



# Opening Statement

COMMITTEE ON EDUCATION & LABOR

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The Hon. Robert C. "Bobby" Scott • Chairman

## Opening Statement Chairwoman Susan Davis (CA-53)

*Examining the Policies and Priorities of the Labor Department's Apprenticeship Program*

Subcommittee on Higher Education and Workforce Investment Hearing

2175 Rayburn House Office Building

Wednesday, November 20, 2019 at 1:00pm

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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.