

State of California
Department of Industrial Relations
Division of Apprenticeship Standards
2017 Legislative Report

Apprenticeship: Keeping California's Workforce Healthy



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Introduction

California Labor Code section 3073.5 states, “The Chief of the Division of Apprenticeship Standards and the California Apprenticeship Council shall annually report through the Director of Industrial Relations to the Legislature and the public on the activities of the division and the council.” Pursuant to this legislative mandate, the Division of Apprenticeship Standards submits this report.

Apprenticeship Training in California

State-registered apprenticeship is a unique and important component of California’s workforce development system. Driven and funded by industry, an apprenticeship program is a collaboration of industry, an educational institution, government, and the apprentice. Within the Department of Industrial Relations (DIR), the Division of Apprenticeship Standards (DAS or the Division) works closely with industry to develop apprenticeship programs that train apprentices to employers’ specific requirements.

Apprenticeship is an opportunity for workers to learn skills necessary for a career in a chosen field on the job, in the culture and environment of the workplace, while studying the theory behind their trade or profession. Without leaving the workforce, apprentices are trained using specifically designed classroom instruction and directly apply their newly developed skills on-the-job.

The apprenticeship model of skill development, *earn-while-you-learn*, has a proven track record that dates back centuries. In apprenticeship, all partners are winners. Employers win when they gain skilled workers trained exactly to their needs. Apprentices win when they are employed while acquiring the education and skills needed for a lifetime career. California wins too: as the skilled workforce grows, income levels grow, the tax base expands, and unemployment and the need for state services go down. The overall economy is also strengthened as employers locate or expand operations in the state.

California has a multitude of employers in a variety of industries, sponsoring or participating in apprenticeship programs. Employers have found that the apprenticeship system of training is efficient and cost-effective for a variety of reasons:

- Industry knows best what it needs. For new apprenticeship programs, industry helps develop the curriculum and on-the-job training to meet industry needs.
- Training programs that offer upward mobility through career development are associated with high employee morale and loyalty. This loyalty in turn pays dividends in higher retention rates and reduced costs for recruitment of new employees.
- Apprenticeship increases productivity. Employees in a structured training program are motivated to achieve and acquire flexible, state-of-the-art skills geared to the individual employer’s workplace and product.
- Apprenticeship connects employers with public education facilities for related classroom instruction.

- Apprenticeship programs can easily be adapted to include training in new skills as demand shifts and segments of an industry grow or decline.

The California Apprenticeship Council

The California Apprenticeship Council (CAC or the Council) was established in 1939 by the Shelley-Maloney Apprentice Labor Standards Act. The Council is made up of 17 members, 14 of whom are appointed by the governor to four-year terms. Six of the appointed members represent management, six represent labor, and two represent the public. The director of DIR, the superintendent of public instruction, and the chancellor of the California Community Colleges, or their qualified permanent designees, are also Council members. Each year, the members elect the CAC chair. The chief of DAS serves as CAC secretary, and DAS provides staff services.

CAC holds quarterly public meetings to address issues affecting apprenticeship in California and to fulfill the statutory requirement of providing policy advice on apprenticeship matters to the administrator of apprenticeship and the director of DIR. The Council also issues rules and regulations as necessary to carry out the intent of the law as well as ensure that selection procedures are impartially administered to all applicants. In addition, the Council conducts appeal hearings regarding apprentice agreement disputes, approval of new apprenticeship standards, and administration of apprenticeship programs.

Division Responsibilities

DAS administers California's apprenticeship law (the Shelley-Maloney Apprentice Labor Standards Act) and CAC's regulations. DAS objectives are to promote and develop employment-based apprenticeship training programs, to improve apprentice working conditions, and to advance profitable employment opportunities for apprentices. DAS accomplishes these objectives by providing consultative services to apprenticeship program sponsors, employers, employee organizations, and education providers. Additionally, DAS oversees management of apprenticeship programs, ensuring high training standards for all apprentices. Standards cover apprentice wages, hours, and working conditions; learning of skills; length of training; and required supplemental classroom instruction. Maintaining these standards supports a healthy rate of program graduations for apprentices, including women and minorities.

Additional DAS responsibilities include the following:

- Upon recommendation of the registered apprentice's program sponsor, certifying completion of the apprenticeship program. For the year 2017, DAS issued 12,255 certificates of completion to graduating apprentices.
- Managing the application of equal opportunity regulations as set forth by CAC in the State of California Plan for Equal Opportunity in Apprenticeship, and establishing policies and procedures for promoting equality of opportunity in registered apprenticeship programs. The plan aims to prohibit discrimination based on race, gender, religion, sex, or national origin in DAS apprenticeship programs.

- Online publication of [completion rates for all apprenticeship programs](#) for the five most recent years as an incentive for programs to adequately support their apprentices.
- Promoting and fostering apprenticeship, a mandate set forth in the Labor Code 3073. In 2017, DAS consultants made over 236 public appearances to educate individuals as well as school districts, workforce development boards (WDBs), and correctional facilities on the benefits of apprenticeship as a model for developing talent for the skilled workforce.
- Partnering with other state agencies, private organizations, educational institutions, state and local WDBs, employers, and community-based organizations to further the promotional goals of the Division. See below for more information on DAS’s partnerships with WDBs.

Apprentices in California

California continues to lead the nation in apprenticeship, with 80,464 apprentices registered in 1,016 DAS-approved programs represented by 441 sponsors. The number of minorities increased from 45,796 in 2016 to 50,659 in 2017, comprising 63% of all apprentices. During the same period, the number of women in apprenticeship programs increased from 4,683 to 4,861, comprising 6% of all apprentices. Additional detail on apprentice demographics for all programs between 2012 and 2017 is provided in Table 1.

Table 1. Racial/Ethnic and Gender Composition of California Apprentices, All Apprenticeship Programs, 2012–2017

	2012	2013	2014	2015	2016	2017
All Minorities	34,044	35,076	30,365	38,160	45,796	50,659
American Indian & Alaskan Native	426	449	466	559	645	684
Asian Pacific Islander	1,513	1,730	1,989	2,387	2,687	2,916
Black	3,785	3,879	3,963	4,652	5,277	5,717
Filipino	683	642	702	840	1,005	1,067
Hispanic	20,629	21,479	23,245	29,722	36,182	40,275
Unknown*	7,008	6,897	1,561	1,563	1,713	1,947
White	19,907	20,204	21,440	24,236	26,932	27,858
Women	3,342	3,302	2,852	3,810	4,683	4,861
Total Apprentices	53,951	55,280	53,366	63,959	74,441	80,464

* Apprentices who opted out of declaring their ethnic background are described as "unknown." Unknown is included in the minority count in 2012 and 2013.

Pursuant to AB 1088 (2011), Table 2 provides the demographic details of apprentices with Asian or Pacific Islander background. In recent years, Filipinos are the largest group, comprising 27% of all apprentices who self-identified as Asian or Pacific Islander.

Table 2. Summary of Apprentices with Asian / Pacific Islander Background, 2014–2017 (AB 1088, 2011)

Background	2014		2015		2016		2017	
	#	% of total	#	% of total	#	% of total	#	% of total
Asian Indian	49	1.8%	62	1.9%	115	3.1%	156	3.9%
Asian / Pacific Islander*	1,060	39.4%	943	29.2%	855	23.2%	754	18.9%
Bangladeshi	1	0.0%	2	0.1%	3	0.1%	3	0.1%
Cambodian	48	1.8%	84	2.6%	113	3.1%	121	3.0%
Chinese	259	9.6%	351	10.9%	412	11.2%	490	12.3%
Fijian	19	0.7%	33	1.0%	41	1.1%	44	1.1%
Filipino	702	26.1%	840	26.0%	1,005	27.2%	1,067	26.8%
Guamanian	32	1.2%	47	1.5%	61	1.7%	69	1.7%
Hawaiian	53	2.0%	91	2.8%	103	2.8%	150	3.8%
Hmong	34	1.3%	103	3.2%	133	3.6%	107	2.7%
Indonesian	5	0.2%	8	0.2%	9	0.2%	10	0.3%
Japanese	83	3.1%	133	4.1%	178	4.8%	193	4.8%
Korean	66	2.5%	85	2.6%	104	2.8%	120	3.0%
Laotian	26	1.0%	37	1.1%	56	1.5%	82	2.1%
Malaysian	5	0.2%	8	0.2%	10	0.3%	12	0.3%
Pakistani	8	0.3%	19	0.6%	23	0.6%	21	0.5%
Samoan	58	2.2%	108	3.3%	136	3.7%	163	4.1%
Sri Lankan	3	0.1%	2	0.1%	3	0.1%	5	0.1%
Taiwanese	6	0.2%	9	0.3%	13	0.4%	12	0.3%
Thai	18	0.7%	28	0.9%	35	0.9%	35	0.9%
Tongan	35	1.3%	59	1.8%	74	2.0%	122	3.1%
Vietnamese	121	4.5%	175	5.4%	210	5.7%	247	6.2%
Total	2,691	100.0%	3,227	100.0%	3,692	100.0%	3,983	100.0%

* Reflects apprentices who indicated an ethnic background of Asian or Pacific Islander prior to the additional detail provided by AB 1088 (2011).

The race, ethnicity and gender of apprentices in construction trade apprenticeship programs are reported in Table 3. As shown, Hispanics are the largest group, comprising more than half (56.1%) of all construction apprentices, followed by whites (31.4%).

Table 3. Racial/Ethnic and Gender Composition of California Apprentices in the Construction Industry, 2016 and 2017

	2016		2017	
	Number	% of total	Number	% of total
American Indian & Alaskan Native	471	0.9%	519	0.9%
Asian Pacific Islander	1,535	2.9%	1,712	3.0%
Black	3,856	7.4%	4,246	7.4%
Filipino	496	1.0%	557	1.0%
Hispanic	28,286	54.2%	32,179	56.1%
Other	215	0.4%	136	0.2%
White	17,287	33.2%	18,037	31.4%
Women	1,186	2.3%	1,431	2.5%
Total Apprentices	52,146	100.0%	57,386	100.0%

DAS continues to work with CAC’s Equal Opportunity in Apprenticeship Standing Committee to increase the number of women and minorities in apprenticeship. Equal opportunity requirements apply to apprenticeship programs with five or more apprentices. The demographic composition and completion rates of all programs with five or more apprentices between 2012 and 2017 are provided in Table 4.

Table 4. Demographic Information and Completion Rates, Programs with 5 or More Apprentices, 2012-2017

	2012	2013	2014	2015	2016	2017
Eligible Programs Registered	240	237	238	239	256	265
Apprentices	52,685	54,934	51,801	63,769	73,821	78,947
POC/Minority Apprentices	33,811 (64.1%)	34,894 (63.5%)	29,489 (56.9%)	39,601 (62.1%)	47,109 (63.8%)	50,649 (64.2%)
Female Apprentices	3,268 (6.2%)	3,261 (5.9%)	2,786 (5.4%)	3,802 (6.0%)	4,672 (6.3%)	4,773 (6.1%)
Completions	7,505 (60.6%)	5,980 (61.9%)	5,114 (60.7%)	6,348 (63.8%)	9,051 (66.3%)	10,657 (61.5%)

Notes: Data is for programs with five or more apprentices. Completion rate reflects the number of apprentices who completed their apprenticeships in the same year they were expected to complete their apprenticeship agreement. Only those expected to complete in the year reported are included in the calculation.

Veterans are encouraged to participate in apprenticeship programs while collecting veteran educational benefits. DAS participated in several career fairs and partnered with the Employment Development Department and the California Department of Veterans Affairs to engage more veterans. Currently, there are 4,893 veterans working as registered apprentices. In 2017, 1,606 new veterans registered for apprentice programs and 748 veterans received completion certificates as new journey persons.

New Programs

In 2017, DAS received 46 applications for registration of new apprenticeship and trainee programs. DAS approved 40 of these applications, and six applications were still under review as of December 31, 2017. DAS also approved nine applications that had been submitted in 2016. Of the 49 programs approved in 2017, 25 are in the service sector, 17 in manufacturing, three in information technology, two in transportation and utilities, one in health care, and one in construction. No applications were denied, nor were any DAS-approved programs disapproved by CAC.

New Safety Training in the Refinery Industry

Senate Bill 54 (2013) became effective on January 1, 2015, and requires that, after July 1, 2018, all workers for building trade contractors employed at all refinery facilities must complete a minimum of 20 hours of approved safety training every three years. The bill also mandates that, by January 1, 2016, the chief of DAS approve a curriculum of at least 20 hours of in-person classroom and laboratory instruction of “advanced safety curriculum.” Working with industry partners, DAS approved the training [curriculum](#), including an eight-hour overview of refinery safety, four hours on the principles of refining petroleum,

and eight hours of craft-specific safety training. DAS also established procedures that an organization must follow to get advanced safety training coursework approved.

Partnership with the Workforce Development Boards (WDBs)

Recent mandates have increased collaboration between DAS and state and federal partners. Assembly Bill 554 (2011) requires WDBs to partner with apprenticeship programs, creating smoother training pathways that broaden access to apprenticeships. In addition, the federal government replaced the Workforce Investment Act (WIA) of 1998 with the Workforce Investment and Opportunity Act (WIOA) of 2014. Increased collaboration among DAS and WIA/WIOA partners – namely the state WDB, local boards, and community colleges – has produced numerous new training opportunities, including pre-apprenticeship and on-the-job apprenticeship programs in new industries. DAS has been working with the California Community Colleges to broaden opportunities for apprenticeship by updating curricula and developing innovative apprenticeship programs. DAS also continued to work with multiple private and public entities that had received accelerator grants from the California Community College Chancellor’s Office to establish apprenticeship programs.

Program Audits and Dispute Determinations

Pursuant to Labor Code sections 3073.1, 3075.5, 3075.6, and 3075.7 (Senate Bill 56, 2011), DAS audits its registered apprenticeship programs to ensure that (1) programs are complying with approved program standards, (2) journey-level workers supervise all on-the-job training, (3) apprentices are receiving all related and supplemental instruction required by program standards, (4) programs are covering all work processes described in program standards, and (5) apprentice graduates satisfactorily completed all program requirements.

DAS conducts an audit if a program falls into one of the following categories: (1) it has been identified as having deficiencies; (2) it is a new or newly expanded building and construction trade program, and one year has passed since approval of its creation or expansion; (3) it is a building and construction trade program and evidence exists that it was intentionally misrepresented to the DAS; (4) it is a building and construction trade program and has been the subject of two or more meritorious complaints about recruitment, training, or education of apprentices within a five-year period; or (5) it is a building and construction trade program that has had at least two graduating classes, and its annual apprentice completion rate has dropped below 50% of the average completion rate for the trade. Additional audits may be conducted at the discretion of the chief of DAS.

Audit reports are presented to CAC and the public. DAS recommends remedial action and a timeline to correct deficiencies recognized in a report. Failure to correct the deficiencies noted within a reasonable time period constitutes grounds for withdrawal of state approval. In 2017, DAS initiated 35 audits of programs with overall completion rates below 50% for the trade. DAS completed 18 audits and submitted the results to the CAC. Ten of the 18 audited programs followed all of the recommendations to address their deficiencies. As of December 2017, DAS was actively working with the remaining 17 audited programs to improve their operations. No active programs lost state approval in 2017 as a result of an audit.

DAS also reviews the selection of prospective apprentices and any disciplinary proceedings of existing apprentices. In 2017, 39 disputed issues regarding individual apprenticeship agreements were submitted to DAS’s administrator of apprenticeship for determination. The administrator issued determinations on nine complaints filed during 2017, upholding the programs’ decisions to terminate the apprentice agreements. Three were appealed to the CAC in 2017, and the CAC upheld the decision to terminate the apprenticeship agreement due to excessive absenteeism or poor job performance in all three cases. The remaining complaints were resolved or dismissed for lack of merit or are still in the complaint process. Table 5 provides detail on the disposition of complaints filed with the administrator.

Table 5. Disposition of Disputed Issues Submitted to Administrator of Apprenticeship, 2012–2017

	2012	2013	2014	2015	2016	2017
Total Number Filed	16	15	24	19	25	39
Pending	0	5	4	8	5	3
Withdrawn/Settled	4	4	9	2	1	1
Dismissed	9	3	6	5	17	26
Determination Issued	3	3	5	4	2	9
Appealed to CAC	3	0	2	4	3	3
CAC Decisions	3	0	2	4	3	3

Initiatives and Resources

In November 2016, the U.S. Department of Labor awarded DIR/DAS an ApprenticeshipUSA State Accelerator Grant for \$143,000 and Expansion Grant for \$1.8 million to expand, track, and provide necessary oversight and consultation to existing and new program sponsors of apprenticeship training in information technology, advanced manufacturing, health care, and transportation, among other high-demand industries and occupations. Goals of the grant include doubling the number of apprentices over the next 10 years and increasing opportunities for women and other under-represented groups. Another focus is alignment with our state workforce development and educational partners (California Community Colleges Chancellor’s Office, Department of Education, California Workforce Development Board, and Employment Training Fund) to leverage other available state resources in support of apprenticeship.

The grants provided resources to create a robust data management system to track apprenticeship program performance and outcomes. The new data management system will help DAS focus resources on promising programs to increase their reach and help them scale up as needed.

To develop apprenticeship opportunities in new sectors such as information technology and advanced manufacturing, DIR/DAS partnered with the Labor and Workforce Development Agency (LWDA) and industry leaders to co-sponsor several conferences and discussions around the state. The grant also funded a Business Engagement Team (BET) to handle market research, outreach, and non-traditional program development. The BET also conducted training on outreach and business engagement best practices for DAS staff. In support of increasing the share of women to one fifth of all apprentices by 2020, the BET co-produced the “20% by 2020” Forum with Tradeswomen, Inc.

In collaboration with the Department of Corrections and Rehabilitation and the California Prison Industry, DAS developed on-the-job and apprenticeship certifications to award inmates who complete eligible career technical education programs. The goal is to provide inmates with occupational training and recognized certification while in prison to increase their opportunities for job placement or paid apprenticeships upon release, and successful reintegration into society, thereby reducing recidivism.

DAS works closely with Government Operations, LWDA, and labor to create apprenticeships in civil service. In 2017, DAS approved the first apprenticeship program in civil service for Network and Computer Systems Administrators. Made possible through the collective efforts of the Governor's Office, LWDA, and labor representatives, this civil service apprenticeship program is unique in its recognition at the state and federal level. Additional apprenticeship opportunities in civil service are being developed through collaboration with the Department of General Services, the Office of Technology and the Franchise Tax Board.

In 2017, on behalf of CAC, DAS received a total of \$14,023,628 in training fund contributions from contractors working on public works jobs. DAS distributed \$2,506,038 in grants to approved apprenticeship programs in the building and construction occupations. The remaining contributions were used to fund DAS and DIR apprenticeship activities and enforcement in accordance with the Labor Code and state budget requirements.

Conclusion

DAS is committed to facilitating new opportunities for apprentices in support of a diverse and skilled workforce. DAS will continue extending the reach of the apprenticeship model so businesses can meet their changing workforce demands and customize worker skillsets according to their unique needs. As this report has documented, partnerships and strategic collaboration remain central to the ongoing success of California's 80,000 registered apprentices, who exemplify the talent and potential of our state's dynamic workforce.