The living wage requirement should apply to all workers, including those participating in apprenticeship as part of their K-12 academic experience. This will both ensure that young adults are able to support themselves, while avoiding any potentially exploitative child labor practice.

Building pathways to apprenticeship in new and emerging sectors is critical to supporting the continued growth and expansion of Registered Apprenticeship. In identifying and supporting development of such pathways, special attention should be given to ensuring historically marginalized populations are aware of these opportunities and have equal access to ensure DEIA goals are met.

Based on the Committee’s position that for an occupation to be apprenticeable it must pay a living wage, the following recommendations are made regarding how the DOL can support development of effective apprenticeship pathways that recognize worker accomplishments, support their mobility, address employer needs and meet the goal of ensuring only those occupations that pay a living wage are approved as apprenticeable.

* An apprenticeship program may offer workers industry recognized credentials that enable them to work in certain jobs that are not apprenticeable occupations as part of their apprenticeship experience. For example: As part of a certified teacher apprenticeship program, apprentices may first earn a teacher assistant credential. This credential has value in the workplace and may result in higher wages but is not considered as an apprenticeship completion. Completion of the apprenticeship occurs once the apprentice earns their teacher certification.
* A job/position that currently exists in the marketplace, which does not pay workers a living wage, but which gives them foundational knowledge and skills that can be helpful to them in entering a related apprenticeable occupation can be developed as a pre-apprenticeship to apprenticeship pathway. For example, in healthcare a training program for a range of entry-level occupations can be formalized as a pre-apprenticeship to apprenticeship pathway through articulation agreements with healthcare Registered Apprenticeship programs for higher wage occupations. Direct entry and advanced credit could be given to apprentices entering the program through the pre-apprenticeship to apprenticeship pathway.
* Sponsors in new and emerging sectors that have multiple apprenticeship programs for various occupations all of which pay a living wage, can create pathways for apprentices to continue to grow and to meet DEIA and industry needs. Workers that have completed an apprenticeship program with the sponsor and are working within that occupation, but who are interested in transitioning into a new position could be given preference for entry into a new/different apprenticeship program and receive credit for any relevant skills gained in their previous apprenticeship. For example: An apprentice that completes a bus conductor apprenticeship program with a transit sponsor that also has a registered apprenticeship program for bus mechanic, could be offered direct entry into the bus mechanic apprenticeship program and be given credit/advanced placement into that program based on relevant transferrable skills.

*Group 2*

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| --- | --- |
| **Employer** | **Public** |
| Amy Kardel | Orrian Willis |
| Carolyn Holmes Lee  Delegate: Pooja Tripathi | Randi Wolfe, PhD |

**AREAS AROUND WHICH TO DEVELOP ADDITIONAL RECOMMENDATIONS RELATED TO WAGES AND REGISTERED APPRENTICES**

1. **Clarifying that a “wage threshold” would primarily apply to Apprenticeability vs. Individual Programs.**

* It is not clear how Family Sustaining Wages (FSW) becoming a determinant for the apprenticeability of occupations would work in practice. Would existing apprenticeable occupations be “grandfathered” in? If so, that could put an unfair and unreasonable burden on new occupations, while not holding existing occupations to the higher standard supposedly at the root of the FSW recommendation. And if existing apprenticeable occupations are not grandfathered in, there would need to be a system through which currently apprenticeable occupations could be “recertified” as apprenticeable once having proven they meet the FSW requirement. Additionally, there would need to be the infrastructure in place to execute that system.
* While DOL cannot mandate wages, it can and does use wages currently as one of the criteria for determining apprenticeability (e.g., requirements around wage scales and prevailing wages). Rather than applying an FSW wage threshold to apprenticeability determinations, DOL should consider a formula including criteria such as:
  + Is the occupation part of a pathway that leads to FSW?
  + Does the journey level wage equal a certain wage criteria (e.g., percentage of FSW, CA Employment Training Panel trainee wage scale, living wage, 2X poverty wage)?
  + Does the occupation require a post-secondary degree, Industry-Recognized Credential or License, etc., such that RAP certification could replace the current requirement?
  + Does the journey level role generally meet the criteria of the DOL’s [Good Jobs](https://www.dol.gov/general/good-jobs) principles?

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1. **Other Specific Wage-related Issues to be clarified.**

* It is not feasible to recommend that apprenticeships must provide an FSW by some point during the apprenticeship program, especially since we don’t have an agreed upon definition of the term.
* Without the definition and additional data to see if apprenticeships are leading to these higher wages, it isn’t reasonable to request or require apprenticeship programs to achieve these wages before program completion. This could lead to the opposite of DOL’s goal of encouraging more industries and companies to adopt Registered Apprenticeships.
* Since the concept of FSW is based on family structure, how would we impose that standard on an apprenticeship in which the apprentices represent a variety of family structures? For example, a single person with no children would be paid at one rate, while a single mother of three would be paid at another rate, while a married couple with no children would be paid at a third rate. Obviously, we can't have a situation in which two apprentices enter the same program and are paid at different rates. Using a family structure to determine appropriate wages for an apprentice would disproportionately and negatively impact workers who are parents. And as such, such a wage structure would disincentivize employers from hiring parents due to the requirement to pay them higher wages.
* There could be constitutional issues or civil rights or EEO violations arising from implementing a FSW requirement, particularly insofar as it disadvantages particular groups of with families.
* It is impractical to apply a requirement to employers, as wages are currently only recommended in the Schedule D of Apprenticeship Standards.
* There would be a marketing problem if employers were told what they are required to pay in order to work with registered apprenticeships.

# Modernization Issue Paper #3 - Quality Standards

A Registered Apprenticeship Program must meet the following criteria in order to be deemed as being high quality:

1. Valuable outcomes

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* 1. Programs with high completion percentages in which the journey-level wages are family-sustaining wages with benefits, allowing one adult to support 2 children, according to the [MIT living wage calculator](https://livingwage.mit.edu).
     1. USDOL OA and the SAA’s should require comprehensive sharing of hourly wages. If a state declines to participate they should not be included in federal grant funding for RAP’s. Wage information can be supplied by participating states through wages of apprentices upon completion of their apprenticeship through RAPIDS or through a state’s internal apprenticeship data management system.
     2. USDOL OA and the SAA’s should require wage verification as part of the Quality and Compliance Review process. These results should be included as part of a wage study conducted by USDOL where applicable for grants and other USDOL/SAA studies.

**Supplemental Information for the Record**

In addition to the subcommittee perspectives provided above, individual ACA members were invited to submit any supplemental information for the record. The following items were submitted for the record on this issue:

* Name of Item, submitted by ACA Member {Name}
* TBD

**ACA Recommendation on Registered Apprenticeship and Wage Thresholds, such as Family Sustaining Wages (TBD)**

At the May 10th meeting of the ACA, a broad discussion was held on the issue of establishing a wage threshold, such as family sustaining wages, with regards to Registered Apprenticeship. The full minutes for the May 10th meeting, including those relevant to this discussion, can be found at <https://www.apprenticeship.gov/advisory-committee-apprenticeship/meetings>.

Placeholder, if necessary, to record any actions, if any, taken by the ACA at its May 10th meeting after discussion with the full committee and having provided public notice on this issue.

{At the May 10th meeting of the ACA, the following recommendation(s) were approved:

* TBD}

The vote on this recommendation is as follows: (summary of the ballot)

|  |  |  |
| --- | --- | --- |
| **Approve** | **Disapprove** | **Abstain** |
| TBD | TBD | TBD |