

THE APPRENTICESHIP AND JOBS TRAINING ACT OF 2017

Summary

In the 2013 Global Manufacturing Competitiveness Index study by Deloitte, executives ranked talent-driven innovation as the top driver of a country's ability to compete globally. A skilled workforce is a critical component of a productive economy. But, today U.S. companies are investing just half the amount in training as a share of GDP compared to a decade ago, according to a study by the Information Technology and Innovation Foundation. Much of this decline comes from cost pressures and the movement of workers between companies. However, the need for training is increasingly greater. In a 2011 survey of industrial companies by the National Association of Manufacturers, 67% of respondents reported a moderate to severe shortage of available, qualified workers and 56% anticipated the shortage to grow worse in the next three to five years. This trend – of less job training investment and fewer qualified workers – presents a looming challenge for our economy. A tax credit to promote apprentice programs, which emphasize “learning-while-doing” are a proven way to incorporate specialized problem-solving skills, as well as workplace knowledge and understanding.

In the United States, apprentice programs have been decentralized and largely employer driven, resulting in a relatively inconsistent usage. However, many studies show that apprentice programs benefit both the employer and apprentice participants. For example, in a 2009 study by the Urban Institute which surveyed sponsors of existing apprentice programs, more than 80 percent of sponsors valued apprenticeship's role in helping them meet their demand for skilled workers, while more than 65 percent thought that registered apprenticeship programs provided important benefits in raising productivity, strengthening the morale and pride of workers, and improving worker safety. Additionally, a study by the Washington State Workforce Training and Education Coordinating Board found that those completing apprenticeships earned nearly \$4,300 more per quarter, and that those earning gains were nearly three times the comparably estimated gains for those graduating with a vocational degree from community colleges.

We need these highly trained people now to help us strengthen the ongoing economic recovery and in the future to make sure America remains competitive by having the world's most innovative workers. In addition, we need to get those highly skilled laborers training the next generation. Mentoring is an essential component of ensuring the transfer of knowledge and building of a skilled, long-term workforce. This bill helps those who want to train the future to do so without hindering their plans for retirement.

Hiring Apprentices to Learn Needed Skills

Apprenticeship programs are a proven tool for workers to learn new, advanced skills that make them much more productive in our ever-changing economy while they are also able to earn a paycheck.

- Creates a \$5,000 tax credit based on wages paid by companies who hire individuals enrolled in a Federal or State registered apprentice program. For employers participating in a multi-employer apprenticeship program, the credit rate would be \$3 per hour each individual works.
- Targets companies who hire a new, full-time apprentices in high-demand, mechanical or technical, healthcare, or technology professions. The apprentice must be employed for at least 7 months before the credit can be claimed. The tax credit can also be claimed as the apprentice works through the program for a maximum of 3 years.
- Allows veterans to apply their previous training and experience to the required training and education hours so their skills are more effectively and more quickly put to use.
- Qualified apprentice programs must follow guidelines set forth under the Department of Labor's Employment and Training Administration Office of Apprenticeship or a recognized State apprenticeship agency.

Mentoring the Next Generation of Skilled Workers

One of the best ways for up-and-coming workers to gain skills is to learn from those who have been practicing the trade for years. Increasingly, the skilled workforce is looking towards retirement. Mentoring is one of most effective ways to guarantee the transfer of knowledge from one generation to the next. By allowing employees to phase into retirement, it will allow those employees interested in cutting back their work schedules and focusing on mentoring younger workers, while still allowing those skilled employees to receive a partial salary and partial benefits from their retirement savings without any negative tax consequences. Phasing in retirement is a win-win for the company and the retiring employee. The company is able to continue maintain the expertise and develop the skills of the younger workers and the employee is able to keep working as they slowly cut down on their hours and move towards retirement.

- Workers who reduce their hours so that they spend at least 20 percent of their time mentoring will be allowed to receive distributions from their pension plans without penalty. This follows previous action taken for federal workers (P.L. 112-141, Section 100121(d)).
- Mentors must be at least 55 years of age and be responsible for training or educating employees or students in their area of expertise for which they have a professional credential, certificate, or degree.