

## DEPARTMENT OF LABOR

## 29 CFR Part 29

RIN 1205-AB85

**Apprenticeship Programs, Labor Standards for Registration, Amendment of Regulations****AGENCY:** Employment and Training Administration, Labor.**ACTION:** Notice of Proposed Rulemaking.

**SUMMARY:** To address America's skills gap and expand the apprenticeship model to new industries, the U.S. Department of Labor proposes a rule under the National Apprenticeship Act (NAA) to establish a process for recognizing Standards Recognition Entities (SREs), which will in turn recognize Industry-Recognized Apprenticeship Programs (Industry Programs). This proposed rule describes what entities may become SREs; outlines the responsibilities and requirements for SREs, as well as the hallmarks of the high-quality apprenticeship programs they will recognize; and sets out how the Administrator of the Office of Apprenticeship will interact with SREs. The proposed rule also describes how Industry Programs would operate in parallel with the existing registered apprenticeship system. The Department believes its industry-led, market-driven approach provides the flexibility necessary to scale the apprenticeship model where it is needed most and helps address America's skills gap.

**DATES:** Comments must be submitted, in writing, on or before August 26, 2019.

**ADDRESSES:** You may submit comments, identified by Regulatory Information Number (RIN) 1205-AB85, by one of the following methods:

*Federal e-Rulemaking Portal:* <http://www.regulations.gov>. Follow the website instructions for submitting comments.

*Mail and hand delivery/courier:* Written comments, disk, and CD-ROM submissions may be mailed to Adele Gagliardi, Administrator, Office of Policy Development and Research, U.S. Department of Labor, 200 Constitution Avenue NW, Room N-5641, Washington, DC 20210.

*Instructions:* Label all submissions with "RIN 1205-AB85."

Please submit your comments by only one method. Please be advised that the Department will post all comments received that relate to this NPRM on <http://www.regulations.gov> without making any change to the comments or redacting any information. The [http://](http://www.regulations.gov)

[www.regulations.gov](http://www.regulations.gov) website is the Federal e-rulemaking portal, and all comments posted there are available and accessible to the public. Therefore, the Department recommends that commenters remove personal information such as Social Security Numbers, personal addresses, telephone numbers, and email addresses included in their comments, as such information may become easily available to the public via the <http://www.regulations.gov> website. It is the responsibility of the commenter to safeguard personal information.

Also, please note that, due to security concerns, postal mail delivery in Washington, DC may be delayed. Therefore, the Department encourages the public to submit comments on <http://www.regulations.gov>.

*Docket:* All comments on this proposed rule will be available on the <http://www.regulations.gov> website, and can be found using RIN 1205-AB85. The Department also will make all the comments it receives available for public inspection by appointment during normal business hours at the above address. If you need assistance to review the comments, the Department will provide appropriate aids, such as readers or print magnifiers. The Department will make copies of this proposed rule available, upon request, in large print and electronic file on computer disk. To schedule an appointment to review the comments and/or obtain the proposed rule in an alternative format, contact the Office of Policy Development and Research at (202) 693-3700 (this is not a toll-free number). You may also contact this office at the address listed below.

*Comments under the Paperwork Reduction Act:* In addition to filing comments on any aspect of this rule with the Agency, interested parties may file comments on the information collections contained in or supporting this proposed rule with the Office of Management and Budget (OMB). This opportunity is limited to the information collections that must also be approved under the Paperwork Reduction Act, and the period to submit comments to OMB expires 30 days after the date this proposed rule is published in the **Federal Register**. Please submit comments about this request by mail to the Office of Information and Regulatory Affairs, Attn: OMB Desk Officer for DOL-ETA, Office of Management and Budget, Room 10235, 725 17th Street NW, Washington, DC 20503; by Fax: 202-395-5806 (this is not a toll-free number); or by email: [OIRA\\_submission@omb.eop.gov](mailto:OIRA_submission@omb.eop.gov). Commenters are encouraged, but not required, to

send a courtesy copy of any comments by mail or courier to the Agency using the same method as for any other comments on the rule.

**FOR FURTHER INFORMATION CONTACT:** Adele Gagliardi, Administrator, Office of Policy Development and Research, U.S. Department of Labor, 200 Constitution Avenue NW, Room N-5641, Washington, DC 20210; telephone (202) 693-3700 (this is not a toll-free number).

Individuals with hearing or speech impairments may access the telephone number above via TTY by calling the toll-free Federal Information Relay Service at 1-800-877-8339.

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**I. Background**

The National Apprenticeship Act (NAA), 29 U.S.C. 50, authorizes the Secretary of Labor "to bring together employers and labor for the formulation of programs of apprenticeship." The U.S. Department of Labor (the Department or DOL) proposes doing so through a new program recognizing Standards Recognition Entities (SREs) of Industry-Recognized Apprenticeship Programs (Industry Programs). This new program is intended to harness industry expertise and leadership to meet the United States' skills needs in the twenty-first century.

The Department has primarily implemented the NAA by registering individual apprenticeship programs and apprentices. Registration occurs either directly or through recognized State apprenticeship agencies. This effort has been key to the development of apprenticeships in certain contexts. However, this model has failed to scale

in other industries or regions, even as the modern economy has required millions of skilled workers in new areas. One source identified nearly 50 occupations as ripe for apprenticeship expansion.<sup>1</sup> In addition, registered apprenticeship programs have prepared only approximately 0.3 percent of the United States workforce.<sup>2</sup>

Compounding this low rate of apprenticeship participation is a persistent and serious long-term challenge to American economic leadership: A significant mismatch between the occupational competencies that businesses need and the job skills of aspiring workers. There were over 7.3 million job openings in the United States at the end of 2018,<sup>3</sup> and some openings go unfilled because there are not enough workers with needed skills.<sup>4</sup> This pervasive skills gap has posed a serious impediment to job growth and productivity throughout the economy.

In light of these challenges, in January 2017, days after President Trump entered office, the President and his Administration began promoting apprenticeships to address this skills gap. Steps taken included studying how apprenticeships work overseas, and ways that those approaches could be suited for and scaled in the United States.

In June 2017, President Trump signed an Executive Order on Expanding Apprenticeships in America, which outlined an expanded vision for apprenticeship.<sup>5</sup> Section 8 of the Order directed the Secretary to establish a Task Force on Apprenticeship, bringing together industry and workforce leaders to consider how to promote apprenticeships especially in sectors

where they are insufficient. The Task Force met formally five times, with its Subcommittees working concurrently on numerous aspects of apprenticeship expansion.<sup>6</sup> As part of the proceedings, the Task Force Subcommittees developed and submitted formal white papers summarizing their findings.<sup>7</sup> Over the course of several meetings, each Subcommittee presented its recommendations to the full Task Force, which discussed and then voted on whether to include those recommendations in a final report to be transmitted to the President.

On May 10, 2018, the Task Force transmitted its final report to President Trump. Among other points, the report indicated that Industry Programs could provide a new and flexible alternative to supplement—but not supplant—the registered apprenticeship program. The report explained:

Industry-recognized apprenticeships provide a new apprenticeship pathway that gives industry organizations and employers more autonomy and authority to identify high quality apprenticeship programs and opportunities.<sup>8</sup>

In July 2018, and consistent with the Task Force's recommendations and findings, the Department issued Training and Employment Notice 3–18, “Creating Industry-Recognized Apprenticeship Programs to Expand Opportunity in America” (TEN). This TEN outlined the contours of the Industry-Recognized Apprenticeship Program and the hallmarks of high-quality apprenticeship programs. The TEN described a system in which industry-leading organizations and educational institutions, and other third parties would recognize and oversee high-quality apprenticeship programs that provide workers credentials needed to obtain family-sustaining jobs.

On September 20, 2018, the Department published a draft form (the form) foreshadowed by the TEN in the **Federal Register** for a 60-day notice and comment period.<sup>9</sup> This initial notice

and comment period on the form ended on November 19, 2018. Through this process, the Department received the benefit of public comments. The Department reviewed the comments received, and subsequently revised the form.

On December 27, 2018, the Department provided the form for OMB's review and approval.<sup>10</sup> Through this step, the public had another opportunity for providing comments on the form.<sup>11</sup> The comment period on the form ended on January 28, 2019, and resulted in several additional comments. The form will permit entities interested in applying to the upcoming program to engage with DOL about their standards-setting and recognition processes. The Department will use the form as a mechanism to enable entities to seek a favorable determination about whether the information provided is consistent with the criteria outlined in the TEN.

The proposed permanent application form (the application) for this rule is discussed in the Paperwork Reduction Act section of this NPRM, with the application's anticipated components referenced below and reflected in Appendix A of this proposed rule. The application as proposed reflects the form associated with the TEN. To the extent the application approved for the final rule differs from the form associated with the TEN, the final rule may provide that entities that have received a favorable determination under the TEN should provide updated information to the Department.

In this rulemaking, the Department proposes to add a new subpart to 29 CFR part 29. Current part 29 would become subpart A and would retain the existing rules for registered apprenticeship, with conforming edits to account for the addition of subpart B. Subpart B would formally establish a process for organizations to apply to become DOL-recognized SREs of Industry Programs. Once recognized, SREs would work with employers and other entities to establish, recognize, and monitor high-quality Industry Programs that provide apprentices industry-recognized credentials. The proposed rule includes measures and guidelines to facilitate the recognition of these high-quality Industry Programs. The Department also solicits comments regarding how the establishment of Industry Programs can best support the

<sup>1</sup> Joseph B. Fuller & Matthew Sigelman, “Room to Grow: Identifying New Frontiers for Apprenticeships,” Harvard Bus. Sch., Nov. 2017, 7–8, <https://www.hbs.edu/managing-the-future-of-work/Documents/room-to-grow.pdf>.

<sup>2</sup> See Task Force on Apprenticeship Expansion, “Final Report to the President of the United States,” May 10, 2018, 17.

<sup>3</sup> U.S. Dep't of Labor, Bureau of Labor Statistics, “Job Openings and Labor Turnover—December 2018,” Feb. 12, 2019, [https://www.bls.gov/news.release/archives/jolts\\_02122019.pdf](https://www.bls.gov/news.release/archives/jolts_02122019.pdf).

<sup>4</sup> See, e.g., Task Force on Apprenticeship Expansion, “Final Report to the President of the United States,” May 10, 2018, 16 (citing 2018 report from National Federation of Independent Business); Business Roundtable, “Closing the Skills Gap,” <https://www.businessroundtable.org/policy-perspectives/education-workforce/closing-the-skills-gap> (last visited April 16, 2019); cf. Deloitte and the Manufacturing Institute, “2018 Deloitte and The Manufacturing Institute Skills Gap and Future of Work Study,” 2 (estimating manufacturing jobs that may go unfilled due to skills gap), <https://documents.deloitte.com/insights/2018DeloitteSkillsGapFoWManufacturing>.

<sup>5</sup> Executive Order 13801, Expanding Apprenticeships in America, 82 FR 28229 (June 15, 2017).

<sup>6</sup> See Task Force on Apprenticeship Expansion, U.S. Dep't of Labor, <https://www.dol.gov/apprenticeship/task-force.htm> (last visited Mar. 30, 2019).

<sup>7</sup> See Subcommittee White Papers, Task Force on Apprenticeship Expansion, Apr. 4, 2018, <https://www.dol.gov/apprenticeship/docs/20180410-Subcommittee-White-Papers.pdf>.

<sup>8</sup> Task Force on Apprenticeship Expansion, “Final Report to the President of the United States,” May 10, 2018, 34 (emphasis added); cf. *id.* at 36 (describing negative impact of the “simultaneous reform and launch” of the registered apprenticeship and Industry-Recognized Apprenticeship systems).

<sup>9</sup> See Notice, 83 FR 47643–02 (Sept. 20, 2018). Under the Paperwork Reduction Act, a Federal agency generally cannot conduct or sponsor a collection of information, even a voluntary one, unless the Office of Management and Budget has

approved the information collection request. That request must display a currently valid OMB Control Number.

<sup>10</sup> See Notice, 83 FR 66757–01 (Dec. 27, 2018) (30-day notice).

<sup>11</sup> *Id.*

adoption of apprenticeship opportunities in industries lacking such opportunities rather than sectors that have effective and substantially widespread registered apprenticeship programs.

The Department believes this rule's industry-led, market-driven approach would provide the flexibility necessary to scale the apprenticeship model in new areas and address America's skills gap through high-quality apprenticeships. The following is a section-by-section analysis of this proposed rule.

## II. Section-by-Section Discussion of the Proposed Rule

### A. Subpart A—Registered Apprenticeship Programs

Proposed revisions to part 29 account for its division into two subparts. Each subpart would address a different type of apprenticeship program. Accordingly, revisions to current part 29—now proposed subpart A—would make conforming edits to account for subpart B, and for how SREs and Industry Programs establish a new, distinct pathway for the expansion of apprenticeships.

The first type of conforming edit in subpart A replaces prior references to part 29 with references to subpart A. Second, the proposed rule adds the phrase “for the purpose of this subpart” before definitions provided in subpart A, § 29.2. This revision clarifies the distinction between the current registered apprenticeship system and what new subpart B establishes.

### B. Subpart B—Standards Recognition Entities of Industry-Recognized Apprenticeship Programs

Standards Recognition Entities, Industry Programs, Administrator, and Apprentices (§ 29.20)

Section 29.20 explains that subpart B establishes a new apprenticeship pathway distinct from the registered program described in subpart A. This section also defines several terms used in proposed subpart B.

Paragraph (a) defines an SRE as an entity that is qualified to recognize apprenticeship programs as Industry Programs under § 29.21, and which the Department has recognized as an SRE. Section 29.21, explained below, describes how the Administrator will evaluate the qualifications of a prospective SRE.

Paragraph (a)(1) contains an illustrative list of types of entities that can act as SREs. A consortium of these entities could also apply to become an SRE. By not limiting the types of entities

that may receive recognition, the Department intends to encourage the creation of SREs over a broad range of industries and occupational areas. The Department seeks comment on this approach.

Paragraph (b) defines Industry Programs as high-quality apprenticeship programs, wherein an individual obtains workplace-relevant knowledge and progressively-advancing skills, that include a paid-work component and an educational or instructional component, and that result in an industry-recognized credential. These requirements are explained in more detail in the explanation of the requirements of § 29.22(a)(4)(i)–(ix) (detailing hallmarks of high-quality programs, such as mentorship).

Under paragraph (b), an Industry Program is developed or delivered by entities such as trade and industry groups, companies, non-profit organizations, educational institutions, unions, or joint labor-management organizations. For example, an association of software developers could work to develop an Industry Program that provides a credential to apprentices learning to code, or equips those apprentices to sit for an exam as part of their participation in the program. A group of companies that sell or distribute pharmaceuticals could establish an Industry Program that equips apprentices with the knowledge and competencies needed to be proficient in that industry. An individual company could also develop Industry Program(s) to attract new workers and equip them with the skills necessary for proficiency in a particular occupational area. The Department believes that this approach provides flexibility needed for entities to tailor Industry Programs to their own needs. At the same time, paragraph (b) makes clear that an Industry Program is one that has been recognized as a high-quality program by an SRE. These hallmarks of high-quality are further outlined in § 29.22(a)(4), explained below.

Paragraph (c) clarifies that the Administrator is the Administrator of the Department of Labor's Office of Apprenticeship, or any person specifically designated by the Administrator. Paragraph (d) defines an apprentice as an individual participating in an Industry Program.

Becoming a Standards Recognition Entity (§ 29.21)

Section 29.21 outlines the process and standards by which an entity may apply for Departmental recognition as an SRE. The Department proposes recognizing

entities that show that they have the expertise to set standards for high-quality programs that result in industry-recognized credentials and equip apprentices with competencies needed for proficiency in specified industries or occupational areas, as would be demonstrated through components of the entity's proposed application (described in more detail below). For example, an entity might seek to set standards for automobile or aircraft manufacturing, or for an occupational area such as information security analytics.

Paragraph (a) states that an entity must submit an application to the Administrator to become an SRE. As explained below, the Department will use responses to specific questions in the application to determine whether an entity is qualified to serve as an SRE. This determination will depend in large part on the scope and nature of the Industry Programs the SRE seeks to recognize. Accordingly, the application would give the Department information about the industry(ies) and occupational area(s) for which programs would prepare apprentices.

The Department anticipates that a panel of reviewers, comprised of staff from the Office of Apprenticeship and contractors from the credentialing industry, would evaluate the application based upon the criteria outlined in § 29.21(b), as explained below. In addition to information about program scope, the application would require detailed responses concerning the applicant's capabilities and experience; its proposed approach to quality-control of Industry Programs; and its approach to ensuring the integrity of its own recognition process. These components of the anticipated application will provide the Department with information necessary to determine whether the prospective SRE is equipped to recognize and maintain recognition of high-quality Industry Programs.

Paragraph (b) describes the criteria for qualification as an SRE. Paragraph (b)(1) states that an entity must demonstrate that it has the expertise to set standards through a consensus-based process involving industry experts, for the requisite training, structure, and curricula for apprenticeship programs in the industry(ies) or occupational area(s) in which it seeks to be an SRE. An SRE should demonstrate sufficient support and input from industry authorities to give confidence in the SRE's expertise, given where its Industry Programs will operate. This standards-setting process will, in turn, inform and guide the Industry Programs the SRE recognizes,

so that those programs impart the competencies and skills apprentices need to operate successfully and independently in their industries and/or occupational areas. The Department anticipates that this standards-setting process will account for the needs of employers in the region or regions where Industry Programs operate, and seeks comment on whether additional or alternative requirements are necessary to further align the skills apprentices receive to the needs of employers in any given region.

The Department also notes that it anticipates many or all SREs will set competency-based standards for training, structure, and curricula. This means the standards would reflect the skills and knowledge needed for proficiency, rather than focusing on what could be superficial requirements unrelated to industry-essential skills (for example, seat time requirements unconnected to skills development). The Department seeks comment on this assumption.

To assess whether the prospective SRE is qualified under (b)(1), the Department would review specific components of the anticipated application for SREs in light of the scope of the Industry Programs the SRE would recognize. In particular, prospective SREs would detail their capability for obtaining input, support, and consensus from industry experts concerning the standards that the SRE would set. The Department anticipates that the applicant would provide information about the industry experts that would help set standards, as well as the process by which they would do so. The Department would then evaluate this information in light of the industry(ies) and occupation(s) relating to Industry Programs the SRE would recognize. For example, a prospective SRE that seeks to recognize programs in two industries and across fifteen occupational areas would need to demonstrate a breadth of expertise beyond the showing of an entity seeking to recognize programs preparing apprentices for a single occupation. Such expertise could be established by listing the number of experts involved, detailing experience those experts have in the relevant industry(ies) or occupational area(s), and the process by which such experts would help the SRE set standards. The Department expects this to be a fact-intensive inquiry, and seeks comment on its proposed approach.

Although the Department anticipates that most SREs will recognize programs developed in specific industries, some occupations within programs may exist

across industries. Identical standards may be appropriate for such cross-industry occupations. In such circumstances, an SRE with expertise across a number of industries could appropriately establish standards on a cross-industry basis.

Paragraph (b)(1)(i) clarifies that the requirements in § 29.21(b)(1) may be met by an SRE's past or current standard-setting activities, and need only engender new activity if necessary to comply with this rule. This paragraph accounts for how some prospective SREs already have standards-setting processes that reflect well-established, industry-, occupation-, and employer-specific needs and skills. Rather than requiring those prospective SREs to alter their approach to setting standards, the Department seeks to clarify its expectation that such entities' processes for setting standards likely meet the requirements of this proposed rule, and need only change if necessary to comply with it.

Paragraph (b)(2) states that the entity must demonstrate that it has the capacity and quality assurance processes and procedures sufficient to comply with paragraph § 29.22(a)(4). That paragraph authorizes SREs to recognize and maintain recognition of only high-quality apprenticeship programs. Whether a prospective SRE has the capacity and quality assurance processes and procedures necessary to comply with § 29.22(a)(4) will be a fact-intensive inquiry and will again depend in large part upon the scope of the apprenticeship programs the SRE seeks to recognize.

The Department anticipates that information from specific components of prospective SREs' applications would inform its assessment under paragraph (b)(2). Prospective SREs would provide information concerning their qualifications to evaluate training, structure, and curricula. Prospective SREs would also detail their experience, if any, assessing apprenticeship programs, as well as the qualifications and competencies of individuals that would be directly involved in the recognition process. All of this would help the Department evaluate the prospective SRE's capacity for recognizing and monitoring Industry Programs. Just as the background and experience of industry experts involved in standards-setting should be commensurate with the scope of the programs to be recognized, the qualifications and/or experience of the SRE and individuals within it that will recognize and monitor Industry Programs should be commensurate with the nature of those programs.

Relatedly, the anticipated application would request detailed information concerning the SRE's specific policies and procedures for evaluating and monitoring Industry Programs to ensure they reflect the hallmarks of high-quality, detailed in § 29.22(a)(4)(i)–(ix). For example, an SRE would need to explain its approach to verifying that its Industry Programs would provide or lead to an industry-recognized credential (per proposed § 29.22(a)(4)(iv)). These quality-assurance policies and procedures would, again, generally need to match the nature of the programs to be recognized. For example, the quality-assurance processes necessary to evaluate an Industry Program's classroom or related instruction for apprentices in a new and rapidly-evolving field would likely require more frequent assessment than what would be needed for an established and relatively-static field.

Paragraph (b)(3) notes that prospective SREs must demonstrate they meet the other requirements of the subpart, which are outlined in § 29.22. The Department anticipates that this showing would be made by responding to questions in the application about the applicant's policy and process that correspond with the relevant paragraphs in § 29.22. For example, an entity would need to explain its policies and processes for addressing potential conflicts of interests, pursuant to § 29.22(e)–(f).

Paragraph (c) indicates that the Administrator will recognize an entity as an SRE if the applicant is qualified, and also provides additional details about recognition. This paragraph is intended to ensure that the Administrator undertakes adequate review of SREs, both over time and following any significant changes that would affect the SRE's qualification or ability to recognize Industry Programs.

Paragraph (c)(1) indicates that SREs will be recognized for 5 years. An SRE must reapply if it seeks continued recognition after that time, using the same application form it submitted initially. The Department proposes a 5-year time period to be consistent with best practices in the credentialing industry. The Department also believes this period of time is appropriate for ensuring that already-recognized SREs continue to account for the development and evolution in competencies needed within the industries and occupations to which their standards relate. The Department seeks comment on this proposed period of time. Paragraph (c)(2) requires that an SRE notify the Administrator and provide all related

material information if it makes a substantive change to its recognition processes, or any major change that could affect the operations of the recognition program. Such changes would include involvement in lawsuits that materially affect the SRE; changes in legal status; or any other change that materially affects the SRE's ability to function in its recognition capacity.

Likewise, the SRE must notify the Administrator and provide all related material information if it seeks to recognize apprenticeship programs in new industries or occupational areas; an SRE should notify the Administrator before the SRE begins to evaluate such apprenticeship programs for recognition under the Industry-Recognized Apprenticeship Program. Notice must be provided within 30 days of the circumstances described in paragraphs (2)(i)–(ii). In light of the information received, the Administrator will evaluate whether the SRE remains qualified for recognition under paragraph (b).

Paragraph (d) outlines requirements for any denials of recognition after receipt of a prospective SRE's application. The Administrator's denial must be in writing and must state the reason(s) for denial. The notice must specify the remedies that must be undertaken prior to consideration of a resubmitted application. The Department anticipates that it would be clear from a resubmitted application whether remedies were undertaken. Notice must be sent by certified mail, return receipt requested, and must state that a request for administrative review may be made within 30 calendar days of receipt of the notice. The notice must also explain how to submit a request for administrative review.

Given the detailed nature of the questions on the anticipated application form—and by requiring that the Administrator's notice of a denial specify the remedies needed before submission of a new application—the Department expects that any applicants initially denied will fully understand why. Entities are strongly encouraged to reapply after remedying the deficiencies the Department identifies.

An applicant can request administrative review if it believes the Department improperly denied recognition.

#### Responsibilities and Requirements of Standards Recognition Entities (§ 29.22)

Proposed § 29.22 describes the responsibilities and requirements of SREs. Paragraph (a) describes various obligations of SREs, and also what

characterizes high-quality apprenticeship programs.

Paragraph (a)(1) states that SREs must recognize or reject apprenticeship programs seeking recognition in a timely manner. The Department has not proposed a specific time limit because it expects that the time for an apprenticeship program to earn recognition will vary based on the industry or occupational focus of the program, the complexity of the program's training, the extent of related instruction, or other factors. A “timely” manner, however, means that requests for recognition should be processed within a reasonable period of time under the circumstances.

Paragraph (a)(2) requires an SRE to inform the Administrator within 30 days when it has recognized a new Industry Program or terminated the recognition of an existing Industry Program. This information will assist the Administrator in fulfilling obligations under § 29.24 (Publication of SREs and Industry Programs).

Paragraph (a)(3) requires SREs to provide any information the Administrator is expressly authorized to collect under this subpart. This provision will enable the Administrator to request information, as needed, to ascertain SREs' conformity to the subpart under § 29.23 (Quality Assurance).

Paragraph (a)(4) states that SREs may only recognize and maintain the recognition of Industry Programs that meet certain requirements, which the Department believes are hallmarks of high-quality programs. In general, these hallmarks of quality include paid work; work-based learning; mentorship; education and instruction; obtaining industry-recognized credentials; safety and supervision; and adherence to equal employment opportunity obligations.

Rather than seeking to register or manage each Industry Program itself, the Department believes that empowering SREs to recognize Industry Programs that reflect these hallmarks of high quality is the best approach to promoting the apprenticeship model and Industry Programs. The Department anticipates that SREs' standards and quality control will also best account for and reflect industry or occupation-specific factors. This approach provides the flexibility necessary to encourage more apprenticeships in new industry sectors, while at the same time ensuring that apprenticeships reflect the hallmarks of high quality.

Paragraph (a)(4)(i) states that an Industry Program must train apprentices for employment in jobs that require specialized knowledge and experience

and involve the performance of complex tasks. The Department seeks comment on these requirements, and on whether it should set a minimum skill level or competency baseline for Industry Programs akin to the registered apprenticeship program's requirement that apprentices gain “manual, mechanical, or technical” skills.

On the one hand, the Department believes apprenticeships should expand broadly to those industries that do not have them, and the Department has concern that limiting apprenticeships to certain types of jobs or skills may limit the expansion of the apprenticeship model. Flexibility is vital for the apprenticeship model to expand to and remain useful in new industries and occupational areas. This is especially true given the rapid evolution of certain industries and occupations.

At the same time, Industry Programs should be high-quality, not programs that train apprentices for roles requiring only general knowledge and minimal or no skill. An apprenticeship that “provides” apprentices with training about general skills and knowledge that most or all potential workers would already have—and could immediately deploy upon being hired—is not what is envisioned as a high-quality apprenticeship. The Department seeks to ensure that Industry Programs reflect the high-quality training that, traditionally, has been core to the apprenticeship model, and accordingly seeks comment on these provisions, and on whether it should further delineate the nature of the competencies and types of jobs that should be associated with Industry Programs.

Paragraph (a)(4)(ii) states that an Industry Program must have structured work experiences, and appropriate classroom or related instruction adequate to help apprentices achieve proficiency and earn credential(s). The Department believes that the exact form these work experiences and instruction take will vary, depending on the nature of the industry or occupation and the means of classroom or other related instruction the Industry Program uses for developing progressively advancing skills.

The Industry Program must involve an employment relationship and provide apprentices industry-essential skills. This ensures that apprentices earn as they learn their industry or occupation, and that they are equipped with the competencies necessary to operate as independent workers in their fields. The Department anticipates that SREs' standards will identify what specific knowledge and skills are industry-essential, based on industry

and occupation. The Department seeks comment on whether the phrase “progressively advancing” is suitable for delineating the industry-essential skills Industry Programs should provide.

Paragraph (a)(4)(iii) requires Industry Programs to ensure that, where appropriate, apprentices receive credit for prior knowledge and experience relevant to the instruction of the Industry Program. Such credit should be reflected in progress through the program itself, or in any coursework, as appropriate. The Department believes that recognition of prior knowledge and experience will have numerous economic benefits for employers and workers. Workers with the appropriate prior knowledge and experience, and who can pass necessary skills assessments, certification exams or other processes required for credentialing, should receive appropriate credit. This approach bypasses what may be needless prerequisites for those workers, such as a certain number of hours of “seat time” or classes that are effectively perfunctory. Fast-tracking these workers allows them to more rapidly work and be paid fully, and directs workers to the most productive application of their knowledge and skill. This approach has the added benefit of bypassing steps that could otherwise delay addressing the skills gap many industries face.

Paragraph (a)(4)(iv) requires Industry Programs provide apprentices with a credential(s) that is industry-recognized during participation in or upon completion of the program. A credential can be a certificate, certification, degree, electronic badge, or other indicator that attests to an individual’s acquisition of skills or knowledge. An industry-recognized credential is one that is created by the industry that will use the credential, based on the particular competencies required within the specific industry. For example, such a credential could consist of a certificate of completion or a certification issued by the SRE of an Industry Program. In industries in which generally-accepted credentials already exist, or will be issued by industry organizations or personnel certification bodies, Industry Programs should result in receipt of one or more of these existing credentials, or qualify an apprentice to sit for relevant certification exams. Such credentials may be provided during participation in, or upon completion of, an Industry Program. For example, in order to successfully complete an Industry Program, an apprentice may be required to pass an exam relevant to his or her field.

The Department anticipates that Industry Programs will generally provide credentials that are portable. Again, an Industry Program may require apprentices to pass a nationally-recognized exam that measures competencies necessary for the apprentice’s occupation. That exam would enhance the apprentice’s mobility, and enhancing workforce mobility is a vital part of effectively addressing the skills gap.

At the same time, the Department recognizes that providing a credential that is “portable” in the broadest sense may not always be possible. For example, an Industry Program that equips apprentices to receive a certain type of license—one that reflects industry-essential skills—likely cannot ensure that the license will remain valid if the apprentice moves to a new State. As a general matter, though, by requiring that credentials reflect the specific competencies needed for any given occupation, the Department anticipates that Industry Programs will generally enhance apprentices’ mobility.

The Department also anticipates that Industry Programs will evaluate and adjust their programming to ensure that the credentials associated with the program have demonstrable consumer and labor-market value. The Department anticipates that how Industry Programs evaluate and adjust their programs will vary, depending on the nature of the industry or occupation, and that SREs’ competency-based standards will provide adequate guidance to Industry Programs so that apprentices receive credentials with value. The Department seeks comment on this issue.

Paragraph (a)(4)(v) requires that Industry Programs provide a safe working environment for apprentices that adheres to all applicable Federal, State, and local safety laws and regulations.

Paragraph (a)(4)(vi) requires that the Industry Program provide structured mentorship opportunities so that apprentices have guidance on the progress of their training and their employability. Mentors support apprentices during their work-based learning experience, and can provide guidance on company culture, specific position functions, and workplace policies and procedures. Mentors can help develop learning objectives for apprentices, and assist in measuring their progress and proficiency.

Paragraph (a)(4)(vii) requires that Industry Programs ensure apprentices are paid at least the applicable Federal, State, or local minimum wage. The Industry Program must also provide a written notice to apprentices of what

wages apprentices will receive and under what circumstances apprentices’ wages will increase.

Paragraph (a)(4)(viii) requires that Industry Programs affirm their adherence to all applicable Federal, State, and local laws and regulations pertaining to Equal Employment Opportunity (EEO). The Department includes this provision to make it abundantly clear that apprentices—like other types of workers—should not be discriminated against. This requirement is distinct from the requirements that apply only to registered apprenticeships under 29 CFR 30.

Paragraph (a)(4)(ix) requires that Industry Programs disclose, prior to when apprentices agree to participate in the program, any ancillary costs or expenses that will be charged to apprentices (such as costs related to tools or educational materials). Disclosure of such costs is necessary before apprentices agree to begin a program so that apprentices can accurately calculate their anticipated earnings.

Paragraph (b) states that an SRE must validate that Industry Programs it recognizes comply with paragraph (a)(4). This means that the SRE must affirm to the Administrator that an Industry Program it recognizes is a high-quality program, as reflected by its conformity to what (a)(4)(i)–(ix) require. Validation under 29.22(b) should be provided to the Administrator under § 29.22(a)(2), when an SRE informs the Administrator that it has recognized an Industry Program.

Paragraph (c) requires SREs to disclose the credentials that apprentices will earn during their successful participation in or upon completion of an Industry Program, as is the norm in the private sector. An SRE could disclose these credentials on its website, for example.

Paragraphs (d), (e), and (f) discuss the steps SREs must take to assure rigorous and fair decision-making in the recognition process.

Paragraph (d) states that SREs must have sufficiently detailed policy and procedures so that programs seeking recognition will be assured of equitable treatment, and will be evaluated based on their merits. An SRE must ensure that its decisions are based on objective criteria, and are impartial and confidential. The Department proposes these requirements so that the decisions of SREs reflect the quality of the program, not other factors. By requiring confidentiality, this provision also respects the privacy of entities seeking recognition, since seeking

recognition could entail providing confidential business information.

Paragraph (e) prohibits SREs from recognizing their own apprenticeship programs unless they provide for impartiality and mitigate conflicts of interest via specific policies, processes, procedures, and/or structures. For example, a large manufacturer could establish Industry Programs for different functions within its plants, provided that the personnel developing standards for the programs are distinct from personnel evaluating the programs. The Department believes this requirement of independence between the SRE and Industry Program encourages fairness and guards against conflicts of interest, and is already a common requirement.

Paragraph (f) requires that an SRE either not offer services, including consultative and educational services for example, to Industry Programs that would impact the impartiality of the SRE's recognition decisions, or it must provide for impartiality, and mitigate any potential conflicts of interest via specific policies, processes, procedures, and structures. The Department believes this approach is necessary because it expects many SREs will already be leaders in their industries. Such SREs may currently provide, or will provide, consultative services that entail giving expert advice or counsel to potential Industry Programs. Such consultative services could include services designed to build high-quality credentialing programs; assist those developing Industry Programs in articulating occupational competencies and determining appropriate credentials; assess the acquisition of competencies and learning outcomes; and measure the quality, effectiveness, and market value of an occupational credential. Though an SRE's offering such services could create a conflict of interest, barring SREs from providing them could likewise check the development of new apprenticeship programs or negatively impact their quality.

Accordingly, SREs that provide these services should take steps necessary to mitigate conflicts of interest that may arise from them. For example, an SRE could establish a "firewall" between program designers and the personnel that make recognition decisions. Or the SRE could simply transition to working with a separate and independent partner, or establish other processes to create independence. These approaches help ensure public confidence in the integrity of Industry Programs, while at the same time leveraging SREs' industry expertise. The Department emphasizes in relation to paragraphs (e) and (f) that a prospective SRE's inability to

demonstrate sufficiently robust policies, processes, procedures, and/or structures showing impartiality provides grounds for rejecting that application. In such an instance, and pursuant to 29.21(d)(1), the Department must provide notice specifying remedies to be undertaken, which would facilitate resubmission of the application. Recognizing the importance of maintaining the integrity of Industry Programs, the Department solicits comments on how best to address conflicts of interest.

Paragraph (g) requires that SREs must not recognize Industry Programs for longer than five years at a time, and prohibits SREs from automatically renewing recognition. The Department proposes five years as a reasonable period of time in keeping with standard practices in the credentialing industry. The Department believes five years would also typically provide adequate time for many types of programs' apprentices to finish the program and obtain credentials, which would in turn facilitate an SRE's subsequent evaluation of that Industry Program. SREs may choose to recognize programs for shorter periods, which may be suitable for rapidly-evolving industries and occupations. In either case, the Department believes that requiring re-recognition periodically will help SREs and Industry Programs actively reevaluate credentials and education or related training to reflect the needs of apprentices and employers in the relevant industries or occupational areas. This will, in turn, ensure that Industry Programs equip apprentices with needed competencies and remain high-quality programs.

Paragraph (h) requires that SREs and Industry Programs be in an ongoing quality-control relationship and provides general guidelines for that requirement. The specific means and nature of the relationship between the SRE and an Industry Program will be defined by the SRE, provided that the relationship: (1) Results in reasonable and effective quality control that includes as appropriate, consideration of apprentices' credential attainment, program completion, and job placement rates; (2) does not place barriers on receiving recognition from another SRE; and (3) does not conflict with this subpart or violate any applicable law.

The Department believes that SREs' effective quality control of Industry Programs is essential to the development and maintenance of high-quality apprenticeships. The Department also believes that SREs are best situated to understand their industries and recognized programs, and accordingly structure their

interactions in ways that result in high-quality apprenticeship programs that equip apprentices with knowledge and skills essential for operating independently in their fields. Because the Department expects that SREs and Industry Programs will enter into some form of agreement, that agreement may be an appropriate vehicle for outlining the nature of the quality control the SRE will provide. The Department seeks to ensure effective quality-control of Industry Programs, and solicits comment on whether it should further delineate requirements for the quality-control relationship—for example, by requiring SREs to assess apprentices' post-program earnings, which the Department believes would be a useful data point for evaluating programs.

In addition, the Department seeks to ensure that Industry Programs have significant flexibility in customizing their programs, including by seeking recognition from multiple SREs if appropriate. This could strengthen the quality of apprentices' training, and assist with the offering and receipt of stackable credentials that enhance the value apprentices receive from Industry Programs in an increasingly dynamic marketplace.

Paragraph (i) makes clear that an entity's participation as an SRE of an Industry Program does not make the SRE a joint employer with the entity(ies) that develop or deliver Industry Programs.

Paragraph (j) requires SREs to make publicly available certain information the Department considers important for providing employers and prospective apprentices the details necessary to make informed decisions about Industry Programs. For example, the total number of apprentices that begin or complete a program each year could assist an employer in gauging the number of apprentices that employer could integrate into its workforce if it opens a plant near that program. Likewise, program length, and annual completion and post-apprenticeship employment rates—or additional measures such as earnings rates—could inform an apprentice's choice between Industry Programs. A program with a length of six months, an 85% completion rate on average over a year-long period, and a high likelihood of employment after completing the apprenticeship may present a better option than a one-year program for the same occupation with lower annual completion and post-apprenticeship employment rates.

As the Department seeks to evaluate the success of SREs and Industry Programs, the Department seeks



comment on which performance measures would be most helpful in assessing program impact and quality assurance. In particular, the Department is considering setting performance measures related to post-apprenticeship employment and wages and employer retention. The Department has a keen interest in minimizing burden on SREs and Industry Programs, and therefore also solicits comment on the most efficient approach to data collection.

Paragraph (k) generally requires SREs to have policies and procedures that would require Industry Programs to protect apprentices from discrimination, as well as assist in recruiting for and maximizing participation in apprenticeships. The Department seeks to expand the apprenticeship model broadly—including to employers and workers that might not previously have considered participating. The Department anticipates that paragraph (k) would help employers more efficiently comply with the law and recruit apprentices, which would in turn increase employer participation and accelerate expansion of Industry Programs.

At the same time, by requiring SREs to develop policies and procedures, the Department affirms that SREs are ultimately responsible for EEO obligations. Because this new apprenticeship system is industry-led, the Department believes it should empower SREs to develop policies and procedures appropriate for the types of employers SREs work with. Accordingly, the Department does not dictate exactly how the SREs should interact with Industry Programs. But regardless of how SREs choose to implement their policies and procedures, it is SREs that are responsible for complying with this paragraph.

In the first place, paragraph (k) requires that an SRE must have policies and procedures that require Industry Programs' adherence to applicable Federal, State, and local laws pertaining to Equal Employment Opportunity. The SRE must facilitate such adherence through its policies and procedures regarding potential harassment, intimidation, and retaliation. Again, the Department proposes requiring SREs to have these policies and procedures. At the same time, by not dictating how SREs comply with paragraph (k), the Department seeks to ensure SREs have the flexibility to offer employers the benefit of the SREs' capacity and resources. For example, an SRE could assist small employers establishing Industry Programs by providing centralized anti-harassment training.

Likewise, the SRE could establish a uniform mechanism for receiving complaints from apprentices concerning discrimination. Ultimately, the Department seeks to maximize an SRE's ability to satisfy this provision in ways that best serve the types of Industry Programs and types of employers that SRE works with.

This paragraph also requires that the SRE have policies and procedures that reflect comprehensive outreach strategies to reach diverse populations. The SRE's policies and procedures will help address the skills gap by facilitating more widespread access to the SREs' Industry Programs by individuals that may not have applied to apprenticeships previously. Again, the Department believes that SREs should have flexibility in how they design and execute their policies and procedures. For example, an SRE that works primarily with large corporations to establish Industry Programs could devolve requirements for outreach to the extent those corporations already have fulsome recruiting programs. An SRE working with smaller employers of more limited means could opt for a more centralized approach. An SRE that works primarily with smaller employers to establish Industry Programs could circulate notices about apprenticeship openings to schools, community- and faith-based organizations, and other groups with members that may not have considered apprenticeship in the past. An SRE could likewise assist such employers with the development and distribution of materials for recruiting, which could both be part of the SRE's comprehensive outreach strategies and would benefit Industry Programs' recruitment. Regardless of how the SRE seeks to implement its policies and procedures as it works with Industry Programs and employers, that SRE is responsible for ensuring its policies and procedures are executed. Finally, this paragraph requires that the SRE must assign responsibility to an individual to assist Industry Programs with matters relating to this paragraph. For example, an SRE could designate a staff member in its human resources department to address questions from employers participating in its Industry Programs. The Department believes that paragraph (k)'s straight-forward requirements—which are distinct from the requirements that apply to registered apprenticeships under subpart A and 29 CFR 30—will benefit SREs, their Industry Programs, and employers and apprentices alike.

#### Quality Assurance (§ 29.23)

Section 29.23 provides that the Administrator may request and review materials from SREs to determine whether the SRE is in conformity with the requirements of the subpart. SREs should provide requested materials, consistent with paragraph 29.22(a)(3). The Department believes this provision is necessary to ensure fair and full review of SREs under section 29.27.

#### Publication of Standards Recognition Entities and Industry Programs (§ 29.24)

Section 29.24 indicates that the Administrator will make publicly available a list of SREs and the Industry Programs they recognize. The Department anticipates that this information will help apprenticeship programs seeking recognition to find SREs, and will help individuals seeking employment find high-quality apprenticeships. The Department is also considering whether to use this list as a mechanism for pointing users to, or otherwise aggregating and displaying, the information SREs would make public under proposed § 29.22(j), and seeks comment on this potential approach.

This list would also inform the public of the status of SREs and Industry Programs. Consistent with the requirements of paragraph 28.28(d)(2), the Administrator will publish an SRE's suspension on this list, informing the public and Industry Programs that have been recognized. Similarly, a derecognized SRE would no longer appear on the list, nor would a related Industry Program that has lost its status under paragraph 29.29(a).

#### Expedited Process for Recognizing Industry Programs as Registered Apprenticeship Programs (§ 29.25)

Section 29.25 would establish a process for the Administrator to consider Industry Programs for expedited registration under subpart A's Registered Apprenticeship Program. It is important to note that the goal of establishing Industry Programs is to create an additional and parallel pathway to encourage expansion of apprenticeships beyond those industries where registered apprenticeships already are effective and substantially widespread. Nor does the Department anticipate that apprenticeship programs that have chosen not to register to date would now seek to do so under this section, which does not alter the requirements for registered apprenticeship programs. Accordingly, the Department does not expect many, if any, dual apprenticeship programs,



and seeks comment on the proposed approach to expedited registration. Under the proposed rule, a recognized Industry Program may request that the Office of Apprenticeship register it within 60 days of the Administrator's receiving all information necessary to make a decision. As noted in paragraph (a), the Department will register Industry Programs that demonstrate compliance with part 29, subpart A, and part 30 of this title.

Paragraph (b) provides the Administrator the authority to request additional information from an Industry Program necessary to determine the Industry Program's compliance with part 29, subpart A, and part 30 of this title. The Department envisions that Industry Program would submit to the Office of Apprenticeship the same materials submitted to an SRE to obtain recognition. After reviewing that initial submission, the Administrator would determine what additional information, if any, was necessary to evaluate whether the Industry Program was in compliance with part 29, subpart A, and part 30. Upon receipt of all necessary information, the Administrator will notify the Industry Program that it will provide a decision on its application within 60 days, pursuant to paragraph (c).

The Department envisions that the Office of Apprenticeship would exclusively handle expedited registration of Industry Programs for Federal purposes. Given that Department-recognized State Apprenticeship Agencies may have different procedures for registration, the Department envisions that Federal registration is the best means of ensuring consistency and efficiency in registering Industry Programs that meet the requirements of part 29, subpart A, and part 30. Nothing in this section is intended to prohibit an Industry Program from separately applying to a recognized State Apprenticeship Agency and moving through the process for registering apprenticeship programs in that State.

#### Complaints Against Standards Recognition Entities (§ 29.26)

Section 29.26 proposes the procedure for reporting complaints against SREs arising from SREs' compliance with the subpart. This section is intended to provide an avenue for the Administrator to learn of any needed information that might impact the SRE's continued qualification under § 29.21(b).

Paragraph (a) provides that a complaint arising from an SRE's compliance with this subpart may be submitted by an apprentice, the

apprentice's authorized representative, a personnel certification body, an employer, a Registered Program representative (someone authorized to speak on behalf of a registered apprenticeship program), or an Industry Program. The Department anticipates that each of these entities may have information that could warrant the Administrator's review. A personnel certification body involved in the credentialing process—for example, an organization that administers exams to apprentices upon completion of an Industry Program and awards a credential to apprentices that pass the exam—may accrue data over time that reflects a disproportionately high failure rate on the exam for individuals from that particular Industry Program. Such a failure rate could establish that individuals from that program lack the knowledge and skills needed to sit for the exam. This, in turn, could reflect a deficiency in the SRE's quality-control relationship with the Industry Program, and may warrant the Administrator's review.

Paragraph (b) describes the requirements for complaints submitted to the Administrator. The complaint must be in writing and must be submitted within 60 days of the circumstances giving rise to the complaint. It must set forth the specific matter(s) complained of, together with relevant facts and circumstances. Copies of pertinent documents and correspondence must accompany the complaint. These requirements ensure that the Administrator is promptly and fully informed of relevant information, and has what is needed to determine whether the complaint warrants review under § 29.27.

Paragraph (c) clarifies that the Department will address complaints submitted to the Department only through the review process outlined in § 29.27. And paragraph (d) explains that nothing in the section would preclude a complainant from pursuing any remedy authorized under Federal, State, or local law.

#### Review of a Standards Recognition Entity (§ 29.27)

This section outlines the process for the Administrator's review of SREs. This process exists to ensure that the Administrator has a mechanism for reviewing information necessary to determine whether an SRE may no longer be qualified to recognize or capable of recognizing Industry Programs. This section also provides an SRE with the opportunity to respond to the Administrator with relevant information, which could include

information showing the SRE has acknowledged and taken steps to cure any deficiency, making suspension unnecessary.

Paragraph (a) explains that an Administrator may initiate review of an SRE if it receives information indicating that the SRE is not in substantial compliance with the subpart, or that the SRE is no longer capable of continuing as an SRE. For example, the Administrator may learn of such information through an SRE's disclosure under § 29.21(c)(2). The Department proposes adopting the standard of substantial compliance because it anticipates that certain information received may reflect only inconsequential errors that do not negatively affect the SRE's recognition process or result in lower-quality Industry Programs. This provision authorizes the Administrator's initiating a formal review.

Paragraph (b) describes the notice of review SREs would receive, and procedures the Administrator would follow in carrying out such a review. The Administrator would provide the SRE written notice of the review by certified mail, with return receipt requested. The notice would describe the basis for the Administrator's review, including potential areas of substantial noncompliance with the subpart and a detailed description of the information supporting review. The notice should provide the SRE with an opportunity to provide information for the Administrator's review; this will help ensure that the Administrator is fully and fairly informed as it seeks to evaluate the SRE in light of paragraph (a). This opportunity also provides the SRE with the option of including information showing the SRE has acknowledged and taken steps to cure any deficiency, making suspension unnecessary.

Paragraph (c) provides that on conclusion of the Administrator's review, the Administrator will give written notice of its decision to either take no action or to suspend the SRE as provided under § 29.28.

#### Suspension and Derecognition of a Standards Recognition Entity (§ 29.28)

Proposed § 29.28 describes the means by which the Administrator can suspend and, if necessary, derecognize an SRE. Such a process is necessary to ensure that an Administrator can address an SRE's failure to comply with the subpart or its inability to continue as an SRE. It also provides the SRE with an additional opportunity to work with the Administrator to address substantial noncompliance. Overall, these steps

preserve the integrity of the recognition process necessary for high-quality Industry Programs.

This section begins by explaining that the Administrator may suspend an SRE for 45 calendar days based on the Administrator's review and determination that any of the situations described in § 29.27(a)(1) (the SRE is not in substantial compliance with the subpart) or (a)(2) (the SRE is no longer capable of continuing as an SRE) exist.

If, after the review required by § 29.27, the Administrator has determined that suspension is appropriate, (a) requires that the Administrator must provide notice of suspension in accord with § 29.21(d)(2)–(3), but stating that a request for administrative review may be made within 45 calendar days of receipt of the notice. Paragraph (b) requires that the notice set forth an explanation of the Administrator's decision, including identified areas of substantial noncompliance and necessary remedial actions. It also requires that the notice explain that the Administrator will derecognize the SRE in 45 calendar days unless remedial action is taken or a request for administrative review is made.

Paragraph (c) outlines the various outcomes that could follow the notice. Each outcome depends on the SRE's response to the notice. Under (c)(1), if the SRE responds by specifying its proposed remedial actions and commits itself to remedying the identified areas of substantial noncompliance, the Administrator will extend the 45-day period to allow a reasonable time for the SRE to implement remedial actions. If at the end of that time the Administrator determines that the SRE has remedied the identified areas of substantial noncompliance, the Administrator must notify the SRE, and the suspension will end. In the alternative, if at the end of that time the Administrator determines that the SRE has not remedied the identified areas of substantial noncompliance, the Administrator will derecognize the SRE and must notify the SRE in writing and specify the reasons for its determination. Such notice must comply with § 29.21(d)(2)–(3).

Under (c)(2), if the SRE responds to the notice by making a request for administrative review within the 45-day period, the Administrator shall refer the matter to the Office of Administrative Law Judges to be addressed in accord with § 29.30. The Department has determined that an appeal right is appropriate given the significant impact of suspension on SREs under paragraph (d), which bars the SRE from recognizing new programs during

suspension and requires the Administrator to publish the SRE's suspension publicly as described in § 29.24.

Under (c)(3), if the SRE does not act in response to the notice under (c)(1) or (c)(2), the Administrator will derecognize the SRE, as indicated in the notice already given to the SRE under (b). Absent recognition, an entity is no longer and may not function as an SRE. This means the former SRE could neither recognize apprenticeship programs, nor remain listed on the Administrator's website under § 29.24.

The Department believes that the processes in §§ 29.27 and 29.28 maximize the likelihood of an SRE's remedying areas of substantial noncompliance before or during the suspension phase. This is especially the case given the notices the SRE would receive under §§ 29.27(b) and 29.28(b), which exist in part to help minimize disruption to SREs—and Industry Programs, apprentices, and the employers that rely on them—by providing information needed to remedy substantial noncompliance.

#### Derecognition's Effect on Industry Programs (§ 29.29)

This proposed section explains the effects an SRE's derecognition would have on Industry Programs that it recognized. Under paragraph (a), an Industry Program would maintain its status until 1 year after the Administrator's decision derecognizing the Industry Program's SRE becomes final, including any appeals. At the end of that time, the Industry Program would lose its status unless it is already recognized by another SRE. The Department believes that this amount of time would facilitate an Industry Program's seeking recognition with another SRE. During that time, the Department anticipates that the Industry Program will continue to adhere to the SRE's rules even if the SRE no longer continues to exist. The Department seeks comments on its proposed approach.

Also, as stated above, the Department proposes no limitations on an Industry Program's being recognized by multiple SREs. Where an Industry Program has recognition from multiple SREs, the derecognition of one of those SREs would not trigger the one-year period. Paragraph (b) clarifies that if an Industry Program is also registered under subpart A in the registered apprenticeship program, the derecognition of its SRE would not disturb its registration.

#### Requests for Administrative Review (§ 29.30)

Proposed § 29.30 describes procedures and requirements for requests for administrative review under this subpart. A prospective SRE may request review of the Administrator's denial of recognition as provided under § 29.21(d). Likewise, an SRE may appeal the Administrator's decisions under § 29.28. The process for requesting administrative review exists to ensure that prospective and recognized SREs receive process adequate for their positions to be heard and their rights to be protected. The provisions are generally modeled after the process outlined in current 29 CFR 29.13(g).

Paragraph (a) provides that, within 30 calendar days of the filing of a request for administrative review, the Administrator should prepare an administrative record for submission to the Administrative Law Judge designated by the Chief Administrative Law Judge.

Paragraph (b) provides that the procedural rules contained in 29 CFR part 18 apply to the disposition of requests for administrative review, with two exceptions. First, the Administrative Law Judge will receive, and make part of the record, documentary evidence offered by any party and accepted at the hearing. Copies of the evidence will be made available by the party submitting the documentary evidence to any party to the hearing upon request. This exception exists to ensure that all evidence relevant to an SRE or prospective SRE is considered and weighed, even if not presented in advance of the hearing.

Second, technical rules of evidence would not apply to hearings conducted, but rules or principles designed to assure production of the most credible evidence available and to subject testimony to test by cross-examination would be applied, where reasonably necessary, by the Administrative Law Judge conducting the hearing. The Administrative Law Judge would have the ability to exclude irrelevant, immaterial, or unduly repetitious evidence. The Department believes this exception will reduce the costs of hearings for SREs, the government, and any other interested parties.

Paragraph (c) provides that the Administrative Law Judge should submit proposed findings, a recommended decision, and a certified record of the proceedings to the Administrative Review Board, SRE, and Administrator within 90 calendar days after the close of the record.

Paragraph (d) provides that, within 20 days of the receipt of the recommended decision, any party may file exceptions to it. Any party may file a response to the exceptions filed by another party within 10 days of receipt of the exceptions. All exceptions and responses must be filed with the Administrative Review Board with copies served on all parties and amici curiae.

Paragraph (e) provides that after the close of the period for filing exceptions and responses, the Administrative Review Board may issue a briefing schedule or may decide the matter on the record before it. The Administrative Review Board must decide any case it accepts for review within 180 days of the close of the record. If the Administrative Review Board does not act, the Administrative Law Judge's decision constitutes final agency action. The decision of the Administrative Review Board would constitute final agency action by the Department.

#### Scope and Deconfliction Between Apprenticeship Programs Under Subpart A and Subpart B (§ 29.31)

Apprenticeships established under subpart B should expand apprenticeships broadly to new industry sectors and occupations through a pathway that is parallel to and distinct from registered apprenticeship programs under subpart A. As the Department seeks to address the skills gap, it recognizes that in some contexts registered apprenticeship programs are already effective and substantially widespread. In these sectors, various entities have heavily invested in and rely on existing programs, which has led to a relatively high concentration of registered apprenticeship opportunities in these sectors. The Department intends to expand Industry Programs into contexts lacking such opportunities. Accordingly, the Department proposes that it would only recognize SREs that seek to recognize Industry Programs in sectors without significant registered apprenticeship opportunities.

The President's Task Force on Apprenticeship Expansion recognized this purpose. The mission of the President's Task Force entailed identifying strategies and proposals to promote apprenticeships, "especially in sectors where apprenticeship programs are insufficient." At the outset, the Task Force's deliberations were framed by the acknowledgment that the registered apprenticeship program would continue, and that the vision was to set up a parallel apprenticeship program

separate from registered apprenticeships.

With that framework in mind, the Task Force developed, deliberated over, and voted on various recommendations, transmitting them to the President in a *Final Report*. The *Final Report's* Recommendation 14 suggested that: "The Industry-Recognized Apprenticeship program should *begin implementation with a pilot project in an industry without well-established Registered Apprenticeship programs.*"<sup>12</sup> This recommendation depends on the distinction between contexts where registered apprenticeship programs are and are not well-established, and focusing at the outset on contexts where apprenticeship opportunities are not currently significant.

The Department has carefully considered the Task Force's recommendation that it begin with a pilot project, and its premise that there are contexts where registered apprenticeship opportunities are already well-established. On the one hand, the Department believes that the large skills gap requires a more immediate response than a pilot project would permit. Workers and employers in many sectors of the economy would benefit from greater use of apprenticeship programs where registered apprenticeship opportunities are not currently significant. Accordingly, the Department does not propose limiting this new program to one or even a handful of industries.

At the same time, the Department agrees that apprenticeship expansion should not come at the cost of existing registered apprenticeship programs. Instead, there is significant value to establishing a parallel apprenticeship system that avoids undercutting the current registered apprenticeship system where it is widespread. Various entities, including State Apprenticeship Agencies<sup>13</sup> and governors and States themselves,<sup>14</sup> have invested in and rely

on registered apprenticeship programs.<sup>15</sup>

As an initial matter, the Department proposes to only recognize SREs that seek to recognize Industry Programs in sectors without significant registered apprenticeship opportunities, as outlined in its Training and Employment Notice, "Creating Industry-Recognized Apprenticeship Programs to Expand Opportunity in America." The Department would use the number of federal registered apprentices from prior years to approximate where registered apprenticeship opportunities are already significant. To count federal registered apprentices from prior years by sector, the Department generally uses pertinent North American Industry Classification System (NAICS) codes that it has assigned to each registered program.<sup>16</sup> With this information, the Department would identify sectors where registered apprenticeship opportunities are already significant as those that have had more than 25% of all federal registered apprentices per year on average over the prior 5-year period, or that have had more than 100,000 federal registered apprentices per year on average over the prior 5-year period, or both, as reported through the prior fiscal year by the Office of Apprenticeship.<sup>17</sup> The Department believes these thresholds are reasonable measures of where registered apprenticeship opportunities are already significant relative to other sectors. For example, over the prior five-year period, on average the U.S. Military had approximately 32% of federal registered apprentices.<sup>18</sup> By contrast, the next highest categories were Public Administration and Manufacturing, which each had only 5% of federal registered apprentices. The Department proposes assessing data averaged over a

<sup>12</sup> Task Force on Apprenticeship Expansion, "Final Report to the President of the United States," May 10, 2018, 34 (emphasis added).

<sup>13</sup> For years, the Department has worked in conjunction with State Apprenticeship Agencies to administer the registered apprenticeship system. *Id.* at 14.

<sup>14</sup> Each State and/or governor, depending on state governance models, receives a portion of federal dollars to create State registered apprenticeship infrastructures. States have also developed approaches targeted to their particular needs that take advantage of the registered apprenticeship system. For example, some States have created positions that help align registered apprenticeship programs with State and local industry needs. Likewise, some States have chosen to offer tax credits to entities hiring registered apprentices, or to pay for costs associated with registered apprenticeship programs.

<sup>15</sup> See *Encino Motorcars, LLC v. Navarro*, 136 S. Ct. 2117, 2126 ("[A]n agency must also be cognizant that longstanding policies may have engendered serious reliance interests that must be taken into account." (internal quotation marks omitted)).

<sup>16</sup> See Employment and Training Administration, "Apprenticeship: Data and Statistics," (Mar. 6, 2019) (providing breakout of federal registered apprentices by sector), available at [https://doleta.gov/oa/data\\_statistics.cfm](https://doleta.gov/oa/data_statistics.cfm). The Department accounts for apprentices in the United Services Military Apprenticeship Program (USMAP) apart from NAICS.

<sup>17</sup> *Id.* (reporting numbers of federal registered active apprentices by prior fiscal year in Construction, the U.S. Military, Public Administration, Manufacturing, and additional sectors). The Department proposes using data concerning federal registered apprentices due to limitations in data it receives from the States.

<sup>18</sup> The U.S. Military had approximately 94,000 registered apprentices each year on average during the same time.

five-year period to ensure its determinations reflect long-term trends.

Based on the proposed thresholds, the Department expects to identify the U.S. Military and construction<sup>19</sup> as contexts where registered apprenticeship opportunities are already significant. Accordingly, the Department would not, at least initially, accept applications from SREs seeking to recognize apprenticeship programs in the U.S. Military or in construction.<sup>20</sup>

The Department would define an apprenticeship program in the U.S. Military as one that provides a credential to members of the U.S. Military based on their military training and experience.<sup>21</sup> An apprenticeship program would be in construction if it equips apprentices to provide labor whereby materials and constituent parts may be combined on a building site to form, make, or build a structure.<sup>22</sup>

The Department recognizes, however, the need for flexibility over time, particularly as the economy and workforce needs change. The Department accordingly seeks comment on whether its approach is the best measure of where there are significant registered apprenticeship opportunities, and is appropriate for managing potential overlap and conflict between registered apprenticeship programs and

Industry Programs; on how that approach should be described and implemented in the future; and on whether the Department should consider alternative or additional means to promote and support the expansion of Industry Programs in sectors that do not currently have significant registered apprenticeship opportunities. The Department also seeks comment on whether this provision should sunset after a certain period of time and, if so, what length of time would be appropriate.

In the interest of maintaining distinction between Industry Programs and registered apprenticeship programs, the Department wishes to clarify that recognition as an Industry Program does not confer categorical eligibility for government programs which provide special status to programs registered under the National Apprenticeship Act.

### III. Agency Determinations

*A. Executive Orders 12866 (Regulatory Planning and Review), 13563 (Improving Regulation and Regulatory Review), and 13771 (Reducing Regulation and Controlling Regulatory Costs) and the Congressional Review Act*

Under E.O. 12866, OMB's Office of Information and Regulatory Affairs determines whether a regulatory action is significant and, therefore, subject to the requirements of the E.O. and review by OMB. See 58 FR 51735 (Oct. 4, 1993). Section 3(f) of E.O. 12866 defines a "significant regulatory action" as an action that is likely to result in a rule that: (1) Has an annual effect on the economy of \$100 million or more, or adversely affects in a material way a sector of the economy, productivity, competition, jobs, the environment, public health or safety, or State, local, or tribal governments or communities (also referred to as economically significant); (2) creates serious inconsistency or otherwise interferes with an action taken or planned by another agency; (3) materially alters the budgetary impacts of entitlement grants, user fees, or loan programs, or the rights and obligations of recipients thereof; or (4) raises novel legal or policy issues arising out of legal mandates, the President's priorities, or the principles set forth in the E.O. *Id.* This NPRM is a significant regulatory action, although not an economically significant regulatory action under sec. 3(f) of E.O. 12866.

E.O. 13563 directs agencies to propose or adopt a regulation only upon a reasoned determination that its benefits justify its costs; the regulation is tailored

to impose the least burden on society, consistent with achieving the regulatory objectives; and in choosing among alternative regulatory approaches, the agency has selected those approaches that maximize net benefits. E.O. 13563 recognizes that some benefits are difficult to quantify and provides that, where appropriate and permitted by law, agencies may consider and discuss qualitatively values that are difficult or impossible to quantify, including equity, human dignity, fairness, and distributive impacts.

E.O. 13771, titled Reducing Regulation and Controlling Regulatory Costs, was issued on January 30, 2017. This proposed rule is expected to be an E.O. 13771 regulatory action. Details on the estimated costs of this proposed rule can be found in the rule's economic analysis.

Pursuant to the Congressional Review Act (5 U.S.C. 801 *et seq.*), the Office of Information and Regulatory Affairs designated this rule as not a 'major rule' as defined by 5 U.S.C. 804(2).

#### 1. Summary of the Economic Analysis

The Department anticipates that the proposed rule would result in benefits and costs for employers, apprentices, and society. The benefits of the proposed rule are described qualitatively in section III.A.2 (Benefits). The estimated costs are explained in sections III.A.3 (Quantitative Analysis Considerations), III.A.4 (Subject-by-Subject Analysis), and III.A.5 (Summary of Costs). The nonquantifiable costs are described qualitatively in section III.A.6 (Nonquantifiable Costs). The nonquantifiable transfer payments are described qualitatively in section III.A.7 (Nonquantifiable Transfer Payments). Finally, the regulatory alternatives are explained in section III.A.8. (Regulatory Alternatives).

The costs of the proposed rule for SREs include rule familiarization, completing the application form, and remaining in an ongoing quality-control relationship with Industry Programs. The costs of the proposed rule for Industry Programs include rule familiarization and providing performance information to the SRE. The costs of the proposed rule for the Federal government are associated with development and maintenance of an online Standards Recognition Entity application form, reviewing applications, and development and maintenance of an online list of SREs and Industry Programs.

Exhibit 1 shows the total estimated costs of the proposed rule over ten years at discount rates of 3 percent and 7 percent. The proposed rule is expected

<sup>19</sup> The construction industry has had approximately 48% of all federal registered apprentices on average over the prior 5-year period, averaging approximately 144,000 federal registered apprentices per year.

<sup>20</sup> While categorizing apprentices by sector using NAICS codes is feasible retrospectively because the Department has worked with registered programs to assign a proper code and properly categorize them at the time of their registration, the Department would not have such an opportunity before entities submit application forms under this proposed regulation. Accordingly, the Department would require prospective SREs to affirm in their applications that they will not seek to recognize Industry Programs in the U.S. Military or in construction.

<sup>21</sup> This definition accounts for federal registered apprenticeship opportunities offered through the United Services Military Apprenticeship Program (USMAP).

<sup>22</sup> See generally *Union Asphalts & Roadoils, Inc. v. MO-KAN Teamsters Pension Fund*, 857 F.2d 1230, 1234 (8th Cir. 1988) (defining building and construction industry). The Department's proposed approach incorporates a long-standing definition of the building and construction industry from case law interpreting the Employee Retirement Income Security Act, see 29 U.S.C. 1383(b), and the Labor Management Relations Act, see 29 U.S.C. 158(f). The Department's approach focuses on the occupations apprentices are actually trained for, and is the most direct method of preserving well-established registered apprenticeship programs in construction. By contrast, deciding whether an SRE seeks to recognize programs in construction based on an applicant-supplied NAICS code would be under protective because NAICS codes are a function of an entity's primary business activity, and some entities (or consortia of entities) that would train apprentices for construction work do not have construction as their primary activity.

to have first year costs of \$9.3 million in 2017 dollars. Over the 10-year analysis period, the annualized costs are

estimated at \$7.6 million at a discount rate of 7 percent in 2017 dollars. In total, over the first ten years, the

proposed rule is estimated to result in costs of \$53.4 million at a discount rate of 7 percent in 2017 dollars.

<b>Exhibit 1: Estimated Costs (2017 dollars)</b>	
	<b>Costs</b>
First Year Total	\$9,329,761
Annualized, 3% discount rate, 10 years	\$7,619,790
Annualized, 7% discount rate, 10 years	\$7,604,142
Total, 3% discount rate, 10 years	\$64,998,357
Total, 7% discount rate, 10 years	\$53,408,309

When the Department uses a perpetual time horizon to allow for cost comparisons under E.O. 13771, the perpetual annualized costs are \$7,256,096 (with a present value of \$103,658,516) at a discount rate of 7 percent in 2016 dollars.

## 2. Benefits

This section provides a qualitative description of the anticipated benefits associated with the proposed rule. The Department expects this regulation to have a net benefit overall.

Through this regulation, and as explained in the rule's Background section, above, the Administration seeks to address a persistent and serious long-term challenge to American economic leadership in the global marketplace: A significant mismatch between the occupational competencies that businesses require and the job skills that aspiring employees possess. While there were over 7.3 million job openings in the United States at the end of 2018,<sup>23</sup> some openings go unfilled because there are not enough workers with needed skills.<sup>24</sup> This pervasive skills gap poses a serious impediment to job growth and productivity throughout the economy.

The promotion and expansion of quality apprenticeships can play a key role in alleviating the skills gap by providing individuals including young

people, women, and other populations with relevant workplace skills and a recognized credential. This proven workforce development technique not only helps individuals to move into decent, family-sustaining jobs, but also assists businesses with finding the workers they need to maintain their competitive edge. Individuals who successfully complete an apprenticeship program are estimated to amass career-long earnings (including employee benefits) that are greater than the earnings of similarly-situated individuals who did not enroll in such programs.<sup>25</sup>

The *Final Report* of the Task Force on Apprenticeship Expansion noted that while "the Federal Government can establish the framework for a successful apprenticeship program and provide support, substantial change must begin with industry-led partnerships playing the pivotal role" of creating, recognizing, and managing apprenticeship programs.<sup>26</sup> Underlying this approach is the conviction that private industry—rather than government—is best suited to determine the occupational skills that workers need to acquire through apprenticeship programs. Such an industry-led approach would provide employers the flexibility they need to devise customized programs that serve their specialized business requirements.

Accordingly, the Department is proposing to issue this regulation,

which would supplement the current system of registered apprenticeships with a parallel system of Industry Programs, thereby enabling the rapid expansion of quality apprenticeships across a wide range of industries and occupational areas. This proposed regulation would require SREs to recognize and maintain recognition of only high-quality Industry Programs, which will benefit apprentices and encourage the expansion of the apprenticeship model.

The Department invites public comment on the benefits of this NPRM with the goal of ensuring a thorough consideration and discussion at the final rule stage.

## 3. Quantitative Analysis Considerations

The Department estimated the costs of the proposed rule relative to the existing baseline (*i.e.*, no Industry Programs). In accordance with the regulatory analysis guidance articulated in OMB Circular A-4 and consistent with the Department's practices in previous rulemakings, this regulatory analysis focuses on the likely consequences of the proposed rule (*i.e.*, the costs that are expected to accrue to the affected entities). The analysis covers 10 years to ensure it captures the major costs that are likely to accrue over time. The Department expresses the quantifiable impacts in 2017 dollars and uses discount rates of 3 and 7 percent, pursuant to Circular A-4. The Department invites comment on the analysis in this section.

### a. Estimated Number of Applications and SREs

To calculate the annual costs, the Department first needed to estimate the number of applications and SREs over

<sup>23</sup> U.S. Dep't of Labor, Bureau of Labor Statistics, "Job Openings and Labor Turnover—December 2018," Feb. 12, 2019, [https://www.bls.gov/news.release/archives/jolts\\_02122019.pdf](https://www.bls.gov/news.release/archives/jolts_02122019.pdf).

<sup>24</sup> See, e.g., Task Force on Apprenticeship Expansion, "Final Report to the President of the United States," May 10, 2018, 16 (citing 2018 report from National Federation of Independent Business); Business Roundtable, "Closing the Skills Gap," <https://www.businessroundtable.org/policy-perspectives/education-workforce/closing-the-skills-gap> (last visited April 16, 2019).

<sup>25</sup> See, e.g., Mathematica Policy Research, "An Effectiveness Assessment and Cost-Benefit Analysis of Registered Apprenticeship in 10 States: Final Report" (July 25, 2012), [https://wdr.doleta.gov/research/FullText\\_Documents/ETAOP\\_2012\\_10.pdf](https://wdr.doleta.gov/research/FullText_Documents/ETAOP_2012_10.pdf).

<sup>26</sup> Task Force on Apprenticeship Expansion, "Final Report to the President of the United States," May 10, 2018, 19.

the 10-year analysis period. The Department believes a reliable guidepost for estimating the number of SRE applications is the number of entities that submitted grant applications in Fiscal Year 2016 under the Office of Apprenticeship's American Apprenticeship Initiative (AAI) grants program. The Department solicits comment on whether the AAI grant program is the best guidepost for estimating the number of applications and SREs, or whether superior alternative options exist.

Like Industry-Recognized Apprenticeship Programs, the AAI grant program was designed to encourage innovative approaches to the development of apprenticeship programs by a wide cross-section of groups, including private sector employers, labor unions, educational institutions, and not-for-profit organizations. In the four months during which AAI grant applications were accepted, the Office of Apprenticeship received 191 applications for grants from the intended cross-section of program sponsors and innovators. The 191 AAI applicants were diverse in terms of geography, industry sector, and apprenticeship-program design. The Department anticipates that the diversity in AAI applicants would be replicated in the context of this proposed rule.

Starting with 191 AAI grantee applicants as a reasonably-analogous baseline, the Department rounded this figure slightly upwards to 200 to provide for ease of estimation. The Department then reduced this number by 10 percent to 180 to account for how some entities in industries that applied for AAI grants may choose not to seek to participate in Industry Programs. The Department then adjusted this figure 50 percent higher to account for its planned efforts to promote Industry Programs in the private sector, resulting in an estimate of 270 SRE applications in Year 1 ( $= 180 \times 1.5$ ). The Department further estimates that it would recognize

approximately 75 percent of applicants as SREs, either during their initial submission or their resubmission as permitted under paragraph 29.21(d)(1). Accordingly, the Department estimates that there would be 203 SREs ( $= 270 \times 75\%$ ) in Year 1.

To estimate the number of applications and SREs in Years 2–10, the Department began by assuming that the total number of SREs would increase by 5 percent per year based on historic growth in the registered apprenticeship program. The Department seeks comment on this assumption. For example, in Year 2 the total number of SREs is estimated to be 213 ( $= 203 \text{ SREs in Year 1} \times 1.05$ ). The last column in Exhibit 2 shows the total number of SREs each year based on the Department's 5 percent growth rate assumption.

Next, the Department calculated the number of new SREs. For Years 1–5, the estimated number of new SREs is simply the difference between the total number of SREs each year. For example, in Year 5 the number of new SREs is estimated to be 12 ( $= 247 \text{ total SREs in Year 5} - 235 \text{ total SREs in Year 4}$ ).<sup>27</sup> But in Year 6, the calculation has an additional component because SREs would be recognized for 5 years, so SREs that wish to be recognized for another 5 years would need to undergo the Department's process for continued recognition. For purposes of this analysis, the Department estimates that 90 percent of SREs would undergo the Department's process for continued recognition. Thus, 183 SREs ( $= 203 \text{ new SREs in Year 1} \times 90\%$ ) would submit applications for continued recognition in Year 6. The Department estimates that there would be 33 new SREs in Year 6, which reflects the 5 percent growth between Year 5 and Year 6 ( $259 - 247 = 12$ ),<sup>28</sup> plus new SREs that

would supplant the 10 percent of Year 1 SREs that do not submit applications for continued recognition in Year 6 ( $203 - 183 = 20$ ).<sup>29</sup> This same calculation was used for Years 7–10.

Then, the Department estimated the number of new applications in Years 2–10 by dividing the number of new SREs each year by 75 percent since 75 percent of applicants are assumed to become recognized as SREs. For example, in Year 6, the number of new applications is estimated to be 44 ( $= 33 \text{ new SREs} \div 75\%$ ).

The number of applications for continued recognition was calculated by multiplying the number of new SREs five years prior by 90 percent since the Department assumes that 90 percent of SREs would undergo the Department's process for continued recognition. For example, the Department estimates that 183 SREs ( $= 203 \text{ new SREs in Year 1} \times 90\%$ ) would submit applications for continued recognition in Year 6, and that 9 SREs ( $= 10 \text{ new SREs in Year 2} \times 90\%$ ) would submit applications for continued recognition in Year 7.

Finally, the number of total applications each year was estimated by summing the estimated number of new applications and the estimated number of applications for continued recognition each year. For example, in Year 1 the total number of applications is estimated to be 270 ( $= 270 \text{ new applications} + 0 \text{ applications for continued recognition}$ ), while in Year 6 the total number of applications is estimated to be 226 ( $= 44 \text{ new applications} + 183 \text{ applications for continued recognition}$ ).<sup>30</sup>

Exhibit 2 presents the projected number of applications and SREs for each year of the analysis period.

<sup>27</sup> Note:  $12 \div 235 = 5$  percent, which is the estimated growth rate for total SREs.

<sup>28</sup> Note:  $12 \div 247 = 5$  percent, which is the estimated growth rate for total SREs.

<sup>29</sup> The numbers do not sum to the total due to rounding. After calculating the estimated numbers of applications and SREs, the Department rounded the numbers to integers to use in the remaining calculations in this analysis.

<sup>30</sup> The numbers do not sum to the total due to rounding.

**Exhibit 2: Projected Number of Applications and Standards Recognition Entities**

Year	New Applications	Applications for Continued Recognition <sup>1</sup>	Total Applications	New Standards Recognition Entities <sup>2</sup>	Total Standards Recognition Entities <sup>3</sup>
1	270	--	270	203	203
2	14	--	14	10	213
3	14	--	14	11	224
4	15	--	15	11	235
5	16	--	16	12	247
6	44	183	226	33	259
7	19	9	28	14	272
8	20	10	29	15	286
9	21	10	31	15	300
10	22	11	32	16	315

<sup>1</sup> Assumes 90% of New SREs will seek to continue recognition.

<sup>2</sup> Assumes 75% of New Applications and 100% of Applications for Continued Recognition will be recognized as SREs.

<sup>3</sup> Assumes a 5% growth rate in Total SREs.

**b. Estimated Number of Industry Programs**

To estimate the number of Industry Programs, the Department looked at the number of programs in the registered apprenticeship system in relevant contexts and, based on those data and related considerations, estimated that each SRE would recognize approximately 32 Industry Programs. The recognition of all 32 Industry Programs is not likely to occur immediately after an SRE is recognized by the Department; rather, an SRE would probably recognize additional programs each year so that by the end of its tenth year, the SRE will have recognized 32 programs. For purposes of this analysis, the Department estimates that an SRE would recognize 10 new Industry Programs in its first year as an SRE, 8 new Industry Programs in its second year, 5 new Industry Programs in its third year, 3 new Industry Programs in its fourth year, and 1 new Industry Program per year in its fifth through tenth years.

Based on these assumptions, the number of new Industry Programs in Year 1 is estimated to be 2,030 (= 203

new SREs in Year 1 × 10 new Industry Programs per SRE). The number of new Industry Programs in Year 2 is estimated to be 1,724 [= (203 new SREs in Year 1 × 8 new Industry Programs per SRE) + (10 new SREs in Year 2 × 10 new Industry Programs per SRE)]. As explained above, the Department assumes that 90 percent of SREs would undergo the Department's process for continued recognition, so in Year 6 the estimated number of new Year 1 SREs would shrink to 183 (= 203 new SREs in Year 1 × 90%). Accordingly, the number of new Industry Programs in Year 6 is estimated to be 707 [= (183 Year 1 SREs with continued recognition × 1 new Industry Programs per SRE) + (10 new SREs in Year 2 × 1 new Industry Programs per SRE) + (11 new SREs in Year 3 × 3 new Industry Programs per SRE) + (11 new SREs in Year 4 × 5 new Industry Programs per SRE) + (12 new SREs in Year 5 × 8 new Industry Programs per SRE) + (33 new SREs in Year 6 × 10 new Industry Programs per SRE)].

The total number of Industry Programs per SRE equals the cumulative total of new Industry Programs per SRE.

So, a new SRE in Year 1 is estimated to have recognized a total of 18 Industry Programs in Year 2 (= 10 new Industry Programs in Year 1 + 8 new Industry Programs in Year 2). Therefore, the total number of Industry Programs in Year 2 is estimated to be 3,754 [= (203 new SREs in Year 1 × 18 total Industry Programs per SRE) + (10 new SREs in Year 2 × 10 total Industry Programs per SRE)]. As explained above, the estimated number of new Year 1 SREs is expected to shrink to 183 in Year 6. Accordingly, the total number of Industry Programs in Year 6 is estimated to be 6,479 [= (183 Year 1 SREs with continued recognition × 28 total Industry Programs per SRE) + (10 new SREs in Year 2 × 27 total Industry Programs per SRE) + (11 new SREs in Year 3 × 26 total Industry Programs per SRE) + (11 new SREs in Year 4 × 23 total Industry Programs per SRE) + (12 new SREs in Year 5 × 18 total Industry Programs per SRE) + (33 new SREs in Year 6 × 10 total Industry Programs per SRE)].

Exhibit 3 presents the projected number of Industry Programs over the 10-year analysis period.



Exhibit 3: Projected Number of Industry Programs				
Year	New Industry Programs per SRE	Total New Industry Programs	Total Industry Programs per SRE	Total Industry Programs
1	10	2,030	10	2,030
2	8	1,724	18	3,754
3	5	1,205	23	4,959
4	3	857	26	5,816
5	1	496	27	6,312
6	1	707	28	6,479
7	1	700	29	7,152
8	1	676	30	7,801
9	1	663	31	8,437
10	1	653	32	9,063

### c. Compensation Rates

The Department anticipates that the bulk of the workload for private sector workers would be performed by employees in occupations similar to the occupation titled “Training and Development Managers” in the Standard Occupational Classification System. According to the Department’s Bureau of Labor Statistics (BLS), the mean hourly wage rate for Training and Development Managers in May 2017 was \$56.58.<sup>31</sup> For this analysis, the Department used a fringe benefits rate of 46 percent<sup>32</sup> and an overhead rate of 54 percent,<sup>33</sup> resulting in a fully loaded hourly compensation rate for Training and Development Managers of \$113.16 [= \$56.58 + (\$56.58 × 46%) + (\$56.58 × 54%)].

The compensation rate for the Administrator of the Department’s Office of Apprenticeship is based on the salary of a Federal employee at Level IV of the Senior Executive Service, which

is \$164,200 per annum;<sup>34</sup> the corresponding hourly base pay for an SES at this level is \$78.94 (= \$164,200 ÷ 2,080 hours). The Department used a fringe benefits rate of 69 percent<sup>35</sup> and an overhead rate of 54 percent, resulting in a fully loaded hourly compensation rate for the Administrator of \$176.04 [= \$78.94 + (\$78.94 × 69%) + (\$78.94 × 54%)].

The compensation rate for a Program Analyst in the Department’s Office of Apprenticeship was estimated using the midpoint (Step 5) for Grade 13 of the General Schedule, which is \$52.66 in the Washington, DC, locality area.<sup>36</sup> The Department used a fringe benefits rate of 69 percent and an overhead rate of 54 percent, resulting in a fully loaded hourly compensation rate for Program Analysts of \$117.44 [= \$52.66 + (\$52.66 × 69%) + (\$52.66 × 54%)].

The compensation rate for an Administrative Law Judge is based on the salary of a Federal Administrative Law Judge at AL-3 Rate F, which is \$174,500 per annum;<sup>37</sup> the corresponding hourly base pay for an Administrative Law Judge at this level is \$83.89 (= \$174,500 ÷ 2,080 hours). The Department used a fringe benefits

rate of 69 percent and an overhead rate of 54 percent, resulting in a fully loaded hourly compensation rate for an Administrative Law Judge of \$187.07 [= \$83.89 + (\$83.89 × 69%) + (\$83.89 × 54%)].

The compensation rate for a Staff Attorney in the Department’s Office of Administrative Law Judges was estimated using the highest level (Step 10) for Grade 15 of the General Schedule, which is \$78.68 in the Washington, DC, locality area.<sup>38</sup> The Department used a fringe benefits rate of 69 percent and an overhead rate of 54 percent, resulting in a fully loaded hourly compensation rate for Staff Attorneys of \$175.46 [= \$78.68 + (\$78.68 × 69%) + (\$78.68 × 54%)].

The compensation rates for a Legal Assistant and Law Clerk in the Department’s Office of Administrative Law Judges were estimated using the midpoint (Step 5) for Grade 11 of the General Schedule, which is \$36.95 in the Washington, DC, locality area.<sup>39</sup> The Department used a fringe benefits rate of 69 percent and an overhead rate of 54 percent, resulting in a fully loaded hourly compensation rate for Legal Assistants and Law Clerks of \$82.40 [= \$36.95 + (\$36.95 × 69%) + (\$36.95 × 54%)].

The compensation rate for a Paralegal in the Department’s Office of Administrative Law Judges was estimated using the midpoint (Step 5) for Grade 7 of the General Schedule, which is \$24.96 in the Washington, DC, locality area.<sup>40</sup> The Department used a fringe benefits rate of 69 percent and an overhead rate of 54 percent, resulting in a fully loaded hourly compensation rate

<sup>31</sup> Source: Bureau of Labor Statistics, Occupational Employment Statistics, May 2017, <https://www.bls.gov/oes/2017/may/oes113131.htm>.

<sup>32</sup> Source: Bureau of Labor Statistics, Employer Costs for Employee Compensation, <https://www.bls.gov/ncs/data.htm>. Wages and salaries averaged \$24.26 per hour worked in 2017, while benefit costs averaged \$11.26, which is a benefits rate of 46 percent.

<sup>33</sup> Source: U.S. Department of Health and Human Services, *Guidelines for Regulatory Impact Analysis* (2016), [https://aspe.hhs.gov/system/files/pdf/242926/HHS\\_RIAGuidance.pdf](https://aspe.hhs.gov/system/files/pdf/242926/HHS_RIAGuidance.pdf). In its guidelines, HHS states, “as an interim default, while HHS conducts more research, analysts should assume overhead costs (including benefits) are equal to 100 percent of pre-tax wages.” HHS explains that 100 percent is roughly the midpoint between 46 and 150 percent, with 46 percent based on ECEC data that suggest benefits average 46 percent of wages and salaries, and 150 percent based on the private sector “rule of thumb” that fringe benefits plus overhead equal 150 percent of wages. To isolate the overhead costs from HHS’s 100 percent assumption, the Department subtracted the 46 percent benefits rate that HHS references, resulting in an overhead rate of approximately 54 percent.

<sup>34</sup> Source: Office of Personnel Management, Rates of Basic Pay for the Executive Schedule, <https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2018/EX.pdf>.

<sup>35</sup> Source: Congressional Budget Office, “Comparing the Compensation of Federal and Private-Sector Employees, 2011 to 2015,” April 2017, [www.cbo.gov/publication/52637](http://www.cbo.gov/publication/52637). The wages of Federal workers averaged \$38.30 per hour over the study period, while the benefits averaged \$26.50 per hour, which is a benefits rate of 69 percent.

<sup>36</sup> Source: Office of Personnel Management, General Schedule (GS) Locality Pay Tables, [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2018/DCB\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2018/DCB_h.pdf).

<sup>37</sup> Source: Office of Personnel Management, Administrative Law Judges Locality Rates of Pay, [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2018/ALJ\\_LOC.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2018/ALJ_LOC.pdf).

<sup>38</sup> Source: Office of Personnel Management, General Schedule (GS) Locality Pay Tables, [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2018/DCB\\_h.pdf](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/pdf/2018/DCB_h.pdf).

<sup>39</sup> *Id.*

<sup>40</sup> *Id.*

for Paralegals of \$55.66 [= \$24.96 + (\$24.96 × 69%) + (\$24.96 × 54%)].

The Department used the hourly compensation rates presented in Exhibit 4 throughout this analysis to estimate

the labor costs for each proposed provision.

**Exhibit 4: Compensation Rates**

Occupation	Grade Level	Base Hourly Wage Rate	Fringe Benefits Rate	Overhead Rate	Hourly Compensation Rate
<b>Private Sector Employees</b>					
Training and Development Manager	N/A	\$56.58	46%	54%	\$113.16
<b>Federal Government Employees</b>					
Office of Apprenticeship Administrator	SES, Level 4	\$78.94	69%	54%	\$176.04
Program Analyst	GS-13, Step 5	\$52.66	69%	54%	\$117.44
Administrative Law Judge	AL-3, Rate F	\$83.89	69%	54%	\$187.07
Staff Attorney	GS-15, Step 10	\$78.68	69%	54%	\$175.46
Legal Assistant	GS-11, Step 5	\$36.95	69%	54%	\$82.40
Law Clerk	GS-11, Step 5	\$36.95	69%	54%	\$82.40
Paralegal	GS-7, Step 5	\$24.96	69%	54%	\$55.66

#### 4. Subject-by-Subject Analysis

The Department's subject-by-subject analysis covers the estimated costs of the proposed rule. The hourly time burdens and other estimates used to quantify the costs are largely based on the Department's experience with the registered apprenticeship program.

##### a. Costs

##### (1) Rule Familiarization

When the proposed rule takes effect, prospective SREs would need to familiarize themselves with the new regulation, thereby incurring a one-time cost. To estimate the cost of rule familiarization for the 10-year period of this analysis, the Department multiplied the projected number of new SRE applications in each year by the estimated time to review the rule (2 hours) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of new SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$61,106 (= 270 new SRE applications × 2 hours × \$113.16 per hour). The annualized cost over the 10-year analysis period is estimated at \$11,032 at a discount rate of 3 percent and \$12,059 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$94,109 at a discount rate of 3 percent and \$84,698 at a discount rate of 7 percent.

In addition, prospective Industry Programs would need to familiarize themselves with elements of the new rule. To estimate the cost of rule familiarization for Industry Programs, the Department multiplied the projected

number of new Industry Programs in each year by the estimated time to review the rule (1 hour) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of new Industry Programs in Year 1 is 2,030, so the estimated Year 1 cost is \$229,715 (= 2,030 new Industry Programs × 1 hour × \$113.16 per hour). The annualized cost over the 10-year analysis period is estimated at \$113,779 at a discount rate of 3 percent and \$119,017 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$970,559 at a discount rate of 3 percent and \$835,928 at a discount rate of 7 percent.

The Department seeks comment on whether additional entities should be included in its cost estimates for rule familiarization.

##### (2) SRE Applications

To become an SRE, an entity would need to submit an application to the Department, and then the Administrator would determine whether the entity is qualified to be an SRE. The proposed application form titled "Industry-Recognized Apprenticeship Programs Standards Recognition Entity Information" contains six sections. The estimated costs for completing each section are detailed below.

##### i. Section I—Standards Recognition Entity Identifying Information

The estimated average response time for a prospective SRE to provide the identifying information requested in Section I is approximately 2 hours, which includes the time to gather and attach the documentation for this

section. To estimate the costs for completing Section I over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by the estimated time to complete Section I (2 hours) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$61,106 (= 270 SRE applications × 2 hours × \$113.16 per hour). The annualized cost over the 10-year analysis period is estimated at \$15,860 at a discount rate of 3 percent and \$16,655 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$135,288 at a discount rate of 3 percent and \$116,981 at a discount rate of 7 percent.

##### ii. Section II—Capabilities and Experience of the Standards Recognition Entity

The estimated average response time for a prospective SRE to describe its operations, capabilities, experience, and qualifications to be an SRE is approximately 2 hours, including the time to gather the necessary documentation. To estimate the costs for completing Section II over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by the estimated time to complete Section II (2 hours) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$61,106 (= 270 SRE applications × 2 hours × \$113.16

per hour). The annualized cost over the 10-year analysis period is estimated at \$15,860 at a discount rate of 3 percent and \$16,655 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$135,288 at a discount rate of 3 percent and \$116,981 at a discount rate of 7 percent.

iii. Section III—Evaluating and Monitoring Elements of a High-Quality Apprenticeship Program

The estimated average response time for a prospective SRE to provide information regarding the elements of the Industry Programs it would recognize is approximately 16 hours, including the time to gather the necessary documentation. To estimate the costs for completing Section III over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by the estimated time to complete Section III (16 hours) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$488,851 ( $= 270 \text{ SRE applications} \times 16 \text{ hours} \times \$113.16 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$126,879 at a discount rate of 3 percent and \$133,243 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$1,082,306 at a discount rate of 3 percent and \$935,845 at a discount rate of 7 percent.

iv. Section IV—Policies and Procedures

The estimated average response time for a prospective SRE to provide information concerning its proposed policies and procedures for recognizing and quality-control of Industry Programs is approximately 13 hours, including the time to gather the necessary documentation. To estimate the costs for completing Section IV over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by the estimated time to complete Section IV (13 hours) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$397,192 ( $= 270 \text{ SRE applications} \times 13 \text{ hours} \times \$113.16 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$103,089 at a discount rate of 3 percent and \$108,260 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$879,374 at a

discount rate of 3 percent and \$760,374 at a discount rate of 7 percent.

v. Section V—Additional Representations of Program Quality by the Standards Recognition Entity

The Department estimates that it would take five minutes for each prospective SRE to read and attest to additional representations of program quality. To estimate the costs for completing Section V over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by the estimated time to complete Section V (5 minutes) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$2,444 ( $= 270 \text{ SRE applications} \times 5 \text{ minutes} \times \$113.16 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$634 at a discount rate of 3 percent and \$666 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$5,412 at a discount rate of 3 percent and \$4,679 at a discount rate of 7 percent.

vi. Section VI—Attestation

The Department estimates that it would take five minutes for each prospective SRE to review the application for completeness and to sign it. To estimate the costs for completing Section VI over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by the estimated time to complete Section VI (5 minutes) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$2,444 ( $= 270 \text{ SRE applications} \times 5 \text{ minutes} \times \$113.16 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$634 at a discount rate of 3 percent and \$666 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$5,412 at a discount rate of 3 percent and \$4,679 at a discount rate of 7 percent.

(3) Resubmitting an Application

If a prospective SRE is denied recognition, it may resubmit its application after remedying any deficiencies. For purposes of this analysis, the Department estimates that approximately 30 percent of applications would be denied on the first attempt, and that 50 percent of the

denied applications would be resubmitted after the deficiencies have been addressed, which means 15 percent of all applications would be resubmitted. The Department estimates that remedying the deficiencies and resubmitting the application would take approximately 16 hours. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by 15 percent, and then multiplied that product by the estimated time to resubmit the application (16 hours) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$73,328 ( $= 270 \text{ SRE applications} \times 15\% \times 16 \text{ hours} \times \$113.16 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$19,032 at a discount rate of 3 percent and \$19,986 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$162,346 at a discount rate of 3 percent and \$140,377 at a discount rate of 7 percent.

(4) Request for Administrative Review of Denial

If a prospective SRE is denied recognition, it may request administrative review by the Department's Office of Administrative Law Judges. For purposes of this analysis, the Department estimates that approximately 1 percent of all applications would request administrative review and that filing a request for administrative review would take approximately 60 hours. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by 1 percent, and then multiplied that product by the estimated time to file a request for administrative review (60 hours) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$18,332 ( $= 270 \text{ SRE applications} \times 1\% \times 60 \text{ hours} \times \$113.16 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$3,593 at a discount rate of 3 percent and \$3,895 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$30,649 at a discount rate of 3 percent and \$27,357 at a discount rate of 7 percent.

#### (5) Notification of Substantive Changes by SRE

In accordance with § 29.21(c)(2), an SRE would need to notify the Administrator and provide all related material if it makes a substantive change to its processes or seeks to recognize Industry Programs in additional industries or occupational areas. The Department estimates that approximately 50 percent of SREs would make a substantive change each year and that complying with this proposed provision would take approximately 10 hours. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SREs in each year by 50 percent, and then multiplied that product by the estimated time to comply with this proposed provision (10 hours) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SREs in Year 1 is 203, so the estimated Year 1 cost is \$114,857 ( $= 203 \text{ SREs} \times 50\% \times 10 \text{ hours} \times \$113.16 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$142,797 at a discount rate of 3 percent and \$140,632 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$1,218,091 at a discount rate of 3 percent and \$987,737 at a discount rate of 7 percent.

#### (6) Recognition or Rejection of Apprenticeship Programs Seeking Recognition

In accordance with paragraph 29.22(a)(1), an SRE would need to recognize or reject a prospective Industry Program in a timely manner. Moreover, in accordance with § 29.22(b), an SRE would need to validate its Industry Programs' compliance with the requirements listed in § 29.22(a)(4) when the SRE provides the Administrator with notice of recognition of an Industry Program. The Department estimates that complying with these two proposed provisions would take approximately 12 hours per program seeking recognition per year. The Department used the estimated number of new Industry Programs as a proxy for this calculation, anticipating that the vast majority of programs seeking recognition would be recognized. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of new Industry Programs in each year by the estimated time to comply with this proposed provision (12 hours) and by the hourly compensation rate for Training and

Development Managers (\$113.16 per hour). For example, the projected number of new Industry Programs in Year 1 is 2,030, so the estimated Year 1 cost is \$2,756,578 ( $= 2,030 \text{ Industry Programs} \times 12 \text{ hours} \times \$113.16 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$1,365,350 at a discount rate of 3 percent and \$1,428,208 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$11,646,711 at a discount rate of 3 percent and \$10,031,136 at a discount rate of 7 percent.

#### (7) Inform Administrator of Industry Program Recognition or Termination

In accordance with § 29.22(a)(2), an SRE would need to inform the Administrator when it has recognized or terminated the recognition of an Industry Program. The Department estimates that complying with this proposed provision would take approximately 30 minutes per year. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SREs in each year by the estimated time to comply with this proposed provision (30 minutes) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SREs in Year 1 is 203, so the estimated Year 1 cost is \$11,486 ( $= 203 \text{ SREs} \times 30 \text{ minutes} \times \$113.16 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$14,280 at a discount rate of 3 percent and \$14,063 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$121,809 at a discount rate of 3 percent and \$98,774 at a discount rate of 7 percent.

#### (8) Provision of Data or Information to the Administrator

In accordance with § 29.22(a)(3), an SRE would need to provide to the Administrator any data or information the Administrator is expressly authorized to collect. The Department estimates that approximately 10 percent of SREs would need to provide additional data or information each year and that complying with this proposed provision would take approximately 2 hours per year. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SREs in each year by 10 percent, and then multiplied that product by the estimated time to comply with this proposed provision (2 hours) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the

projected number of SREs in Year 1 is 203, so the estimated Year 1 cost is \$4,594 ( $= 203 \text{ SREs} \times 10\% \times 2 \text{ hours} \times \$113.16 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$5,712 at a discount rate of 3 percent and \$5,625 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$48,724 at a discount rate of 3 percent and \$39,509 at a discount rate of 7 percent.

#### (9) SREs' Disclosure of Credentials That Apprentices Will Earn

In accordance with § 29.22(c), an SRE would need to disclose the credential(s) that apprentices will earn during their successful participation in or upon completion of an Industry Program. An SRE could disclose these credentials on its website, for example. The Department estimates that complying with this proposed provision would take approximately 30 minutes per year. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SREs in each year by the estimated time to comply with this proposed provision (30 minutes) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SREs in Year 1 is 203, so the estimated Year 1 cost is \$11,486 ( $= 203 \text{ SREs} \times 30 \text{ minutes} \times \$113.16 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$14,280 at a discount rate of 3 percent and \$14,063 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$121,809 at a discount rate of 3 percent and \$98,774 at a discount rate of 7 percent.

#### (10) SREs' Quality Control of Industry Programs

In accordance with § 29.22(h), an SRE would need to remain in an ongoing quality-control relationship with the Industry Programs it has recognized. The Department estimates that complying with this proposed provision would take approximately 80 hours per year. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SREs in each year by the estimated time to comply with this proposed provision (80 hours) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SREs in Year 1 is 203, so the estimated Year 1 cost is \$1,837,718 ( $= 203 \text{ SREs} \times 80 \text{ hours} \times \$113.16 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at

\$2,284,760 at a discount rate of 3 percent and \$2,250,106 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$19,489,464 at a discount rate of 3 percent and \$15,803,800 at a discount rate of 7 percent.

(11) Provision of Performance Data on Industry Programs

In accordance with § 29.22(j), an SRE must make publicly available performance data for each Industry Program it recognizes. The Department estimates that complying with this proposed provision would take approximately 30 hours per year. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SREs in each year by the estimated time to comply with this proposed provision (30 hours) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of SREs in Year 1 is 203, so the estimated Year 1 cost is \$689,144 (= 203 SREs × 30 hours × \$113.16 per hour). The annualized cost over the 10-year analysis period is estimated at \$856,785 at a discount rate of 3 percent and \$843,790 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$7,308,549 at a discount rate of 3 percent and \$5,926,425 at a discount rate of 7 percent.

In order for an SRE to comply with these provisions, the Industry Programs it recognizes would need to provide the pertinent performance data. The Department estimates that it would take Industry Programs approximately 3 hours per year to collect and provide the relevant data. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of Industry Programs in each year by 3 hours and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of Industry Programs in Year 1 is 2,030, so the estimated Year 1 cost is \$689,144 (= 2,030 Industry Programs × 3 hours × \$113.16 per hour). The annualized cost over the 10-year analysis period is estimated at \$2,040,383 at a discount rate of 3 percent and \$1,965,718 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$17,404,884 at a discount rate of 3 percent and \$13,806,381 at a discount rate of 7 percent.

(12) Industry Programs' Disclosure of Wages to Apprentices

In accordance with § 29.22(a)(4)(vii), Industry Programs would need to provide a written notice to apprentices of what wages apprentices will receive and under what circumstances apprentices' wages will increase. The Department assumes that the vast majority of entities provide wage notifications to their employees as part of their regular business practices, so only about 10 percent of Industry Programs would incur this burden as an additional cost under this proposed rule. The Department estimates that it would take Industry Programs approximately 5 minutes per year to comply with this provision. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of Industry Programs in each year by 10 percent, and then multiplied that product by the estimated time to comply with this proposed provision (5 minutes) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour). For example, the projected number of Industry Programs in Year 1 is 2,030, so the estimated Year 1 cost is \$1,838 (= 2,030 Industry Programs × 10% × 5 minutes × \$113.16 per hour). The annualized cost over the 10-year analysis period is estimated at \$5,441 at a discount rate of 3 percent and \$5,242 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$46,413 at a discount rate of 3 percent and \$36,817 at a discount rate of 7 percent.

(13) Industry Programs' Disclosure of Ancillary Costs to Apprentices

In accordance with § 29.22(a)(4)(ix), Industry Programs would need to disclose any ancillary costs or expenses that will be charged to apprentices. The Department assumes that the vast majority of entities disclose ancillary costs or expenses to their employees as part of their regular business practices, so only about 10 percent of Industry Programs would incur this burden as an additional cost under this proposed rule. The Department estimates that it would take Industry Programs approximately 5 minutes per year to comply with this provision. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of Industry Programs in each year by 10 percent, and then multiplied that product by the estimated time to comply with this proposed provision (5 minutes) and by the hourly compensation rate for Training and Development Managers (\$113.16 per

hour). For example, the projected number of Industry Programs in Year 1 is 2,030, so the estimated Year 1 cost is \$1,838 (= 2,030 Industry Programs × 10% × 5 minutes × \$113.16 per hour). The annualized cost over the 10-year analysis period is estimated at \$5,441 at a discount rate of 3 percent and \$5,242 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$46,413 at a discount rate of 3 percent and \$36,817 at a discount rate of 7 percent.

(14) DOL Development of Online Application Form and Internal Review System

Before an entity could submit an application to become an SRE, the Department would first need to develop an online application form and a system for managing the internal review process. In addition to the first-year software and labor costs, the Department would also incur annual maintenance costs.

The Department estimates that the first-year software and labor costs to develop the online system would total \$608,500. Contractor labor for developing the program and the application form would account for 20 percent of the total cost, contractor labor for developing a public website that would accept the applications and a private system for managing the internal review of the applications would account for 77 percent of the total cost, and material costs for software hosting and licensing would account for 3 percent of the total cost. The annualized cost over the 10-year analysis period is estimated at \$69,257 at a discount rate of 3 percent and \$80,969 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$590,777 at a discount rate of 3 percent and \$568,692 at a discount rate of 7 percent.

With respect to annual maintenance, the Department estimates that the total for software and labor would be \$125,000. Contractor labor to support maintenance of the online application form and case management system would account for 68 percent of the total cost, while material costs for software hosting and licensing fees would account for 32 percent of the total cost. The total cost over the 10-year analysis period is estimated at \$1,066,275 at a discount rate of 3 percent and \$877,948 at a discount rate of 7 percent.

(15) DOL Development of Online Resource for List of SREs and Industry Programs

Another online tool that would need to be developed by the Department would be an online resource for the list of SREs and Industry Programs. In addition to the first-year software and labor costs, the Department would also incur annual maintenance costs.

The Department estimates that the first-year software and labor costs to develop the online system would total \$92,000. Contractor labor for developing the online resource would account for 98 percent of the total cost, while material costs for software hosting and licensing would account for 2 percent of the total cost. The annualized cost over the 10-year analysis period is estimated at \$10,471 at a discount rate of 3 percent and \$12,242 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$89,320 at a discount rate of 3 percent and \$85,981 at a discount rate of 7 percent.

With respect to annual maintenance, the Department estimates that the total for software and labor would be \$18,000. Contractor labor to support maintenance of the online list of SREs and Industry Programs would account for 68 percent of the total cost, while material costs for software hosting and licensing fees would account for 32 percent of the total cost. The total cost over the 10-year analysis period is estimated at \$153,544 at a discount rate of 3 percent and \$126,424 at a discount rate of 7 percent.

(16) DOL Review of SRE Applications

The following steps summarize the estimated costs that would be borne by the Department's Office of Apprenticeship in connection with processing and reviewing the application information provided by prospective SREs.

i. Step 1: Processing by Program Analysts

The Department anticipates that the initial intake, review, and analysis of the information in the application form would be conducted by a Program Analyst in the Office of Apprenticeship. The Department estimates that a Program Analyst would take an average of 1 hour to review and analyze the information. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by the estimated time to process each application (1 hour) and by the hourly compensation rate for Program Analysts (\$117.44 per hour). For

example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$31,709 (= 270 SRE applications × 1 hour × \$117.44 per hour). The annualized cost over the 10-year analysis period is estimated at \$8,230 at a discount rate of 3 percent and \$8,643 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$70,203 at a discount rate of 3 percent and \$60,703 at a discount rate of 7 percent.

ii. Step 2: Panel Review

Applications that pass the initial review process by a Program Analyst would then be forwarded to a review panel consisting of one Program Analyst and two Federal contractors who would be Training and Development Managers. The three panelists would review each application and make a recommendation for recognition or denial to the Administrator. For purposes of this analysis, the Department estimates that 90 percent of applications would pass the initial review process by a Program Analyst and would be forwarded to the review panel.

The Department estimates that the Program Analyst on the review panel would take 8 hours to conduct a complete review of each application. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by 90 percent, and then multiplied this product by the estimated time to review each application (8 hours) and by the hourly compensation rate for Program Analysts (\$117.44 per hour). For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$228,303 (= 270 SRE applications × 90% × 8 hours × \$117.44 per hour). The annualized cost over the 10-year analysis period is estimated at \$59,255 at a discount rate of 3 percent and \$62,227 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$505,459 at a discount rate of 3 percent and \$437,059 at a discount rate of 7 percent.

The Department estimates that the two Training and Development Managers on the review panel would take 8 hours each to conduct a complete review of each application. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by 90 percent, and then multiplied this product by the estimated time to review each application (8 hours) and by the hourly compensation rate for Training and

Development Managers (\$113.16 per hour) and by 2 to account for both Federal contractors on the review panel. For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$439,966 (= 270 SRE applications × 90% × 8 hours × \$113.16 per hour × 2 Training and Development Managers). The annualized cost over the 10-year analysis period is estimated at \$114,191 at a discount rate of 3 percent and \$119,919 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$974,075 at a discount rate of 3 percent and \$842,261 at a discount rate of 7 percent.

iii. Step 3: Panel Meeting

The Department expects that the panel members would meet on a consistent basis to discuss their review findings for each application. The Department estimates that the Program Analyst on the review panel would spend 1 hour per application in meetings with the other panelists. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by 90 percent, and then multiplied this product by the estimated time for meetings (1 hour) and by the hourly compensation rate for Program Analysts (\$117.44 per hour). For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$28,538 (= 270 SRE applications × 90% × 1 hour × \$117.44 per hour). The annualized cost over the 10-year analysis period is estimated at \$7,407 at a discount rate of 3 percent and \$7,778 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$63,182 at a discount rate of 3 percent and \$54,632 at a discount rate of 7 percent.

The Department estimates that the two Training and Development Managers on the review panel would each spend 1 hour per application in meetings with the other panelists. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by 90 percent, and then multiplied this product by the estimated time for meetings (1 hour) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour) and by 2 to account for both Federal contractors on the review panel. For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$54,996 (= 270 SRE applications × 90% × 1 hour

× \$113.16 per hour × 2 Training and Development Managers). The annualized cost over the 10-year analysis period is estimated at \$14,274 at a discount rate of 3 percent and \$14,990 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$121,759 at a discount rate of 3 percent and \$105,283 at a discount rate of 7 percent.

iv. Step 4: Review by the Administrator

After the three panelists review the applications, the satisfactory applications would be forwarded to the Administrator for final review and approval. The Administrator would reach a final determination as to whether the entities should be recognized as SREs. The Department estimates that 70 percent of applications would be forwarded to the Administrator and that the Administrator would spend 15 minutes per application making a final decision. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by 70 percent, and then multiplied this product by the estimated time for review by the Administrator (15 minutes) and by the hourly compensation rate for the Administrator (\$176.04 per hour). For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$8,318 (= 270 SRE applications × 70% × 15 minutes × \$176.04 per hour). The annualized cost over the 10-year analysis period is estimated at \$2,159 at a discount rate of 3 percent and \$2,267 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$18,416 at a discount rate of 3 percent and \$15,924 at a discount rate of 7 percent.

v. Notification of Recognition or Denial of Recognition

Finally, the Office of Apprenticeship would notify each applicant of the results of the review process. Each applicant would either be recognized as an SRE or be denied recognition. The Department estimates that a Program Analyst would spend an average of 1 hour notifying each applicant. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by the estimated time for notification (1 hour) and by the hourly compensation rate for Program Analysts (\$117.44 per hour). For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$31,709

(= 270 SRE applications × 1 hour × \$117.44 per hour). The annualized cost over the 10-year analysis period is estimated at \$8,230 at a discount rate of 3 percent and \$8,643 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$70,203 at a discount rate of 3 percent and \$60,703 at a discount rate of 7 percent.

(17) DOL Review of Resubmitted SRE Applications

For purposes of this analysis, the Department estimates that approximately 30 percent of applications would be denied on the first attempt, and that 50 percent of the denied applications would be resubmitted after the deficiencies have been addressed, which means 15 percent of all applications would be resubmitted. The Department would then follow the same five steps for reviewing the resubmitted applications.

i. Resubmission Step 1: Processing by Program Analysts

The Department estimates that a Program Analyst would take 1 hour to process the information in a resubmitted application. To estimate the costs over the 10-year analysis period for Step 1 of the resubmission review process, the Department multiplied the projected number of total SRE applications each year by 15 percent, and then multiplied this product by the estimated time to process each application (1 hour) and by the hourly compensation rate for Program Analysts (\$117.44 per hour). For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$4,756 (= 270 SRE applications × 15% × 1 hour × \$117.44 per hour). The annualized cost over the 10-year analysis period is estimated at \$1,234 at a discount rate of 3 percent and \$1,296 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$10,530 at a discount rate of 3 percent and \$9,105 at a discount rate of 7 percent.

ii. Resubmission Step 2: Panel Review

The Department estimates that the Program Analyst on the review panel would take 8 hours to conduct a complete review of each resubmitted application. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by 15 percent, and then multiplied this product by the estimated time to review each application (8 hours) and by the hourly compensation rate for Program Analysts (\$117.44 per hour).

For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$38,051 (= 270 SRE applications × 15% × 8 hours × \$117.44 per hour). The annualized cost over the 10-year analysis period is estimated at \$9,876 at a discount rate of 3 percent and \$10,371 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$84,243 at a discount rate of 3 percent and \$72,843 at a discount rate of 7 percent.

The Department estimates that the two Training and Development Managers on the review panel would take 8 hours each to conduct a complete review of each resubmitted application. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by 15 percent, and then multiplied this product by the estimated time to review each application (8 hours) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour) and by 2 to account for both Federal contractors on the review panel. For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$73,328 (= 270 SRE applications × 15% × 8 hours × \$113.16 per hour × 2 Training and Development Managers). The annualized cost over the 10-year analysis period is estimated at \$19,032 at a discount rate of 3 percent and \$19,986 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$162,346 at a discount rate of 3 percent and \$140,377 at a discount rate of 7 percent.

iii. Resubmission Step 3: Panel Meeting

The Department estimates that the Program Analyst on the review panel would spend 1 hour per resubmitted application in meetings with the other panelists. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by 15 percent, and then multiplied this product by the estimated time for meetings (1 hour) and by the hourly compensation rate for Program Analysts (\$117.44 per hour). For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$4,756 (= 270 SRE applications × 15% × 1 hour × \$117.44 per hour). The annualized cost over the 10-year analysis period is estimated at \$1,234 at a discount rate of 3 percent and \$1,296 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$10,530 at a discount rate of 3 percent



and \$9,105 at a discount rate of 7 percent.

The Department estimates that the two Training and Development Managers on the review panel would each spend 1 hour per resubmitted application in meetings with the other panelists. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by 15 percent, and then multiplied this product by the estimated time for meetings (1 hour) and by the hourly compensation rate for Training and Development Managers (\$113.16 per hour) and by 2 to account for both Federal contractors on the review panel. For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$9,166 ( $= 270 \text{ SRE applications} \times 15\% \times 1 \text{ hour} \times \$113.16 \text{ per hour} \times 2$  Training and Development Managers). The annualized cost over the 10-year analysis period is estimated at \$2,379 at a discount rate of 3 percent and \$2,498 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$20,293 at a discount rate of 3 percent and \$17,547 at a discount rate of 7 percent.

#### iv. Resubmission Step 4: Review by the Administrator

For purposes of this analysis, the Department estimates that one-third of resubmitted applications would be forwarded to the Administrator, which equates to 5 percent of the total number of applications ( $= 15\%$  of all applications  $\times \frac{1}{3}$  forwarded to the Administrator). The Department further estimates that the Administrator would spend 15 minutes per resubmitted application making a final decision. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by 5 percent, and then multiplied this product by the estimated time for review by the Administrator (15 minutes) and by the hourly compensation rate for the Administrator (\$176.04 per hour). For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$594 ( $= 270 \text{ SRE applications} \times 5\% \times 15 \text{ minutes} \times \$176.04 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$154 at a discount rate of 3 percent and \$162 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$1,315 at a discount rate of 3 percent and \$1,137 at a discount rate of 7 percent.

#### v. Notification of Recognition or Denial of Recognition for Resubmitted Applications

The Department estimates that a Program Analyst would spend an average of 1 hour notifying each entity that resubmitted an application. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of total SRE applications each year by 15 percent, and then multiplied this product by the estimated time for notification (1 hour) and by the hourly compensation rate for Program Analysts (\$117.44 per hour). For example, the projected number of total SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$4,756 ( $= 270 \text{ SRE applications} \times 15\% \times 1 \text{ hour} \times \$117.44 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$1,234 at a discount rate of 3 percent and \$1,296 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$10,530 at a discount rate of 3 percent and \$9,105 at a discount rate of 7 percent.

#### (18) DOL Preparation of Administrative Record When a Denied Entity Requests Review

As explained earlier in this section, the Department estimates that approximately 1 percent of all applications would request administrative review of a denial. Within 30 calendar days of the filing of the request for administrative review, the Administrator would have to prepare an administrative record for submission to the Office of Administrative Law Judges. Based on its program experience, the Department estimates that preparing an administrative record would take a Program Analyst approximately 6 hours. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by 1 percent, and then multiplied that product by the estimated time to prepare an administrative record (6 hours) and by the hourly compensation rate for Program Analysts (\$117.44 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$1,903 ( $= 270 \text{ SRE applications} \times 1\% \times 6 \text{ hours} \times \$117.44 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$373 at a discount rate of 3 percent and \$404 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$3,181 at a discount rate of 3 percent

and \$2,839 at a discount rate of 7 percent.

#### (19) Review of Administrator's Denial by Office of Administrative Law Judges

In accordance with § 29.30, a prospective SRE that is denied recognition may file a request for administrative review by an Administrative Law Judge. The Department estimates that it would take 8 hours for an Administrative Law Judge to review the administrative record submitted by the Office of Apprenticeship and conduct a hearing. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by 1 percent, and then multiplied that product by the estimated time for an Administrative Law Judge to conduct a review (8 hours) and by the hourly compensation rate for Administrative Law Judges (\$187.07 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$4,041 ( $= 270 \text{ SRE applications} \times 1\% \times 8 \text{ hours} \times \$187.07 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$792 at a discount rate of 3 percent and \$859 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$6,756 at a discount rate of 3 percent and \$6,030 at a discount rate of 7 percent.

Next, a Law Clerk in the Office of Administrative Law Judges would draft the proposed findings and the recommended decision based on the hearing. The Department estimates that this step of the process would take approximately 2 hours. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by 1 percent, and then multiplied that product by the estimated time for a Law Clerk to draft the proposed findings and the recommended decision (2 hours) and by the hourly compensation rate for Law Clerks (\$82.40 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$445 ( $= 270 \text{ SRE applications} \times 1\% \times 2 \text{ hours} \times \$82.40 \text{ per hour}$ ). The annualized cost over the 10-year analysis period is estimated at \$87 at a discount rate of 3 percent and \$95 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$744 at a discount rate of 3 percent and \$664 at a discount rate of 7 percent.

In addition, a Paralegal in the Office of Administrative Law Judges would handle the tasks related to placing the

matter on the docket of cases. The Department estimates that this step of the process would take approximately 2 hours. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by 1 percent, and then multiplied that product by the estimated time for a Paralegal to place the matter on the docket (2 hours) and by the hourly compensation rate for Paralegals (\$55.66 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$301 (= 270 SRE applications  $\times$  1%  $\times$  2 hours  $\times$  \$55.66 per hour). The annualized cost over the 10-year analysis period is estimated at \$59 at a discount rate of 3 percent and \$64 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$503 at a discount rate of 3 percent and \$449 at a discount rate of 7 percent.

#### (20) Review of Administrator's Denial by Administrative Review Board

In accordance with § 29.30, any party may file exceptions to the Administrative Law Judge's recommended decision in the prior step. If the Administrative Review Board accepts a case for review, the three-judge panel of Administrative Law Judges would review the proposed findings and the recommended decision provided by the Administrative Law Judge in the prior step, and then render a final decision on the record. The Department estimates that the review and decision would take approximately 2 hours per Administrative Law Judge. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by 1 percent, and then multiplied that product by the estimated time for each Administrative Law Judge to conduct the review (2 hours) and by the hourly compensation rate for Administrative Law Judges (\$187.07 per hour) and by 3 Administrative Law Judges. For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$3,031 (= 270 SRE applications  $\times$  1%  $\times$  2 hours  $\times$  \$187.07 per hour  $\times$  3 Administrative Law Judges). The annualized cost over the 10-year analysis period is estimated at \$594 at a discount rate of 3 percent and \$644 at a discount rate of 7 percent. The total cost over the 10-year analysis

period is estimated at \$5,067 at a discount rate of 3 percent and \$4,523 at a discount rate of 7 percent.

Next, a Staff Attorney for the Administrative Review Board would draft a final decision for the Board. The Department estimates that this step of the process would take approximately 6 hours. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by 1 percent, and then multiplied that product by the estimated time for a Staff Attorney to draft a final decision (6 hours) and by the hourly compensation rate for Staff Attorneys (\$175.46 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$2,842 (= 270 SRE applications  $\times$  1%  $\times$  6 hours  $\times$  \$175.46 per hour). The annualized cost over the 10-year analysis period is estimated at \$557 at a discount rate of 3 percent and \$604 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$4,752 at a discount rate of 3 percent and \$4,242 at a discount rate of 7 percent.

In addition, a Legal Assistant would perform docket filing and other administrative tasks associated with the issuance of the Administrative Review Board's final decision. The Department estimates that this step of the process would take approximately 2 hours. To estimate these costs over the 10-year analysis period, the Department multiplied the projected number of SRE applications in each year by 1 percent, and then multiplied that product by the estimated time for a Legal Assistant to perform administrative duties (2 hours) and by the hourly compensation rate for Legal Assistant (\$82.40 per hour). For example, the projected number of SRE applications in Year 1 is 270, so the estimated Year 1 cost is \$445 (= 270 SRE applications  $\times$  1%  $\times$  2 hours  $\times$  \$82.40 per hour). The annualized cost over the 10-year analysis period is estimated at \$87 at a discount rate of 3 percent and \$95 at a discount rate of 7 percent. The total cost over the 10-year analysis period is estimated at \$744 at a discount rate of 3 percent and \$664 at a discount rate of 7 percent.

#### b. Payments From Industry Programs to SREs

The Department anticipates that SREs may charge a fee to the Industry

Programs that they recognize, though such a fee is neither required nor prohibited under this proposed rule. Such a fee would help SREs offset the costs described earlier in this section.

SREs' fees would likely vary widely, so the Department explored different ways to estimate those fees. The Department began by looking at the application and annual fees charged by entities that focus primarily on setting standards, thinking it would make sense to base its estimate on the fees currently charged by such entities. However, after further reflection, the Department decided that such entities are not representative of the full range of potential SREs, which may include but are not limited to trade, industry, and employer groups or associations; educational institutions; state and local government agencies or entities; non-profit organizations; unions; joint labor-management organizations; and partnerships of multiple entities. Entities that focus primarily or exclusively on standards-setting are not representative of the variety of entities likely to apply to become SREs, so the fees charged by such entities would not be representative of the fees that may (or may not) be charged by other types of entities.

Therefore, the Department decided that a better approach to estimating SRE fees would be to develop an estimate based on the quantified costs in this analysis. To approximate a break-even point between SRE costs and SRE fees under this proposed rule, the Department estimates an average initial application fee of \$3,000 and an average annual fee of \$500. The remaining difference between SRE costs and SRE fees reflects the unquantified costs under this proposed rule.

Since the payment of SRE fees by Industry Programs would help SREs recoup their costs under this proposed rule, and since those costs have already been quantified in the economic analysis above, the potential payments from Industry Programs to SREs are not included in Exhibits 1 or 5.

#### 5. Summary of Costs

Exhibit 5 presents a summary of the quantifiable costs associated with this proposed rule. The Department invites comment on all of the costs outlined above.

<b>Exhibit 5: Estimated Costs (2017 dollars)</b>	
<b>Year</b>	<b>Costs</b>
1	\$9,329,761
2	\$6,870,352
3	\$6,662,757
4	\$6,595,751
5	\$6,399,563
6	\$8,548,196
7	\$7,406,664
8	\$7,784,746
9	\$8,182,149
10	\$8,586,126
Annualized, 3% discount rate, 10 years	\$7,619,790
Annualized, 7% discount rate, 10 years	\$7,604,142
Total, 3% discount rate, 10 years	\$64,998,357
Total, 7% discount rate, 10 years	\$53,408,309

#### 6. Nonquantifiable Costs

This section addresses the nonquantifiable costs of the proposed rule. The Department invites commenters to provide feedback on the costs identified in this section and to provide data that would facilitate the calculation of these costs.

##### a. SRE Costs

Under proposed § 29.27, the Administrator may initiate a review of an SRE after receiving a complaint about the SRE or information indicating that the SRE is no longer capable of continuing in its role. If a review is initiated, the SRE would have an opportunity to provide information to the Department. Since this is a new program, the Department does not have a reasonable way to estimate the number of complaints it may receive or reviews it may initiate. Consequently, there is insufficient information to quantify the potential costs of this provision.

Additionally, proposed § 29.28 explains the process through which the Administrator may suspend an SRE. A suspended SRE would have an opportunity to implement remedial action or request administrative review. The Department does not have a reasonable way to estimate the number of SREs that would be suspended, nor the percentage of suspended SREs that would implement remedial action or make a request for administrative

review. For these reasons, the Department is unable to quantify the potential costs of this provision.

##### b. Industry Program Costs

A 2016 study published by the Department of Commerce found that apprenticeship programs vary significantly in length and cost. The shortest program in the study lasted one year, while the longest lasted more than four years. The costs of the programs in the study ranged from \$25,000 to \$250,000 per apprentice. Importantly, compensation costs for apprentices were the major cost of the programs. Other costs included program start-up, educational materials, mentors' time, and overhead. The authors noted that the ultimate goal of an apprenticeship program is for companies to fill skilled jobs, and apprenticeships are only one way to do so. Many of the costs of an apprenticeship program would still be incurred if the company filled the job through another method, such as hiring an already-trained worker, contracting a temporary worker, or increasing the hours of existing staff.<sup>41</sup> In analyzing the costs of an apprenticeship program, it is essential to consider how an employer

<sup>41</sup> Susan Helper, Ryan Noonan, Jessica R. Nicholson, and David Langdon, "The Benefits and Costs of Apprenticeship: A Business Perspective," Case Western Reserve University and U.S. Department of Commerce (November 2016), <https://files.eric.ed.gov/fulltext/ED572260.pdf>.

would fill the position in the absence of apprentices. The costs of an apprenticeship program should be assessed within the context of the employer's alternative hiring options. The Department notes that such options may be limited given the skills gap that this regulation seeks to help address. Yet, data are not available for the Department to conduct such an analysis. Consequently, the Department was unable to quantify the potential costs of apprenticeship programs that would be established under this proposed rule. The Department seeks comment on potential costs for Industry Programs.

Additionally, under § 29.25, an Industry Program would be able to become a registered apprenticeship program under an expedited process by providing information to the Administrator that would enable the Administrator to determine whether the Industry Program meets the requirements of a registered apprenticeship program. The Department does not have a reasonable way to estimate the percent of Industry Programs that would opt to undergo this expedited process. Consequently, there is insufficient information to quantify the potential costs of this provision to Industry Programs or the Department.

##### c. Government Costs

In addition to the SRE and Industry Program costs that cannot be quantified,

the proposed rule is also expected to incur costs to the Department. To begin with, proposed § 29.27 requires the Administrator to follow specific steps if the Administrator decides to initiate a review of an SRE after receiving a complaint or information indicating that the SRE is no longer capable of continuing in its role. Those steps include notifying the SRE of the review, conducting the review, and notifying the SRE of the decision to either take no action against the SRE or suspend the SRE. Since this is a new program, the Department does not have a reasonable way to estimate the number of complaints it may receive or reviews it may initiate. Hence, there is insufficient information to quantify the potential costs of this proposed section.

Similarly, proposed § 29.28 requires the Administrator to take certain actions if the Administrator decides to suspend an SRE. For example, the Administrator must publish the SRE's suspension on the Department's publicly available list of SREs and Industry Programs. If the SRE commits itself to remedial actions, the Administrator must determine whether the SRE has remedied the identified areas of nonconformity. If the SRE makes a request for administrative review, the Administrator must prepare an administrative record for submission to the Office of Administrative Law Judges. Finally, if the SRE does not commit itself to remedial action or request administrative review, the Administrator would derecognize the SRE. Since this is a new program, the Department does not have a reasonable way to estimate the proportion of SREs that would be suspended by the Administrator. Consequently, there is insufficient information to quantify the potential costs of this proposed provision.

Under proposed § 29.30(a), the Administrator must prepare an administrative record for submission to the Administrative Law Judge after receiving a suspended SRE's request for administrative review. Without a reasonable way to estimate the number of suspended SREs or the share of suspended SREs that would request administrative review, the Department is unable to quantify this cost.

In addition to the costs borne by the Office of Apprenticeship, costs would also be borne by the Office of Administrative Law Judges and the Administrative Review Board. The Chief Administrative Law Judge must designate an Administrative Law Judge to review a suspended SRE's request for administrative review. Within 20 days of the receipt of the Administrative Law Judge's recommended decision, any party may file exceptions with the Administrative Review Board, which must decide any case it accepts within 180 days of the close of the record. The Department does not have a reasonable way to estimate the number of suspended SREs nor the share that would request administrative review; therefore, the Department is unable to quantify this cost.

#### 7. Nonquantifiable Transfer Payments

As mentioned above, a major cost of apprenticeship programs is the compensation costs of apprentices.<sup>42</sup> For the purposes of a Regulatory Impact Analysis, an increase in wages is not considered a cost; rather, an increase in wages is considered a "transfer payment." According to OMB Circular A-4, transfers occur when wealth or income is redistributed without any direct change in aggregate social welfare.<sup>43</sup> Therefore, an increase in wages is categorized as a transfer payment from the employer to the worker rather than a cost to the employer or a benefit to the worker.

On aggregate, the Department does not expect a sizable transfer from employers to workers in the immediate context of this proposed rule. Some jobs filled by apprentices would likely be filled by non-apprentices in the absence of an Industry Program. And as with other workers, apprentices must be paid at least the applicable Federal, State, or local minimum wage. Accordingly, the presence of an Industry Program is unlikely to produce a sizable wage increase (or decrease) relative to what

the employer would otherwise pay for a worker in that position. Some apprentices may be paid more than what non-apprentices would be paid, while others may be paid less. Therefore, on aggregate, the Department does not expect a measurable transfer payment under this proposed rule.

#### 8. Regulatory Alternatives

OMB Circular A-4, which outlines best practices in regulatory analysis, directs agencies to analyze alternatives if such alternatives best satisfy the philosophy and principles of E.O. 12866. Accordingly, the Department considered two regulatory alternatives related to paragraph 29.22(j). Under the first alternative, SREs would be required to make performance data publicly available every five years rather than annually. Under the second alternative, SREs would be required to make performance data publicly available every quarter rather than annually. Both alternatives are discussed in more detail below.

For the first alternative, the Department considered requiring SREs to make publicly available the performance data for each Industry Program it recognizes on a five year reporting cycle rather than on an annual reporting cycle as proposed in paragraph 29.22(j). To estimate the reduction in costs under this alternative, the Department adjusted two of the calculations described in the Subject-by-Subject Analysis. First, the Department decreased from 3 hours to 36 minutes (= 3 hours ÷ 5 years) the time burden for Industry Programs to provide performance information to their SREs since the information would only need to be provided once every five years under this alternative. Second, the Department decreased from 30 to 6 hours (= 30 hours ÷ 5 years) the time burden for SREs to make the performance information publicly available. Exhibit 6 shows the estimated costs of the proposed rule under this alternative. Over the 10-year analysis period, the annualized costs are estimated at \$5.4 million at a discount rate of 7 percent. In total, this alternative is estimated to result in costs of \$37.6 million at a discount rate of 7 percent.

<sup>42</sup> Susan Helper, Ryan Noonan, Jessica R. Nicholson, and David Langdon, "The Benefits and Costs of Apprenticeship: A Business Perspective," Case Western Reserve University and U.S. Department of Commerce (November 2016), <https://files.eric.ed.gov/fulltext/ED572260.pdf>.

<sup>43</sup> Office of Management and Budget, "Circular A-4" (September 17, 2003).

<b>Exhibit 6: Alternative 1</b>	
<b>Estimated Costs (2017 dollars)</b>	
	<b>Costs</b>
First Year Total	\$8,227,130
Annualized, 3% discount rate, 10 years	\$5,302,056
Annualized, 7% discount rate, 10 years	\$5,356,536
Total, 3% discount rate, 10 years	\$45,227,610
Total, 7% discount rate, 10 years	\$37,622,064

The Department decided not to pursue this alternative because a longer reporting cycle would be inconsistent with the annual reporting cycles for other workforce investment programs, such as those authorized by the Workforce Innovation and Opportunity Act. Furthermore, a longer reporting cycle would be less transparent and provide less accountability to the public.

The second alternative considered by the Department would require SREs to

make performance data publicly available on a quarterly reporting cycle rather than on an annual reporting cycle. To estimate the growth in costs under this alternative, the Department increased from 3 to 12 hours (= 3 hours  $\times$  4 quarters) the time burden for Industry Programs to provide performance information to their SREs since the information would need to be provided four times per year under this alternative. Second, the Department increased from 30 to 120 hours (= 30

hours  $\times$  4 quarters) the time burden for SREs to make the performance information publicly available. Exhibit 7 shows the estimated costs of the proposed rule under this alternative. Over the 10-year analysis period, the annualized costs are estimated at \$16.0 million at a discount rate of 7 percent. In total, this alternative is estimated to result in costs of \$112.6 million at a discount rate of 7 percent.

<b>Exhibit 7: Alternative 2</b>	
<b>Estimated Costs (2017 dollars)</b>	
	<b>Costs</b>
First Year Total	\$13,464,627
Annualized, 3% discount rate, 10 years	\$16,311,295
Annualized, 7% discount rate, 10 years	\$16,032,664
Total, 3% discount rate, 10 years	\$139,138,656
Total, 7% discount rate, 10 years	\$112,606,726

The Department decided not to pursue this alternative because it would be unduly burdensome for SREs and Industry Programs. Moreover, the additional data that would be collected would not justify the onerousness of the quarterly reporting requirement.

The Department considered these two regulatory alternatives in accordance with the provisions of E.O. 12866 and chose to publish an NPRM that balances flexibility and opportunity for innovation by SREs and Industry Programs, while providing for reasonable reporting cycles that demonstrate transparency and accountability. The Department invites comments on these or other possible

alternatives with the goal of ensuring a thorough consideration and discussion at the final rule stage.

*B. Regulatory Flexibility Act, Small Business Regulatory Enforcement Fairness Act of 1996, and Executive Order 13272 (Proper Consideration of Small Entities in Agency Rulemaking)*

The Regulatory Flexibility Act, 5 U.S.C. 601 *et seq.* (RFA) imposes certain requirements on Federal agency rules that are subject to the notice-and-comment requirements of the APA, 5 U.S.C. 553(b),<sup>44</sup> and that are likely to

<sup>44</sup> The Regulatory Flexibility Act, as amended, governs “any rule for which [a federal] agency

have a significant economic impact on a substantial number of small entities. The RFA requires agencies promulgating proposed rules to prepare an Initial Regulatory Flexibility Analysis, and to develop alternatives whenever possible, when drafting regulations that would have a significant economic impact on a substantial number of small entities. The RFA requires the consideration of the impact of a proposed regulation on a wide range of small entities, including

publishes a general notice of proposed rulemaking pursuant to section 553(b) of [the Administrative Procedure Act] or any other law.” 5 U.S.C. 601(2) (defining “rule,” for purposes of the RFA).

small businesses, not-for-profit organizations, and small governmental jurisdictions.

The Department believes that this proposed rule would have a significant economic impact on a substantial number of small entities and is therefore publishing this Initial Regulatory Flexibility Analysis as required. The Department invites public comment on the following estimates, including the number of small entities affected by the proposed rule and the compliance cost estimates. The Department also invites public comment on the average size of entities involved in establishing Industry Programs, average start-up costs, and whether alternatives exist that would reduce the burden on small entities while still remaining consistent with the objectives of the proposed rule.

#### 1. Why the Department Is Considering Action

The Department is proposing to implement regulations that would facilitate the establishment of Industry Programs and SREs in order to address the ongoing skills gap that faces our nation. Accordingly, the Department considers it imperative to move forward with implementing regulations that would assist and complement the rapid scaling of high-quality apprenticeships in the United States. Also, implementing regulations will facilitate the efficient and effective operation of SREs of Industry Programs. Such regulations would provide stakeholders with information necessary to evaluate the outcomes of this new initiative.

#### 2. Objectives of and Legal Basis for the Proposed Rule

Congress enacted the National Apprenticeship Act, 29 U.S.C. 50, in 1937, authorizing the Secretary of Labor “to formulate and promote the furtherance of labor standards necessary to safeguard the welfare of apprentices,” as well as to “to bring together employers and labor for the formulation of programs of apprenticeship.” In June 2017, President Trump issued E.O. 13801, “Expanding Apprenticeships in America,” directing the Secretary of Labor, in consultation with the Secretaries of Education and Commerce, to consider regulations to promote the establishment of apprenticeships developed by trade and industry groups, companies, nonprofit organizations,

unions, and joint labor-management organizations, and to provide the framework under which these entities could recognize high-quality apprenticeship programs. Consistent with the NAA and E.O. 13801, the Department is issuing this proposed rule to establish Industry-Recognized Apprenticeship Programs, a new form of apprenticeships intended to harness industry expertise and leadership in order to address the national shortage of skilled workers, thereby implementing the President’s vision of expanding apprenticeships in America.

#### 3. Description and Estimate of the Small Entities Affected by the Proposed Rule

This proposed rule would primarily affect two types of entities: SREs and Industry Programs. SREs may include industry associations, employer groups, labor-management organizations, educational organizations, and consortia of these or other organizations. Industry Programs may be developed by entities such as trade and industry groups, companies, nonprofit organizations, unions, and joint labor-management organizations.

As explained in the “Payments from Industry Programs to SREs” subsection above, the Department anticipates that SREs may charge an application fee and/or annual fee to the Industry Programs they recognize. Such a fee would help SREs recoup their expenses. Therefore, the Department did not include SREs in this Initial Regulatory Flexibility Analysis.

Instead, this analysis focuses on the small entities that choose to develop Industry Programs. As explained in the E.O. 12866 analysis above, the Department anticipates that each SRE would recognize approximately 32 Industry Programs, beginning with 10 new Industry Programs in its first year as an SRE, and then 8 new Industry Programs in its second year, 5 new Industry Programs in its third year, 3 new Industry Programs in its fourth year, and 1 in its fifth through tenth years. Based on this assumption, the number of new Industry Programs in Year 1 is estimated to be 2,030 (= 203 new SREs in Year 1 × 10 new Industry Programs per SRE). The number of new Industry Programs in Year 2 is estimated to be 1,724 [= (203 new SREs in Year 1 × 8 new Industry Programs per SRE) + (10 new SREs in Year 2 × 10 new

Industry Programs per SRE)]. As explained in the E.O.12866 analysis above, the Department estimates that 90 percent of SREs will undergo the Department’s process for continued recognition, so in Year 6 the estimated number of new Year 1 SREs will shrink to 183 (= 203 new SREs in Year 1 × 90%). Accordingly, the number of new Industry Programs in Year 6 is estimated to be 707 [= (183 Year 1 SREs with continued recognition × 1 new Industry Programs per SRE) + (10 new SREs in Year 2 × 1 new Industry Programs per SRE) + (11 new SREs in Year 3 × 3 new Industry Programs per SRE) + (11 new SREs in Year 4 × 5 new Industry Programs per SRE) + (12 new SREs in Year 5 × 8 new Industry Programs per SRE) + (33 new SREs in Year 6 × 10 new Industry Programs per SRE)].

To estimate the total number of Industry Programs in each year of the analysis period, the Department first calculated the cumulative total of new Industry Programs per SRE. For example, a new SRE in Year 1 is estimated to have recognized a total of 18 Industry Programs in Year 2 (= 10 new Industry Programs in Year 1 + 8 new Industry Programs in Year 2). So, the total number of Industry Programs in Year 2 is estimated to be 3,754 [= (203 new SREs in Year 1 × 18 total Industry Programs per SRE) + (10 new SREs in Year 2 × 10 total Industry Programs per SRE)]. As explained above, the estimated number of new Year 1 SREs is expected to shrink to 183 in Year 6. Accordingly, the total number of Industry Programs in Year 6 is estimated to be 6,479 [= (183 Year 1 SREs with continued recognition × 28 total Industry Programs per SRE) + (10 new SREs in Year 2 × 27 total Industry Programs per SRE) + (11 new SREs in Year 3 × 26 total Industry Programs per SRE) + (11 new SREs in Year 4 × 23 total Industry Programs per SRE) + (12 new SREs in Year 5 × 18 total Industry Programs per SRE) + (33 new SREs in Year 6 × 10 total Industry Programs per SRE)].

Exhibit 8 presents the projected number of new and total Industry Programs over the 10-year analysis period.<sup>45</sup>

<sup>45</sup> These numbers are identical to the numbers in Exhibit 3.

Exhibit 8: Projected Number of Industry Programs		
Year	Total New Industry Programs	Total Industry Programs
1	2,030	2,030
2	1,724	3,754
3	1,205	4,959
4	857	5,816
5	496	6,312
6	707	6,479
7	700	7,152
8	676	7,801
9	663	8,437
10	653	9,063

Given that this is a new initiative, the Department has no way of knowing what size these Industry Programs would be. Therefore, the Department assumes that the Industry Programs would have the same size distribution as the firms in each of the 19 major industry sectors. This assumption allows the Department to conduct a robust analysis using data from the Census Bureau's Statistics of U.S. Businesses,<sup>46</sup> which include the number of firms, number of employees, and annual revenue by industry and firm size. Using these data allows the Department to estimate the per-program costs of the proposed rule as a percent of revenue by industry and firm size.

#### 4. Compliance Requirements of the Proposed Rule

The E.O. 12866 analysis above quantifies several types of labor costs that would be borne by Industry Programs: (1) Rule familiarization, (2) submission of performance data to the SRE, and (3) disclosure of wages and ancillary costs to apprentices. Additional costs that may be incurred but could not be quantified due to a lack of data include program start-up expenses, educational materials, and mentors' time. In addition, the proposed rule would result in transfer payments from Industry Programs to apprentices in the form of compensation, but the Department does not expect a

measurable transfer payment on aggregate because, in the absence of an Industry Program, the jobs filled by apprentices would likely be filled by non-apprentices paid a similar rate or would be addressed by other means.

The proposed rule may also result in payments from Industry Programs to SREs in the form of an application fee and/or annual fee charged by SREs. Such fees, which are neither required nor prohibited under this proposed rule, would help SREs offset their costs. For the Regulatory Flexibility Analysis, these types of fees are considered costs to Industry Programs because the analysis estimates the impact on small entities, not on society at large. Accordingly, the SRE's fees are categorized as costs in this analysis.

The Department anticipates that the bulk of the workload for the labor costs in this analysis would be performed by employees in occupations similar to the occupation titled "Training and Development Managers" in the Standard Occupational Classification System. As with the E.O. 12866 analysis, the Department used a fully loaded hourly compensation rate for Training and Development Managers of \$113.16.<sup>47</sup>

In addition to the number of Industry Programs and the hourly compensation rate of Training and Development Managers, the following estimates were used to calculate the quantified costs:

- Rule familiarization (one-time cost): 1 hour
- Provision of performance data to the SRE (annual cost): 3 hours
- Disclosure of wages to apprentices (annual cost): 5 minutes
- Disclosure of ancillary costs to apprentices (annual cost): 5 minutes
- SRE's application fee (one-time cost): \$3,000
- SRE's annual fee (annual cost): \$500 per year

The Department welcomes comments on these estimates.

Exhibit 9 shows the estimated cost per Industry Program for each year of the analysis period. The first year cost per Industry Program is estimated at \$3,696 at a discount rate of 7 percent. The annualized cost per Industry Program is estimated at \$1,713 at a discount rate of 7 percent. The estimated cost per Industry Program is highest in the first year because all Industry Programs would be new, so the Department's first-year estimate includes both a \$3,000 application fee and \$500 annual fee for all Industry Programs; in later years, ongoing Industry Programs would only be charged a \$500 annual fee under this analysis. These estimates are *average* costs, meaning that some Industry Programs would have higher costs while other Industry Programs would have lower costs, regardless of firm size.

<sup>46</sup> See U.S. Census Bureau, *Statistics of U.S. Businesses*, available at <http://www.census.gov/programs-surveys/susb/data.html>.

<sup>47</sup> The mean hourly wage rate for Training and Development Managers in May 2017 was \$56.58. (See <https://www.bls.gov/oes/current/oes113131.htm>.) For this analysis, the Department used a fringe benefits rate of 46 percent and an

overhead rate of 54 percent, resulting in a fully loaded hourly compensation rate for Training and Development Managers of \$113.16 (= \$56.58 + (\$56.58 × 46%) + (\$56.58 × 54%)).



Exhibit 9: Estimated Cost per Industry Program							
Year	Rule Familiarization	Performance Data Collection	Disclosure of Wages and Ancillary Costs	SRE's Fees	Total Cost	Number of Industry Programs	Cost per Industry Program
1	\$229,715	\$689,144	\$3,675	\$7,105,000	\$8,027,535	2,030	\$3,954
2	\$195,088	\$1,274,408	\$6,797	\$7,049,000	\$8,525,293	3,754	\$2,271
3	\$136,358	\$1,683,481	\$8,979	\$6,094,500	\$7,923,318	4,959	\$1,598
4	\$96,978	\$1,974,416	\$10,530	\$5,479,000	\$7,560,924	5,816	\$1,300
5	\$56,127	\$2,142,798	\$11,428	\$4,644,000	\$6,854,353	6,312	\$1,086
6	\$80,004	\$2,199,491	\$11,731	\$5,360,500	\$7,651,726	6,479	\$1,181
7	\$79,212	\$2,427,961	\$12,949	\$5,676,000	\$8,196,122	7,152	\$1,146
8	\$76,496	\$2,648,283	\$14,124	\$5,928,500	\$8,667,404	7,801	\$1,111
9	\$75,025	\$2,864,193	\$15,276	\$6,207,500	\$9,161,994	8,437	\$1,086
10	\$73,893	\$3,076,707	\$35,861	\$6,490,500	\$9,676,962	9,063	\$1,068
First year cost, 7% discount rate							\$3,696
Annualized cost, 7% discount rate, 10 years							\$1,713

#### 5. Estimated Impact of the Proposed Rule on Small Entities

The Department used the following steps to estimate the cost of the proposed rule per Industry Program as a percentage of annual receipts. First, the Department used the Small Business Administration's Table of Small Business Size Standards to determine the size thresholds for small entities within each major industry.<sup>48</sup> Next, the Department obtained data on the number of firms, number of employees, and annual revenue by industry and firm size category from the Census Bureau's Statistics of U.S. Businesses.<sup>49</sup> Then, the Department divided the estimated first year cost and the annualized cost per Industry Program (discounted at a 7 percent rate) by the

average annual receipts per firm to determine whether the proposed rule would have a significant economic impact on Industry Programs in each size category.<sup>50</sup> Finally, the Department divided the number of firms in each size category by the total number of firms in the industry to determine whether the proposed rule would have a significant economic impact on a substantial number of small entities.<sup>51</sup> The results are presented in the following 19 tables. In short, the first year cost and annualized cost per Industry Program could have a significant economic impact on a substantial number of small entities in 13 out of 19 industries. It should be noted, however, that this initiative would be voluntary for Industry Programs; therefore, only small

entities that choose to participate would experience an economic impact—significant or otherwise.

As shown in Exhibit 10, the first year and annualized costs for Industry Programs in the agriculture, forestry, fishing, and hunting industry are estimated to have a significant economic impact (3 percent or more) on small entities with receipts under \$100,000, and those firms constitute a substantial number of small entities in the agriculture, forestry, fishing, and hunting industry (20.3 percent). The first year costs are estimated to be 7.3 percent of the average receipts per firm and the annualized costs are estimated to be 3.4 percent of the average receipts per firm for firms with revenue below \$100,000.

<sup>48</sup> U.S. Small Business Administration, Table of Small Business Size Standards, <http://www.sba.gov/content/small-business-size-standards>. The size standards, which are expressed either in average annual receipts or number of employees, indicate the maximum allowed for a business in each subsector to be considered small.

<sup>49</sup> U.S. Census Bureau, Statistics of U.S. Businesses, <http://www.census.gov/programs-surveys/susb/data.html>.

<sup>50</sup> For purposes of this analysis, the Department used a 3-percent threshold for "significant economic impact." The Department has used a 3-percent threshold in prior rulemakings. See, e.g., 79

FR 60633 (October 7, 2014) (Establishing a Minimum Wage for Contractors).

<sup>51</sup> For purposes of this analysis, the Department used a 15-percent threshold for "substantial number of small entities." The Department has used a 15-percent threshold in prior rulemakings. See, e.g. 79 FR 60633 (October 7, 2014) (Establishing a Minimum Wage for Contractors).

Exhibit 10: Agriculture, Forestry, Fishing, and Hunting Industry									
Small Business Size Standard: \$0.75 million – \$27.5 million									
	Number of Firms <sup>1</sup>	Number of Firms as Percent of Total Firms in Industry <sup>2</sup>	Total Number of Employees <sup>3</sup>	Annual Receipts <sup>4</sup>	Average Receipts per Firm <sup>5</sup>	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts <sup>6</sup>	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts <sup>7</sup>
Firms with sales/receipts/revenue below \$100,000	4,288	20.3%	N/A	\$215,803,000	\$50,327	\$3,696	7.3%	\$1,713	3.4%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	7,985	37.8%	17,528	\$2,005,870,000	\$251,205	\$3,696	1.5%	\$1,713	0.7%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	3,399	16.1%	15,047	\$2,437,918,000	\$717,246	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	3,335	15.8%	27,068	\$5,192,149,000	\$1,556,866	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	1,213	5.7%	19,223	\$4,210,314,000	\$3,470,993	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	351	1.7%	9,393	\$2,067,573,000	\$5,890,521	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	210	1.0%	7,143	\$1,736,374,000	\$8,268,448	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	191	0.9%	10,526	\$2,198,845,000	\$11,512,277	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	79	0.4%	5,883	\$1,226,159,000	\$15,521,000	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	29	0.1%	2,399	\$617,304,000	\$21,286,345	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	29	0.1%	2,108	\$627,438,000	\$21,635,793	\$3,696	0.0%	\$1,713	0.0%
N/A = not available, not disclosed									
<sup>1</sup> Source: U.S. Census Bureau, Statistics of U.S. Businesses.									
<sup>2</sup> Number of firms ÷ Total firms in industry									
<sup>3</sup> Source: U.S. Census Bureau, Statistics of U.S. Businesses.									
<sup>4</sup> Source: U.S. Census Bureau, Statistics of U.S. Businesses.									
<sup>5</sup> Annual receipts ÷ Number of firms									
<sup>6</sup> First year cost per firm with 7% discounting ÷ Average receipts per firm									
<sup>7</sup> Annualized cost per firm with 7% discounting ÷ Average receipts per firm									

As shown in Exhibit 11, the first year and annualized costs for Industry

Programs in the mining industry are not expected to have a significant economic

impact (3 percent or more) on small entities of any size.

Exhibit 11: Mining Industry									
Small Business Size Standard: 250 – 1,500 employees									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with 0-4 employees	12,686	57.3%	20,347	\$9,811,191,000	\$773,387	\$3,696	0.5%	\$1,713	0.2%
Firms with 5-9 employees	3,256	14.7%	21,571	\$7,696,826,000	\$2,363,890	\$3,696	0.2%	\$1,713	0.1%
Firms with 10-19 employees	2,426	11.0%	32,884	\$12,472,042,000	\$5,140,990	\$3,696	0.1%	\$1,713	0.0%
Firms with 20-99 employees	2,677	12.1%	102,569	\$39,167,488,000	\$14,631,112	\$3,696	0.0%	\$1,713	0.0%
Firms with 100-499 employees	735	3.3%	116,980	\$57,968,047,000	\$78,868,091	\$3,696	0.0%	\$1,713	0.0%
Firms with 500+ employees <sup>1</sup>	369	1.7%	433,275	\$428,416,777,000	\$1,161,021,076	\$3,696	0.0%	\$1,713	0.0%
<sup>1</sup> The small business size standard for several subsectors within the mining industry is 750, 1,000, 1,250, or 1,500 employees; however, data are not disaggregated for firms with more than 500 employees.									

As shown in Exhibit 12, the first year and annualized costs for Industry

Programs in the utilities industry are not expected to have a significant economic

impact (3 percent or more) on small entities of any size.

Exhibit 12: Utilities Industry									
Small Business Size Standard: 250 – 1,000 employees									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with 0-4 employees	3,072	51.4%	5,939	\$4,148,617,000	\$1,350,461	\$3,696	0.3%	\$1,713	0.1%
Firms with 5-9 employees	984	16.5%	6,330	\$2,094,449,000	\$2,128,505	\$3,696	0.2%	\$1,713	0.1%
Firms with 10-19 employees	500	8.4%	6,670	\$4,464,945,000	\$8,929,890	\$3,696	0.0%	\$1,713	0.0%
Firms with 20-99 employees	904	15.1%	40,677	\$37,395,431,000	\$41,366,627	\$3,696	0.0%	\$1,713	0.0%
Firms with 100-499 employees	314	5.3%	52,009	\$50,719,290,000	\$161,526,401	\$3,696	0.0%	\$1,713	0.0%
Firms with 500+ employees <sup>1</sup>	199	3.3%	529,438	\$432,375,983,000	\$2,172,743,633	\$3,696	0.0%	\$1,713	0.0%

<sup>1</sup> The small business size standard for several subsectors within the utilities industry is 750 or 1,000 employees; however, data are not disaggregated for firms with more than 500 employees.

As shown in Exhibit 13, the first year and annualized costs for Industry

Programs in the manufacturing industry are not expected to have a significant

economic impact (3 percent or more) on small entities of any size.

Exhibit 13: Manufacturing Industry									
Small Business Size Standard: 500 – 1,500 employees									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with 0-4 employees	106,932	41.7%	199,847	\$46,408,019,000	\$433,996	\$3,696	0.9%	\$1,713	0.4%
Firms with 5-9 employees	47,612	18.6%	317,445	\$52,345,651,000	\$1,099,421	\$3,696	0.3%	\$1,713	0.2%
Firms with 10-19 employees	38,564	15.0%	526,660	\$94,946,327,000	\$2,462,046	\$3,696	0.2%	\$1,713	0.1%
Firms with 20-99 employees	47,443	18.5%	1,939,710	\$454,441,177,000	\$9,578,677	\$3,696	0.0%	\$1,713	0.0%
Firms with 100-499 employees	12,186	4.8%	2,103,243	\$683,068,069,000	\$56,053,510	\$3,696	0.0%	\$1,713	0.0%
Firms with 500+ employees <sup>1</sup>	3,626	1.4%	6,105,138	\$4,399,024,641,000	\$1,213,189,366	\$3,696	0.0%	\$1,713	0.0%

<sup>1</sup> The small business size standard for many subsectors within the manufacturing industry is 750, 1,000, 1,250, or 1,500 employees; however, data are not disaggregated for firms with more than 500 employees.

As shown in Exhibit 14, the first year and annualized costs for Industry

Programs in the wholesale trade industry are not expected to have a

significant economic impact (3 percent or more) on small entities of any size.

Exhibit 14: Wholesale Trade Industry									
Small Business Size Standard: 100 – 250 employees									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with 0-4 employees	180,049	57.7%	305,056	\$319,323,324,000	\$1,773,536	\$3,696	0.2%	\$1,713	0.1%
Firms with 5-9 employees	53,703	17.2%	353,848	\$263,541,607,000	\$4,907,391	\$3,696	0.1%	\$1,713	0.0%
Firms with 10-19 employees	36,049	11.6%	481,671	\$359,184,882,000	\$9,963,796	\$3,696	0.0%	\$1,713	0.0%
Firms with 20-99 employees	34,536	11.1%	1,276,022	\$1,024,608,963,000	\$29,667,853	\$3,696	0.0%	\$1,713	0.0%
Firms with 100-499 employees	7,737	2.5%	1,023,919	\$1,085,384,946,000	\$140,284,987	\$3,696	0.0%	\$1,713	0.0%

As shown in Exhibit 15, the first year and annualized costs for Industry Programs in the retail trade industry are estimated to have a significant economic impact (3 percent or more) on small

entities with receipts under \$100,000, but those firms do not constitute a substantial number of small entities in the retail trade industry (12.4 percent). The first year costs are estimated to be

7.1 percent of the average receipts per firm and the annualized costs are estimated to be 3.3 percent of the average receipts per firm for firms with revenue below \$100,000.

Exhibit 15: Retail Trade Industry									
Small Business Size Standard: \$7.5 million – \$38.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	79,415	12.4%	N/A	\$4,142,505,000	\$52,163	\$3,696	7.1%	\$1,713	3.3%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	226,195	35.3%	597,967	\$61,192,802,000	\$270,531	\$3,696	1.4%	\$1,713	0.6%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	115,616	18.0%	539,126	\$82,552,882,000	\$714,026	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	115,103	18.0%	885,466	\$181,435,583,000	\$1,576,289	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	53,905	8.4%	673,056	\$187,480,866,000	\$3,477,987	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	19,139	3.0%	359,417	\$114,151,432,000	\$5,964,336	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	9,110	1.4%	234,666	\$76,658,889,000	\$8,414,807	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	9,236	1.4%	317,056	\$107,103,037,000	\$11,596,258	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	4,647	0.7%	204,846	\$75,536,677,000	\$16,254,934	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	3,079	0.5%	162,942	\$63,579,375,000	\$20,649,359	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	2,115	0.3%	126,196	\$53,042,313,000	\$25,079,108	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$30,000,000 to \$34,999,999	1,709	0.3%	122,481	\$50,891,275,000	\$29,778,394	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$35,000,000 to \$39,999,999	1,333	0.2%	104,722	\$45,330,650,000	\$34,006,489	\$3,696	0.0%	\$1,713	0.0%
N/A = not available, not disclosed									

As shown in Exhibit 16, the first year and annualized costs for Industry Programs in the transportation and warehousing industry are estimated to have a significant economic impact (3 percent or more) on small entities with

receipts under \$100,000, and those firms constitute a substantial number of small entities in the transportation and warehousing industry (21.0 percent). The first year costs are estimated to be 7.6 percent of the average receipts per

firm and the annualized costs are estimated to be 3.5 percent of the average receipts per firm for firms with revenue below \$100,000.

Exhibit 16: Transportation and Warehousing Industry									
Small Business Size Standard: \$7.5 million – \$38.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	34,560	21.0%	N/A	\$1,675,127,000	\$48,470	\$3,696	7.6%	\$1,713	3.5%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	66,204	40.3%	164,298	\$16,175,517,000	\$244,328	\$3,696	1.5%	\$1,713	0.7%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	23,100	14.0%	142,743	\$16,279,203,000	\$704,727	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	20,675	12.6%	243,088	\$32,036,433,000	\$1,549,525	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	9,236	5.6%	207,533	\$31,579,320,000	\$3,419,155	\$3,696	0.1%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	3,715	2.3%	128,002	\$21,532,906,000	\$5,796,206	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	1,991	1.2%	93,148	\$15,968,571,000	\$8,020,377	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	2,038	1.2%	122,894	\$21,945,352,000	\$10,768,082	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	1,089	0.7%	88,025	\$15,508,043,000	\$14,240,627	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	706	0.4%	67,974	\$12,389,543,000	\$17,548,928	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	485	0.3%	56,730	\$10,263,306,000	\$21,161,456	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$30,000,000 to \$34,999,999	348	0.2%	42,232	\$8,074,953,000	\$23,203,888	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$35,000,000 to \$39,999,999	273	0.2%	39,751	\$6,355,335,000	\$23,279,615	\$3,696	0.0%	\$1,713	0.0%
N/A = not available, not disclosed									

As shown in Exhibit 17, the first year and annualized costs for Industry Programs in the information industry are estimated to have a significant

economic impact (3 percent or more) on small entities with receipts under \$100,000, and those firms constitute a substantial number of small entities in

the information industry (21.1 percent). The first year costs are estimated to be 7.6 percent of the average receipts per firm and the annualized costs are

average receipts per firm for firms with revenue below \$100,000.

As shown in Exhibit 18, the first year and annualized costs for Industry Programs in the finance and insurance industry are estimated to have a significant economic impact (3 percent or more) on small entities with receipts under \$100,000, and those firms constitute a substantial number of small entities in the finance and insurance industry (21.7 percent). The first year costs are estimated to be 7.5 percent of the average receipts per firm and the annualized costs are estimated to be 3.5 percent of the average receipts per firm for firms with revenue below \$100,000.

Small Business Size Standard: \$7.5 million – \$38.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	50,093	21.7%	N/A	\$2,466,932,000	\$49,247	\$3,696	7.5%	\$1,713	3.5%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	108,248	46.9%	259,664	\$27,228,139,000	\$251,535	\$3,696	1.5%	\$1,713	0.7%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	30,194	13.1%	145,543	\$20,834,656,000	\$690,026	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	20,617	8.9%	181,810	\$31,648,935,000	\$1,535,089	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	8,743	3.8%	158,845	\$30,321,167,000	\$3,468,051	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	3,900	1.7%	108,367	\$23,230,029,000	\$5,956,418	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	2,292	1.0%	88,271	\$19,151,469,000	\$8,355,789	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	2,594	1.1%	134,488	\$30,393,812,000	\$11,716,967	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	1,437	0.6%	95,832	\$23,632,362,000	\$16,445,624	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	925	0.4%	76,347	\$19,240,191,000	\$20,800,206	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	632	0.3%	68,829	\$16,235,520,000	\$25,689,114	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$30,000,000 to \$34,999,999	532	0.2%	60,193	\$15,593,649,000	\$29,311,370	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$35,000,000 to \$39,999,999	387	0.2%	48,800	\$13,302,624,000	\$34,373,705	\$3,696	0.0%	\$1,713	0.0%
N/A = not available, not disclosed									

As shown in Exhibit 19, the first year and annualized costs for Industry Programs in the real estate and rental and leasing industry are estimated to have a significant economic impact (3 percent or more) on small entities with

receipts under \$100,000, and those firms constitute a substantial number of small entities in the real estate and rental and leasing industry (25.9 percent). The first year costs are estimated to be 7.3 percent of the

average receipts per firm and the annualized costs are estimated to be 3.4 percent of the average receipts per firm for firms with revenue below \$100,000.

Exhibit 19: Real Estate and Rental and Leasing Industry									
Small Business Size Standard: \$7.5 million – \$38.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	69,381	25.9%	N/A	\$3,496,398,000	\$50,394	\$3,696	7.3%	\$1,713	3.4%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	115,993	43.3%	251,175	\$28,401,383,000	\$244,854	\$3,696	1.5%	\$1,713	0.7%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	37,145	13.9%	169,892	\$26,133,483,000	\$703,553	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	27,705	10.3%	239,062	\$42,364,031,000	\$1,529,111	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	9,488	3.5%	165,022	\$31,946,434,000	\$3,367,036	\$3,696	0.1%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	3,047	1.1%	86,769	\$17,503,088,000	\$5,744,368	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	1,528	0.6%	58,727	\$11,926,523,000	\$7,805,316	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	1,476	0.6%	69,231	\$15,748,767,000	\$10,669,896	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	789	0.3%	49,475	\$11,156,616,000	\$14,140,198	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	485	0.2%	33,800	\$8,191,383,000	\$16,889,449	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	347	0.1%	27,443	\$7,110,513,000	\$20,491,392	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$30,000,000 to \$34,999,999	260	0.1%	25,368	\$6,117,119,000	\$23,527,381	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$35,000,000 to \$39,999,999	183	0.1%	17,798	\$4,704,982,000	\$25,710,284	\$3,696	0.0%	\$1,713	0.0%
N/A = not available, not disclosed									

As shown in Exhibit 20, the first year and annualized costs for Industry Programs in the professional, scientific, and technical services industry are estimated to have a significant economic impact (3 percent or more) on small

entities with receipts under \$100,000, and those firms constitute a substantial number of small entities in the professional, scientific, and technical services industry (25.2 percent). The first year costs are estimated to be 7.5

percent of the average receipts per firm and the annualized costs are estimated to be 3.5 percent of the average receipts per firm for firms with revenue below \$100,000.

Exhibit 20: Professional, Scientific and Technical Services Industry									
Small Business Size Standard: \$7.5 million – \$38.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	193,388	25.2%	N/A	\$9,558,991,000	\$49,429	\$3,696	7.5%	\$1,713	3.5%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	339,688	44.3%	750,314	\$82,115,768,000	\$241,739	\$3,696	1.5%	\$1,713	0.7%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	99,575	13.0%	524,326	\$70,218,001,000	\$705,177	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	77,769	10.1%	785,957	\$119,889,375,000	\$1,541,609	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	29,032	3.8%	578,392	\$99,939,437,000	\$3,442,389	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	10,314	1.3%	339,687	\$61,531,502,000	\$5,965,823	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	5,300	0.7%	240,552	\$44,308,266,000	\$8,360,050	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	5,195	0.7%	304,723	\$59,665,120,000	\$11,485,105	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	2,608	0.3%	211,885	\$41,368,442,000	\$15,862,133	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	1,605	0.2%	159,832	\$32,088,646,000	\$19,992,926	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	1,046	0.1%	122,102	\$25,225,025,000	\$24,115,703	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$30,000,000 to \$34,999,999	752	0.1%	94,344	\$20,975,584,000	\$27,893,064	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$35,000,000 to \$39,999,999	522	0.1%	81,816	\$16,142,861,000	\$30,925,021	\$3,696	0.0%	\$1,713	0.0%
N/A = not available, not disclosed									

As shown in Exhibit 21, the first year and annualized costs for Industry Programs in the management of companies and enterprises industry are estimated to have a significant economic impact (3 percent or more) on small

entities with receipts under \$100,000, but those firms do not constitute a substantial number of small entities in the management of companies and enterprises industry (7.8 percent). The first year costs are estimated to be 12.1

percent of the average receipts per firm and the annualized costs are estimated to be 5.6 percent of the average receipts per firm for firms with revenue below \$100,000.

Exhibit 21: Management of Companies and Enterprises Industry									
Small Business Size Standard: \$20.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	1,107	7.8%	7,938	\$33,849,000	\$30,577	\$3,696	12.1%	\$1,713	5.6%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	1,216	8.6%	4,631	\$251,252,000	\$206,622	\$3,696	1.8%	\$1,713	0.8%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	743	5.3%	5,764	\$285,686,000	\$384,503	\$3,696	1.0%	\$1,713	0.4%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	1,668	11.8%	17,384	\$783,830,000	\$469,922	\$3,696	0.8%	\$1,713	0.4%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	2,016	14.3%	26,218	\$1,395,007,000	\$691,968	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	1,602	11.3%	26,210	\$1,567,547,000	\$978,494	\$3,696	0.4%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	1,229	8.7%	22,064	\$1,528,733,000	\$1,243,884	\$3,696	0.3%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	1,969	13.9%	42,504	\$2,727,035,000	\$1,384,985	\$3,696	0.3%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	1,454	10.3%	36,455	\$2,687,284,000	\$1,848,201	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	1,114	7.9%	27,887	\$2,617,195,000	\$2,349,367	\$3,696	0.2%	\$1,713	0.1%

As shown in Exhibit 22, the first year and annualized costs for Industry Programs in the administrative and support, waste management and remediation services industry are estimated to have a significant economic

impact (3 percent or more) on small entities with receipts under \$100,000, and those firms constitute a substantial number of small entities in the administrative and support, waste management and remediation services

industry (29.0 percent). The first year costs are estimated to be 7.9 percent of the average receipts per firm and the annualized costs are estimated to be 3.7 percent of the average receipts per firm for firms with revenue below \$100,000.



Exhibit 22: Administrative and Support, Waste Management and Remediation Services Industry									
Small Business Size Standard: \$5.5 million – \$38.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	93,960	29.0%	126,543	\$4,409,293,000	\$46,927	\$3,696	7.9%	\$1,713	3.7%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	132,326	40.9%	477,646	\$32,162,760,000	\$243,057	\$3,696	1.5%	\$1,713	0.7%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	40,136	12.4%	379,760	\$28,185,706,000	\$702,255	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	31,696	9.8%	672,031	\$48,905,893,000	\$1,542,967	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	12,452	3.8%	584,765	\$42,271,882,000	\$3,394,787	\$3,696	0.1%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	4,523	1.4%	373,053	\$26,193,931,000	\$5,791,274	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	2,373	0.7%	271,117	\$19,082,571,000	\$8,041,539	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	2,522	0.8%	387,341	\$27,561,427,000	\$10,928,401	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	1,313	0.4%	270,010	\$18,902,442,000	\$14,396,376	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	892	0.3%	216,790	\$15,644,955,000	\$17,539,187	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	601	0.2%	196,440	\$12,764,154,000	\$21,238,193	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$30,000,000 to \$34,999,999	456	0.1%	164,713	\$10,696,102,000	\$23,456,364	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$35,000,000 to \$39,999,999	311	0.1%	139,531	\$8,205,878,000	\$26,385,460	\$3,696	0.0%	\$1,713	0.0%

As shown in Exhibit 23, the first year and annualized costs for Industry Programs in the educational services industry are estimated to have a significant economic impact (3 percent

or more) on small entities with receipts under \$100,000, and those firms constitute a substantial number of small entities in the educational services industry (26.8 percent). The first year

costs are estimated to be 7.9 percent of the average receipts per firm and the annualized costs are estimated to be 3.7 percent of the average receipts per firm for firms with revenue below \$100,000.

Exhibit 23: Educational Services Industry									
Small Business Size Standard: \$7.5 million – \$38.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	22,232	26.8%	45,228	\$1,042,922,000	\$46,911	\$3,696	7.9%	\$1,713	3.7%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	32,128	38.7%	175,610	\$7,838,923,000	\$243,990	\$3,696	1.5%	\$1,713	0.7%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	9,530	11.5%	123,920	\$6,717,924,000	\$704,924	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	8,735	10.5%	216,317	\$13,846,119,000	\$1,585,131	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	4,716	5.7%	216,842	\$16,353,734,000	\$3,467,713	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	1,966	2.4%	142,665	\$11,510,807,000	\$5,854,937	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	1,028	1.2%	96,347	\$8,493,535,000	\$8,262,194	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	1,113	1.3%	138,383	\$12,679,800,000	\$11,392,453	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	542	0.7%	87,214	\$8,194,214,000	\$15,118,476	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	388	0.5%	70,422	\$7,566,005,000	\$19,500,013	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	255	0.3%	61,634	\$6,166,517,000	\$24,182,420	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$30,000,000 to \$34,999,999	202	0.2%	57,698	\$5,824,708,000	\$28,835,188	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$35,000,000 to \$39,999,999	191	0.2%	61,907	\$6,200,412,000	\$32,462,890	\$3,696	0.0%	\$1,713	0.0%

As shown in Exhibit 24, the first year and annualized costs for Industry Programs in the health care and social assistance industry are estimated to have a significant economic impact (3 percent or more) on small entities with

receipts under \$100,000, and those firms constitute a substantial number of small entities in the health care and social assistance industry (17.3 percent). The first year costs are estimated to be 7.7 percent of the average receipts per

firm and the annualized costs are estimated to be 3.6 percent of the average receipts per firm for firms with revenue below \$100,000.

Exhibit 24: Health Care and Social Assistance Industry									
Small Business Size Standard: \$7.5 million – \$38.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	110,259	17.3%	162,885	\$5,260,895,000	\$47,714	\$3,696	7.7%	\$1,713	3.6%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	249,219	39.2%	1,010,642	\$67,642,299,000	\$271,417	\$3,696	1.4%	\$1,713	0.6%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	128,577	20.2%	1,073,376	\$90,967,720,000	\$707,496	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	91,324	14.4%	1,576,609	\$138,206,644,000	\$1,513,366	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	28,520	4.5%	1,156,550	\$98,200,090,000	\$3,443,201	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	10,167	1.6%	729,810	\$60,941,395,000	\$5,994,039	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	5,380	0.8%	556,088	\$45,627,101,000	\$8,480,874	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	5,700	0.9%	785,047	\$67,302,238,000	\$11,807,410	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	2,953	0.5%	556,945	\$48,758,779,000	\$16,511,608	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	1,642	0.3%	384,059	\$34,859,152,000	\$21,229,691	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	1,139	0.2%	318,772	\$29,550,252,000	\$25,944,032	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$30,000,000 to \$34,999,999	731	0.1%	244,490	\$22,423,595,000	\$30,675,233	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$35,000,000 to \$39,999,999	579	0.1%	213,048	\$20,384,881,000	\$35,207,048	\$3,696	0.0%	\$1,713	0.0%

As shown in Exhibit 25, the first year and annualized costs for Industry Programs in the arts, entertainment, and recreation industry are estimated to have a significant economic impact (3 percent or more) on small entities with

receipts under \$100,000, and those firms constitute a substantial number of small entities in the arts, entertainment, and recreation industry (26.1 percent). The first year costs are estimated to be 7.7 percent of the average receipts per

firm and the annualized costs are estimated to be 3.6 percent of the average receipts per firm for firms with revenue below \$100,000.

Exhibit 25: Arts, Entertainment, and Recreation Industry									
Small Business Size Standard: \$7.5 million – \$38.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	29,796	26.1%	43,003	\$1,434,271,000	\$48,136	\$3,696	7.7%	\$1,713	3.6%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	46,205	40.5%	177,421	\$11,476,438,000	\$248,381	\$3,696	1.5%	\$1,713	0.7%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	16,220	14.2%	161,111	\$11,394,483,000	\$702,496	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	12,675	11.1%	260,098	\$19,329,326,000	\$1,524,996	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	4,776	4.2%	205,728	\$16,246,680,000	\$3,401,734	\$3,696	0.1%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	1,800	1.6%	126,508	\$10,478,303,000	\$5,821,279	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	854	0.7%	78,319	\$6,855,951,000	\$8,028,046	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	746	0.7%	94,755	\$8,148,731,000	\$10,923,232	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	373	0.3%	58,407	\$5,452,457,000	\$14,617,847	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	239	0.2%	46,528	\$4,493,765,000	\$18,802,364	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	169	0.1%	36,443	\$3,701,048,000	\$21,899,692	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$30,000,000 to \$34,999,999	126	0.1%	34,942	\$3,075,728,000	\$24,410,540	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$35,000,000 to \$39,999,999	83	0.1%	22,145	\$2,382,282,000	\$28,702,193	\$3,696	0.0%	\$1,713	0.0%

As shown in Exhibit 26, the first year and annualized costs for Industry Programs in the accommodation and food services industry are estimated to have a significant economic impact (3 percent or more) on small entities with

receipts under \$100,000, and those firms constitute a substantial number of small entities in the accommodation and food services industry (16.7 percent). The first year costs are estimated to be 7.4 percent of the

average receipts per firm and the annualized costs are estimated to be 3.4 percent of the average receipts per firm for firms with revenue below \$100,000.

Exhibit 26: Accommodation and Food Services Industry									
Small Business Size Standard: \$7.5 million – \$38.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	82,318	16.7%	148,453	\$4,113,239,000	\$49,968	\$3,696	7.4%	\$1,713	3.4%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	220,222	44.6%	1,215,171	\$57,675,374,000	\$261,897	\$3,696	1.4%	\$1,713	0.7%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	94,121	19.1%	1,317,249	\$66,152,275,000	\$702,843	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	68,299	13.8%	1,935,085	\$102,096,727,000	\$1,494,850	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	18,078	3.7%	1,031,712	\$59,715,760,000	\$3,303,228	\$3,696	0.1%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	4,340	0.9%	417,047	\$24,803,758,000	\$5,715,152	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	1,946	0.4%	261,642	\$15,733,566,000	\$8,085,080	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	1,924	0.4%	369,182	\$21,512,132,000	\$11,180,942	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	916	0.2%	239,396	\$14,017,239,000	\$15,302,663	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	573	0.1%	198,703	\$11,025,439,000	\$19,241,604	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	419	0.1%	168,878	\$9,690,933,000	\$23,128,718	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$30,000,000 to \$34,999,999	306	0.1%	150,087	\$8,385,452,000	\$27,403,438	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$35,000,000 to \$39,999,999	216	0.0%	114,752	\$6,677,701,000	\$30,915,282	\$3,696	0.0%	\$1,713	0.0%

As shown in Exhibit 27, the first year and annualized costs for Industry Programs in the other services industry are estimated to have a significant economic impact (3 percent or more) on

small entities with receipts under \$100,000, and those firms constitute a substantial number of small entities in the other services industry (27.8 percent). The first year costs are

estimated to be 7.4 percent of the average receipts per firm and the annualized costs are estimated to be 3.5 percent of the average receipts per firm for firms with revenue below \$100,000.

Exhibit 27: Other Services Industry									
Small Business Size Standard: \$5.5 million – \$38.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	185,026	27.8%	299,249	\$9,186,611,000	\$49,650	\$3,696	7.4%	\$1,713	3.5%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	304,158	45.8%	1,134,354	\$74,567,484,000	\$245,160	\$3,696	1.5%	\$1,713	0.7%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	89,577	13.5%	725,898	\$62,488,143,000	\$697,591	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	56,956	8.6%	889,426	\$86,073,957,000	\$1,511,236	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	16,652	2.5%	514,285	\$56,387,710,000	\$3,386,242	\$3,696	0.1%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	5,126	0.8%	244,934	\$29,769,491,000	\$5,807,548	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	2,355	0.4%	148,893	\$19,090,059,000	\$8,106,182	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	2,177	0.3%	167,628	\$23,959,626,000	\$11,005,800	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	1,033	0.2%	104,192	\$15,023,752,000	\$14,543,806	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	612	0.1%	68,557	\$11,139,647,000	\$18,202,038	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	407	0.1%	53,640	\$8,404,852,000	\$20,650,742	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$30,000,000 to \$34,999,999	290	0.0%	40,754	\$7,311,600,000	\$25,212,414	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$35,000,000 to \$39,999,999	210	0.0%	33,009	\$5,511,004,000	\$26,242,876	\$3,696	0.0%	\$1,713	0.0%

As shown in Exhibit 28, the first year and annualized costs for Industry Programs in the construction industry <sup>52</sup>

are estimated to have a significant

Analysis, pending comments received concerning proposed § 29.31. Under that section, the construction industry already has significant registered apprenticeship programs, and may be unable to participate in this new program.

economic impact (3 percent or more) on small entities with receipts under \$100,000, and those firms constitute a substantial number of small entities in the construction industry (18.8 percent). The first year costs are estimated to be

<sup>52</sup> The Department includes data for this sector recognizing that it may need to revise its calculations for any Final Regulatory Flexibility

7.2 percent of the average receipts per firm and the annualized costs are estimated to be 3.3 percent of the

average receipts per firm for firms with revenue below \$100,000.

Exhibit 28: Construction Industry									
Small Business Size Standard: \$15 million – \$36.5 million									
	Number of Firms	Number of Firms as Percent of Total Firms in Industry	Total Number of Employees	Annual Receipts	Average Receipts per Firm	First Year Cost per Firm with 7% Discounting	First Year Cost per Firm as Percent of Receipts	Annualized Cost per Firm with 7% Discounting	Annualized Cost per Firm as Percent of Receipts
Firms with sales/receipts/revenue below \$100,000	119,538	18.8%	N/A	\$6,116,019,000	\$51,164	\$3,696	7.2%	\$1,713	3.3%
Firms with sales/receipts/revenue of \$100,000 to \$499,999	262,870	41.3%	569,763	\$67,195,728,000	\$255,623	\$3,696	1.4%	\$1,713	0.7%
Firms with sales/receipts/revenue of \$500,000 to \$999,999	100,006	15.7%	466,370	\$70,808,134,000	\$708,039	\$3,696	0.5%	\$1,713	0.2%
Firms with sales/receipts/revenue of \$1,000,000 to \$2,499,999	85,343	13.4%	742,370	\$133,337,229,000	\$1,562,369	\$3,696	0.2%	\$1,713	0.1%
Firms with sales/receipts/revenue of \$2,500,000 to \$4,999,999	35,670	5.6%	585,723	\$123,598,328,000	\$3,465,050	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$5,000,000 to \$7,499,999	12,306	1.9%	327,911	\$74,430,329,000	\$6,048,296	\$3,696	0.1%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$7,500,000 to \$9,999,999	6,179	1.0%	214,777	\$52,933,597,000	\$8,566,693	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$10,000,000 to \$14,999,999	6,752	1.1%	299,412	\$80,939,071,000	\$11,987,422	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$15,000,000 to \$19,999,999	3,272	0.5%	190,075	\$55,527,769,000	\$16,970,590	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$20,000,000 to \$24,999,999	2,002	0.3%	136,366	\$43,498,052,000	\$21,727,299	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$25,000,000 to \$29,999,999	1,365	0.2%	107,700	\$36,048,227,000	\$26,408,958	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$30,000,000 to \$34,999,999	909	0.1%	80,081	\$28,368,318,000	\$31,208,271	\$3,696	0.0%	\$1,713	0.0%
Firms with sales/receipts/revenue of \$35,000,000 to \$39,999,999	638	0.1%	64,770	\$22,506,667,000	\$35,276,908	\$3,696	0.0%	\$1,713	0.0%
N/A = not available, not disclosed									

#### 6. Relevant Federal Rules Duplicating, Overlapping, or Conflicting With the Proposed Rule

The Department has determined that there are no federal rules that duplicate, overlap, or conflict with this proposed rule.

#### 7. Alternatives to the Proposed Rule

The RFA directs agencies to assess the impacts that various regulatory

alternatives would have on small entities and to consider ways to minimize those impacts. Accordingly, the Department considered a regulatory alternative related to the second cost component: Provision of performance data to the SRE. Under this alternative, Industry Programs would need to provide performance data once every five years rather than annually. To estimate the reduction in costs under this alternative, the Department

decreased from 3 hours to 36 minutes (= 3 hours ÷ 5 years) the time burden for Industry Programs to provide performance information to their SREs.

Exhibit 29 shows the estimated cost per Industry Program for each year of the analysis period. The first year cost per Industry Program is estimated at \$3,442 at a discount rate of 7 percent. The annualized cost per Industry Program is estimated at \$1,441 at a discount rate of 7 percent.

Exhibit 29: Regulatory Alternative—Submit Performance Data Every Five Years							
Year	Rule Familiarization	Performance Data Collection	Disclosure of Wages and Ancillary Costs	SRE's Fees	Total Cost	Number of Industry Programs	Cost per Industry Program
1	\$229,715	\$137,829	\$3,675	\$7,105,000	\$7,476,219	2,030	\$3,683
2	\$195,088	\$254,882	\$6,797	\$7,049,000	\$7,505,766	3,754	\$1,999
3	\$136,358	\$336,696	\$8,979	\$6,094,500	\$6,576,533	4,959	\$1,326
4	\$96,978	\$394,883	\$10,530	\$5,479,000	\$5,981,391	5,816	\$1,028
5	\$56,127	\$428,560	\$11,428	\$4,644,000	\$5,140,115	6,312	\$814
6	\$80,004	\$439,898	\$11,731	\$5,360,500	\$5,892,133	6,479	\$909
7	\$79,212	\$485,592	\$12,949	\$5,676,000	\$6,253,753	7,152	\$874
8	\$76,496	\$529,657	\$14,124	\$5,928,500	\$6,548,777	7,801	\$839
9	\$75,025	\$572,839	\$15,276	\$6,207,500	\$6,870,639	8,437	\$814
10	\$73,893	\$615,341	\$35,861	\$6,490,500	\$7,215,596	9,063	\$796
First year cost, 7% discount rate							\$3,442
Annualized cost, 7% discount rate, 10 years							\$1,441

The Department decided not to pursue this alternative because a longer

reporting cycle would be inconsistent with the annual reporting cycles for

other workforce investment programs, and would provide less useful

information to the public. Transparency is vital to the success of Industry Programs. An annual reporting cycle would provide stakeholders with the uniform information necessary to evaluate the outcomes of this new initiative. Moreover, an annual reporting cycle would provide Industry Programs and SREs with valuable information that would enable them to assess the effectiveness of their programs and make improvements. The Department invites public comment on these estimates and whether other alternatives exist that would reduce the burden on small entities while still remaining consistent with the objectives of the proposed rule.

### C. Paperwork Reduction Act

The Paperwork Reduction Act (PRA), 44 U.S.C. 3501 *et seq.*, provides that a Federal agency generally cannot conduct or sponsor a collection of information, and the public is generally not required to respond to an information collection, unless it is approved by OMB under the PRA and displays a currently-valid OMB Control Number. In addition, notwithstanding any other provisions of law, no person shall generally be subject to penalty for failing to comply with a collection of information that does not display a valid Control Number. *See* 5 CFR 1320.5 and 1320.6(a).

As explained in the Background section, above, the Department submitted an information collection request to obtain OMB approval for the information collections foreshadowed by the TEN. The Department will use that form as a mechanism to enable entities to seek a favorable determination about whether the information provided is consistent with the criteria outlined in the TEN.

Concurrent with the publication of this proposed rule, the Department has submitted a second ICR to request OMB approval for the information collections in this proposed rule and its associated application (the application). The application associated with this rule is consistent with the form used for the TEN. Information collections subject to OMB approval under the PRA in this proposed rule can be found in §§ 29.21(a), 29.21(c)(2), 29.22(a)(1), 29.22(a)(2), 29.22(a)(4)(vii), 29.22(a)(4)(ix), 29.22(b), 29.22(c), and 29.22(j), and additional information about each of the requirements may be found in relevant portions of the Section-by-Section discussed earlier in this preamble.

Prior to final adoption, the Department provides members of the public an opportunity to comment on

proposed information collections. In addition to filing comments on any aspect of this rule, the interested parties may also file comments on the information collections contained in or supporting this proposed rule. The Department and OMB are particularly interested in comments that:

- Evaluate whether the proposed collection of information is necessary for the proper performance of the functions of the agency, including whether the information will have practical utility;
- Evaluate the accuracy of the agency's estimate of the burden of the proposed collection of information, including the validity of the methodology and assumptions used;
- Enhance the quality, utility, and clarity of the information to be collected; and
- Minimize the burden of the collection of information on those who are to respond, including through the use of appropriate automated, electronic, mechanical, or other technological collection techniques or other forms of information technology, *e.g.*, permitting electronic submission of responses.

The information collection is summarized as follows:

*Agency:* DOL-ETA.

*Title of Collection:* Industry-Recognized Apprenticeship Program Standards Recognition Entity Regulation and Application Form.

*OMB ICR Reference Number:* 201905-1205-007.

*Affected Public:* State and Local Governments; Private Sector—businesses or other for-profits and not-for-profit institutions.

*Total Estimated Number of Respondents:* 3,794.

*Total Estimated Number of Responses:* 6,795.

*Total Estimated Annual Time Burden:* 41,592 hours.

*Total Estimated Annual Other Costs Burden:* \$0.

### D. Executive Order 13132: Federalism

This NPRM, if finalized, does not have federalism implications because it does not have substantial direct effects on the States, on the relationship between the national government and the States, or on the distribution of power and responsibilities among the various levels of government. Accordingly, E.O. 13132, Federalism, requires no further agency action or analysis.

### E. Unfunded Mandates Reform Act of 1995

Title II of the Unfunded Mandates Reform Act of 1995 (UMRA), *see* 2

U.S.C. 1532, requires each Federal agency to prepare a written statement assessing the effects of any Federal mandate in a proposed agency rule that may result in \$100 million or more in expenditures (adjusted annually for inflation) in any one year by State, local, and tribal governments, in the aggregate, or by the private sector.

This NPRM, if finalized, does not exceed the \$100 million expenditure in any 1 year when adjusted for inflation, and this rulemaking does not contain such a mandate. The requirements of Title II of the Act, therefore, do not apply, and the Department has not prepared a statement under the Act.

### F. Executive Order 13175 (Indian Tribal Governments)

The Department has reviewed this proposed rule in accordance with E.O. 13175 and has determined that it does not have tribal implications. The proposed rule does not have substantial direct effects on one or more Indian tribes, on the relationship between the Federal government and Indian tribes, or on the distribution of power and responsibilities between the Federal government and Indian tribes.

### List of Subjects in 29 CFR Part 29

Apprenticeship programs, Apprenticeship agreements and complaints, Apprenticeship criteria, Program standards, Registration and deregistration, Sponsor eligibility, State Apprenticeship Agency recognition and deregistration.

For the reasons stated in the preamble, the Department proposes to amend 29 CFR part 29 as follows:

### PART 29—LABOR STANDARDS FOR THE REGISTRATION OF APPRENTICESHIP PROGRAMS; STANDARDS RECOGNITION ENTITIES OF INDUSTRY-RECOGNIZED APPRENTICESHIP PROGRAMS

- 1. The authority part 29 continues to read as follows:

**Authority:** Section 1, 50 Stat. 664, as amended (29 U.S.C. 50; 40 U.S.C. 276c; 5 U.S.C. 301) Reorganization Plan No. 14 of 1950, 64 Stat. 1267 (5 U.S.C. App. P. 534).

#### §§ 29.1 through 29.14 [Designated as Subpart A]

- 2. Designate §§ 29.1 through 29.14 as Subpart A and add a subpart heading to read as follows:

#### Subpart A—Registered Apprenticeship Programs

- 3. Amend § 29.1 by revising paragraph (b) to read as follows:

**§ 29.1 Purpose and scope for the Registered Apprenticeship Program.**

\* \* \* \* \*

(b) The purpose of this subpart is to set forth labor standards to safeguard the welfare of apprentices, promote apprenticeship opportunity, and to extend the application of such standards by prescribing policies and procedures concerning the registration, for certain Federal purposes, of acceptable apprenticeship programs with the U.S. Department of Labor, Employment and Training Administration, Office of Apprenticeship. These labor standards, policies and procedures cover the registration, cancellation and deregistration of apprenticeship programs and of apprenticeship agreements; the recognition of a State agency as an authorized agency for registering apprenticeship programs for certain Federal purposes; and matters relating thereto.

■ 4. Amend § 29.2 by adding introductory text and revising the definitions of “Apprenticeship program,” “Registration agency,” and “Technical assistance” to read as follows:

**§ 29.2 Definitions**

For the purpose of this subpart:

\* \* \* \* \*

*Apprenticeship program* means a plan containing all terms and conditions for the qualification, recruitment, selection, employment and training of apprentices, as required under 29 CFR part 29 subpart A, and part 30, including such matters as the requirement for a written apprenticeship agreement.

\* \* \* \* \*

*Registration agency* means the Office of Apprenticeship or a recognized State Apprenticeship Agency that has responsibility for registering apprenticeship programs and apprentices; providing technical assistance; conducting reviews for compliance with 29 CFR part 29 subpart A, and part 30 and quality assurance assessments.

\* \* \* \* \*

*Technical assistance* means guidance provided by Registration Agency staff in the development, revision, amendment, or processing of a potential or current program sponsor’s Standards of Apprenticeship, Apprenticeship Agreements, or advice or consultation with a program sponsor to further compliance with this subpart or guidance from the Office of Apprenticeship to a State Apprenticeship Agency on how to

remedy nonconformity with this subpart.

\* \* \* \* \*

■ 5. Amend § 29.3 by revising paragraph (b)(1), paragraph (g) introductory text, and paragraph (h) to read as follows:

**§ 29.3 Eligibility and procedure for registration of an apprenticeship program**

\* \* \* \* \*

(b) \* \* \*

(1) It is in conformity with the requirements of this subpart and the training is in an apprenticeable occupation having the characteristics set forth in § 29.4; and

\* \* \* \* \*

(g) Applications for new programs that the Registration Agency determines meet the required standards for program registration must be given provisional approval for a period of 1 year. The Registration Agency must review all new programs for quality and for conformity with the requirements of this subpart at the end of the first year after registration. At that time:

\* \* \* \* \*

(h) The Registration Agency must review all programs for quality and for conformity with the requirements of this subpart at the end of the first full training cycle. A satisfactory review of a provisionally approved program will result in conversion of provisional approval to permanent registration. Subsequent reviews must be conducted no less frequently than every five years. Programs not in operation or not conforming to the regulations must be recommended for deregistration procedures.

\* \* \* \* \*

■ 6. Amend § 29.6 by revising paragraph (b)(2) to read as follows:

**§ 29.6 Program performance standards.**

\* \* \* \* \*

(b) \* \* \*

(2) Any additional tools and factors used by the Registration Agency in evaluating program performance must adhere to the goals and policies of the Department articulated in this subpart and in guidance issued by the Office of Apprenticeship.

\* \* \* \* \*

■ 7. Amend § 29.10 by revising paragraph (a)(2) to read as follows:

**§ 29.10 Hearings for deregistration.**

(a) \* \* \*

(2) A statement of the provisions of this subpart pursuant to which the hearing is to be held; and

\* \* \* \* \*

■ 8. Amend § 29.11 by revising the introductory text to read as follows:

**§ 29.11 Limitations.**

Nothing in this subpart or in any apprenticeship agreement will operate to invalidate:

\* \* \* \* \*

■ 9. Amend § 29.13 by revising paragraphs (a)(1), (b)(1), (c), paragraph (e) introductory text, and paragraph (e)(4) to read as follows:

**§ 29.13 Recognition of State Apprenticeship Agencies.**

(a) \* \* \*

(1) The State Apprenticeship Agency must submit a State apprenticeship law, whether instituted through statute, Executive Order, regulation, or other means, that conforms to the requirements of 29 CFR part 29 subpart A, and part 30;

\* \* \* \* \*

(b) \* \* \*

(1) Establish and maintain an administrative entity (the State Apprenticeship Agency) that is capable of performing the functions of a Registration Agency under 29 CFR part 29 subpart A;

\* \* \* \* \*

(c) Application for recognition. A State Apprenticeship Agency desiring new or continued recognition as a Registration Agency must submit to the Administrator of the Office of Apprenticeship the documentation specified in paragraph (a) of this section. A currently recognized State desiring continued recognition by the Office of Apprenticeship must submit to the Administrator of the Office of Apprenticeship the documentation specified in paragraph (a) of this section within 2 years of the effective date of the final rule. The recognition of a currently recognized State shall continue for up to 2 years from the effective date of this regulation and during any extension period granted by the Administrator. An extension of time within which to comply with the requirements of this subpart may be granted by the Administrator for good cause upon written request by the State, but the Administrator shall not extend the time for submission of the documentation required by paragraph (a) of this section. Upon approval of the State Apprenticeship Agency’s application for recognition and any subsequent modifications to this application as required under paragraph (b)(9) of this section, the Administrator shall so notify the State Apprenticeship Agency in writing.

\* \* \* \* \*

(e) *Compliance.* The Office of Apprenticeship will monitor a State Registration Agency for compliance

with the recognition requirements of this subpart through:

\* \* \* \* \*

(4) Determination whether, based on the review performed under paragraphs (e)(1), (2), and (3) of this section, the State Registration Agency is in compliance with part 29 subpart A. Notice to the State Registration Agency of the determination will be given within 45 days of receipt of proposed modifications to legislation, regulations, policies, and/or operational procedures required to be submitted under paragraphs (a)(1), (a)(5) and (b)(9) of this section.

\* \* \* \* \*

■ 10. Amend § 29.14 by revising the introductory text and paragraphs (e)(1) and (i) to read as follows:

**§ 29.14 Derecognition of State Apprenticeship Agencies.**

The recognition for Federal purposes of a State Apprenticeship Agency may be withdrawn for the failure to fulfill, or operate in conformity with, the requirements of part 29 subpart A, and part 30. Derecognition proceedings for reasonable cause will be instituted in accordance with the following:

\* \* \* \* \*

(e) \* \* \*

(1) The Office of Apprenticeship may grant the request for registration on an interim basis. Continued recognition will be contingent upon its finding that the State apprenticeship program is operating in accordance with the requirements of this subpart and of 29 CFR part 30.

\* \* \* \* \*

(i) A State Apprenticeship Agency whose recognition has been withdrawn under this subpart may have its recognition reinstated upon presentation of adequate evidence that it has fulfilled the requirements established in §§ 29.13(i) and 29.14(g) and (h) and is operating in conformity with the requirements of this subpart.

\* \* \* \* \*

■ 11. Add subpart B to read as follows:

**Subpart B—Standards Recognition Entities of Industry-Recognized Apprenticeship Programs**

Sec.

29.20 Standards Recognition Entities, Industry Programs, Administrator, Apprentices.

29.21 Becoming a Standards Recognition Entity.

29.22 Responsibilities and Requirements of Standards Recognition Entities.

29.23 Quality Assurance.

29.24 Publication of Standards Recognition Entities and Industry Programs.

29.25 Expedited Process for Recognizing Industry Programs as Registered Apprenticeship Programs.

29.26 Complaints against Standards Recognition Entities.

29.27 Review of a Standards Recognition Entity.

29.28 Suspension and Derecognition of a Standards Recognition Entity.

29.29 Derecognition's Effect on Industry Programs.

29.30 Requests for Administrative Review.

29.31 Scope and Deconfliction between Apprenticeship Programs under Subpart A of This Part and This Subpart B.

Appendix A to Subpart B—Industry-Recognized Apprenticeship Program Standards Recognition Entity Application Form

**§ 29.20 Standards Recognition Entities, Industry Programs, Administrator, and Apprentices.**

For the purpose of this subpart, which establishes a new apprenticeship pathway distinct from the registered apprenticeship programs described in subpart A of this part:

(a) A Standards Recognition Entity of Industry-Recognized Apprenticeship Programs is an entity that is qualified to recognize apprenticeship programs as Industry-Recognized Apprenticeship Programs under § 29.21 and that has been recognized by the Department of Labor.

(1) Types of entities that can become Standards Recognition Entities include:

(i) Trade, industry, and employer groups or associations;

(ii) Educational institutions, such as universities or community colleges;

(iii) State and local government agencies or entities;

(iv) Non-profit organizations;

(v) Unions;

(vi) Joint labor-management organizations; or

(vii) A consortium or partnership of entities such as those above.

(b) Industry-Recognized Apprenticeship Programs ("Industry Programs") are high-quality apprenticeship programs, wherein an individual obtains workplace-relevant knowledge and progressively advancing skills, that include a paid-work component and an educational or instructional component, and that result in an industry-recognized credential. An Industry Program is developed or delivered by entities such as trade and industry groups, companies, non-profit organizations, educational institutions, unions, and joint labor-management organizations. An Industry Program is one that has been recognized as a high-quality program by a Standards Recognition Entity pursuant to § 29.22(a)(4)(i)–(ix).

(c) The Administrator is the Administrator of the Department of

Labor's Office of Apprenticeship, or any person specifically designated by the Administrator.

(d) An apprentice is an individual participating in an Industry Program.

**§ 29.21 Becoming a Standards Recognition Entity.**

(a) To apply to be a Standards Recognition Entity, an entity (or consortium or partnership of entities) must complete and submit an application to the Administrator for recognition as an Industry-Recognized Apprenticeship Program Standards Recognition Entity.

(b) An entity is qualified to be a Standards Recognition Entity if it demonstrates in its application that:

(1) It has the expertise to set standards, through a consensus-based process involving industry experts, for the requisite training, structure, and curricula for apprenticeship programs in the industry(ies) or occupational area(s) in which it seeks to be a Standards Recognition Entity.

(i) The requirements in § 29.21(b)(1) may be met through an SRE's past or current standard-setting activities and need only engender new activity if necessary to comply with this rule.

(ii) [Reserved]

(2) It has the capacity and quality assurance processes and procedures sufficient to comply with § 29.22(a)(4), given the scope of the Industry Programs to be recognized.

(3) It meets the other requirements of this subpart.

(c) The Administrator will recognize an entity as a Standards Recognition Entity if it is qualified under paragraph (b) of this section.

(1) A Standards Recognition Entity will be recognized for 5 years, and must reapply on or before the date of expiration if it seeks re-recognition.

(2) A Standards Recognition Entity must notify the Administrator and provide all related material information if:

(i) It makes a substantive change to its recognition processes, or any major change that could affect the operations of the program, such as involvement in lawsuits that materially affect the Standards Recognition Entity, changes in legal status, or any other change that materially affects the Standards Recognition Entity's ability to function in its recognition capacity; or

(ii) It seeks to recognize apprenticeship programs in additional industries or occupational areas.

(iii) Notice must be provided within 30 days of the circumstances described in paragraphs (2)(i)–(ii) of this section. In light of the information received, the



Administrator will evaluate whether the Standards Recognition Entity remains qualified for recognition under paragraph (b), including its qualification to recognize programs in the new industries or occupational areas identified under paragraph (c)(2)(ii) of this section.

(d) *Requirements for denials of recognition.* (1) A denial of recognition must be in writing and must state the reason(s) for denial. The notice must specify the remedies that must be undertaken prior to consideration of a resubmitted application.

(2) Notice must be sent by certified mail, return receipt requested, and must state that a request for administrative review may be made within 30 calendar days of receipt of the notice.

(3) The notice must explain that a request for administrative review must be made by mail and addressed to the Chief Administrative Law Judge for the Department. The mailing address is Office of Administrative Law Judges, U.S. Department of Labor, Suite 400 North, 800 K Street NW, Washington, DC 20001-8002.

#### **§ 29.22 Responsibilities and Requirements of Standards Recognition Entities.**

(a) A Standards Recognition Entity must:

(1) Recognize or reject an apprenticeship program seeking recognition in a timely manner;

(2) Inform the Administrator within 30 days when it has recognized or terminated the recognition of an Industry Program, and include the name of the program;

(3) Provide the Administrator any data or information the Administrator is expressly authorized to collect under this subpart; and

(4) Only recognize and maintain the recognition of Industry Programs that meet the following requirements:

(i) The Industry Program must train apprentices for employment in jobs that require specialized knowledge and experience and involve the performance of complex tasks.

(ii) The Industry Program has structured work experiences, and appropriate classroom or related instruction adequate to help apprentices achieve proficiency and earn credential(s); involves an employment relationship; and provides apprentices progressively advancing industry-essential skills.

(iii) The Industry Program ensures that, where appropriate, apprentices receive credit for prior knowledge and experience relevant to the instruction of the Industry Program.

(iv) The Industry Program provides apprentices industry-recognized

credential(s) during participation in or upon completion of the Industry Program.

(v) The Industry Program provides a safe working environment for apprentices that adheres to all applicable Federal, State, and local safety laws and regulations.

(vi) The Industry Program provides apprentices structured mentorship opportunities to ensure apprentices have additional guidance on the progress of their training and their employability.

(vii) The Industry Program ensures apprentices are paid at least the applicable Federal, State, or local minimum wage. The Industry Program must provide a written notice to apprentices of what wages apprentices will receive and under what circumstances apprentices' wages will increase.

(viii) The Industry Program affirms its adherence to all applicable Federal, State, and local laws pertaining to Equal Employment Opportunity (EEO).

(ix) The Industry Program discloses, prior to when apprentices agree to participate in the program, any ancillary costs or expenses that will be charged to apprentices (such as costs related to tools or educational materials).

(b) A Standards Recognition Entity must validate its Industry Programs' compliance with paragraph (a)(4) of this section when it provides the Administrator with notice of recognition under paragraph (a)(2) of this section.

(c) A Standards Recognition Entity must disclose the credential(s) that apprentices will earn during their successful participation in or upon completion of an Industry Program.

(d) A Standards Recognition Entity's policy and procedures for recognizing Industry Programs must be sufficiently detailed that programs will be assured of equitable treatment, and will be evaluated based on their merits. A Standards Recognition Entity must ensure that its decisions are based on objective criteria, and are impartial and confidential.

(e) An entity recognized as a Standards Recognition Entity must either not recognize its own apprenticeship program(s), or it must provide for impartiality, and mitigate any potential conflicts of interest, via specific policies, processes, procedures, and/or structures, which must be described in detail in the Standards Recognition Entity application.

(f) A Standards Recognition Entity must either not offer services, including consultative services, to Industry Programs that would impact the impartiality of the Standards

Recognition Entity's recognition decisions, or it must provide for impartiality, and mitigate any potential conflicts of interest, via specific policies, processes, procedures, and/or structures, which must be described in detail in the Standards Recognition Entity application.

(g) The recognition of an Industry Program may last no longer than 5 years. A Standards Recognition Entity may not re-recognize an Industry Program without the Industry Program seeking re-recognition.

(h) A Standards Recognition Entity must remain in an ongoing quality-control relationship with the Industry Programs it has recognized. The specific means and nature of the relationship between the Industry Program and Standards Recognition Entity will be defined by the Standards Recognition Entity, provided the relationship:

(1) Does in fact result in reasonable and effective quality control that includes, as appropriate, consideration of apprentices' credential attainment, program completion, and job placement rates;

(2) Does not place barriers on the Industry Program receiving recognition from another Standards Recognition Entity; and

(3) Does not conflict with this subpart or violate any applicable Federal, State, or local law.

(i) Participating as a Standards Recognition Entity under this subpart does not make the Standards Recognition Entity a joint employer with entities that develop or deliver Industry Programs.

(j) Each year, a Standards Recognition Entity must make publicly available the following information on each Industry Program it recognizes:

(1) Up-to-date contact information for each program;

(2) The total number of apprentices annually enrolled in each program;

(3) The total number of apprentices who successfully completed the program annually;

(4) The annual completion rate for apprentices;

(5) The median length of time for program completion; and

(6) The post-apprenticeship employment rate of apprentices at completion.

(k) A Standards Recognition Entity must have policies and procedures that require Industry Programs' adherence to applicable Federal, State, and local laws pertaining to Equal Employment Opportunity, and must facilitate such adherence through the Standard Recognition Entity's policies and procedures regarding potential

harassment, intimidation, and retaliation (such as the provision of anti-harassment training, and a process for handling equal employment opportunity and harassment complaints from apprentices); must have policies and procedures that reflect comprehensive outreach strategies to reach diverse populations that may participate in Industry Programs; and must assign responsibility to an individual to assist Industry Programs with matters relating to this paragraph.

#### **§ 29.23 Quality Assurance.**

(a) The Administrator may request and review materials from Standards Recognition Entities to ascertain Standards Recognition Entities' conformity with the requirements of this subpart.

(b) Standards Recognition Entities should provide requested materials, consistent with § 29.22(a)(3).

#### **§ 29.24 Publication of Standards Recognition Entities and Industry Programs.**

The Administrator will make publicly available a list of Standards Recognition Entities and the Industry Programs they recognize.

#### **§ 29.25 Expedited Process for Recognizing Industry Programs as Registered Apprenticeship Programs.**

(a) An Industry Program may become a registered apprenticeship program by providing any program information the Administrator finds necessary to determine that the Industry Program also fully meets the requirements of part 29 subpart A, and part 30, of this title.

(b) The Administrator may request additional information necessary to determine if the Industry Program meets those requirements.

(c) The Administrator will make a decision within 60 days of receiving all necessary information.

#### **§ 29.26 Complaints against Standards Recognition Entities.**

(a) A complaint arising from a Standards Recognition Entity's compliance with this subpart may be submitted by an apprentice, the apprentice's authorized representative, a personnel certification body, an employer, a Registered Program representative, or an Industry Program to the Administrator for review.

(b) The complaint must be in writing and must be submitted within 60 days of the circumstances giving rise to the complaint. It must set forth the specific matter(s) complained of, together with relevant facts and circumstances. Copies of pertinent documents and

correspondence must accompany the complaint.

(c) Complaints under this section are addressed exclusively through the review process outlined in § 29.27.

(d) Nothing in this section precludes a complainant from pursuing any remedy authorized under Federal, State, or local law.

#### **§ 29.27 Review of a Standards Recognition Entity.**

(a) The Administrator may initiate review of a Standards Recognition Entity if it receives information indicating that:

(1) The Standards Recognition Entity is not in substantial compliance with this subpart; or

(2) The Standards Recognition Entity is no longer capable of continuing as a Standards Recognition Entity.

(b) Before reaching a decision concerning its review, the Administrator will provide the Standards Recognition Entity written notice of the review, by certified mail with return receipt requested, and an opportunity to provide information for the review. Such notice must include a statement of the basis for review, including potential areas of substantial noncompliance and a detailed description of the information supporting review under paragraphs (a)(1) or (a)(2) of this section, or both.

(c) Upon conclusion of the Administrator's review, the Administrator will give written notice to the Standards Recognition Entity of its decision to either take no action against the Standards Recognition Entity, or to suspend the Standards Recognition Entity as provided under § 29.28.

#### **§ 29.28 Suspension and Derecognition of a Standards Recognition Entity.**

The Administrator may suspend a Standards Recognition Entity for 45 calendar days based on the Administrator's review and determination that any of the situations described in § 29.27(a)(1) or (a)(2) exist.

(a) The Administrator must provide notice in accord with § 29.21(d)(2)–(3), but stating that a request for administrative review may be made within 45 calendar days of receipt of the notice.

(b) The notice must set forth an explanation of the Administrator's decision, including identified areas of substantial noncompliance and necessary remedial actions, and must explain that the Administrator will derecognize the Standards Recognition Entity in 45 calendar days unless remedial action is taken or a request for administrative review is made.

(c) If, within the 45-day period, the Standards Recognition Entity:

(1) Specifies its proposed remedial actions and commits itself to remedying the identified areas of substantial noncompliance, the Administrator will extend the 45-day period to allow a reasonable time for the Standards Recognition Entity to implement remedial actions.

(i) If the Administrator subsequently determines that the Standards Recognition Entity has remedied the identified areas of substantial noncompliance, the Administrator must notify the Standards Recognition Entity, and the suspension will end.

(ii) If the Administrator subsequently determines that the Standards Recognition Entity has not remedied the identified areas of substantial noncompliance, after the close of the 45-day period and any extensions previously allowed by the Administrator the Administrator will derecognize the Standards Recognition Entity and must notify the Standards Recognition Entity in writing and specify the reasons for its determination. Notice must comply with § 29.21(d)(2)–(3).

(2) Makes a request for administrative review, then the Administrator shall refer the matter to the Office of Administrative Law Judges to be addressed in accord with § 29.30.

(3) Does not act under paragraphs (c)(1) or (c)(2) of this section, the Administrator will derecognize the Standards Recognition Entity.

(d) During the suspension:

(1) The Standards Recognition Entity is barred from recognizing new programs.

(2) The Administrator will publish the Standards Recognition Entity's suspension on the public list described in § 29.24.

#### **§ 29.29 Derecognition's Effect on Industry Programs.**

(a) Following its Standards Recognition Entity's derecognition, an Industry Program will maintain its status until 1 year after the Administrator's decision derecognizing the Industry Program's Standards Recognition Entity becomes final, including any appeals. At the end of 1 year, the Industry Program will lose its status unless it is already recognized by another Standards Recognition Entity recognized under this subpart.

(b) Losing Industry Program status has no effect on an apprenticeship program's registration under subpart A.

#### **§ 29.30 Requests for Administrative Review.**

(a) Within 30 calendar days of the filing of a request for administrative

review, the Administrator must prepare an administrative record for submission to the Administrative Law Judge designated by the Chief Administrative Law Judge.

(b) The procedures contained in 29 CFR part 18 will apply to the disposition of the request for review except that:

(1) The Administrative Law Judge will receive, and make part of the record, documentary evidence offered by any party and accepted at the hearing. Copies thereof will be made available by the party submitting the documentary evidence to any party to the hearing upon request.

(2) Technical rules of evidence will not apply to hearings conducted under this subpart, but rules or principles designed to assure production of the most credible evidence available and to subject testimony to test by cross-examination will be applied, where reasonably necessary, by the Administrative Law Judge conducting the hearing. The Administrative Law Judge may exclude irrelevant, immaterial, or unduly repetitious evidence.

(c) The Administrative Law Judge should submit proposed findings, a recommended decision, and a certified record of the proceedings to the Administrative Review Board, Standards Recognition Entity, and Administrator within 90 calendar days after the close of the record.

(d) Within 20 days of the receipt of the recommended decision, any party may file exceptions. Any party may file a response to the exceptions filed by another party within 10 days of receipt of the exceptions. All exceptions and responses must be filed with the Administrative Review Board with copies served on all parties and amici curiae.

(e) After the close of the period for filing exceptions and responses, the Administrative Review Board may issue a briefing schedule or may decide the matter on the record before it. The Administrative Review Board must decide any case it accepts for review within 180 days of the close of the record. If not so decided, the Administrative Law Judge's decision constitutes final agency action. The

decision of the Administrative Review Board constitutes final agency action by the Department.

**§ 29.31 Scope and Deconfliction between Apprenticeship Programs under Subpart A of This Part and This Subpart B**

(a) The Department will only recognize Standards Recognition Entities that seek to recognize Industry Programs in sectors without significant registered apprenticeship opportunities.

(b) For purposes of this section, a sector with significant registered apprenticeship opportunities is one that has had more than 25% of all federal registered apprentices per year on average over the prior 5-year period, or that has had more than 100,000 federal registered apprentices per year on average over the prior 5-year period, or both, as reported through the prior fiscal year by the Office of Apprenticeship.

**APPENDIX A TO SUBPART B—  
INDUSTRY-RECOGNIZED  
APPRENTICESHIP PROGRAM  
STANDARDS RECOGNITION ENTITY  
APPLICATION FORM**

BILLING CODE 4510-FR-P

**Industry-Recognized Apprenticeship Program  
Standards Recognition Entity Application Form**

**U.S. Department of Labor**  
Office of Apprenticeship  
Employment and Training Administration  
OMB No. 1205-XXXX  
Expires XX/XX/XXXX

**Who should use this form?**

Consistent with 29 CFR 29 subpart B, prospective Standards Recognition Entities (SREs) that intend to recognize the high quality of eligible industry-recognized apprenticeship programs (Industry-Recognized Apprenticeship Programs, or programs) developed by, or on behalf of, sponsoring employers or other organizations may submit the information requested in this form to the U.S. Department of Labor (Department or DOL). Types of entities eligible to become SREs include but are not limited to trade, industry, and employer groups or associations, companies, certification and accreditation bodies, educational institutions (such as universities or community colleges), state and local government agencies or entities, non-profit organizations, unions, joint labor-management organizations, or consortia or partnerships of entities such as those listed above. The Department will not accept applications from entities seeking to recognize apprenticeship programs in the construction industry or in the U.S. Military.<sup>1</sup> Based upon the information submitted, the Department will determine whether the applicant is qualified to act as an SRE of Industry-Recognized Apprenticeship Programs.

**How should the form be submitted?**

The form must be submitted electronically using the online application system at [www.apprenticeship.gov](http://www.apprenticeship.gov).

**When should this form be submitted?**

An entity must file this form when it first seeks recognition from the Department that it is qualified to act as an SRE of Industry-Recognized Apprenticeship Programs. If the Department recognizes the SRE, the SRE must request updated recognition from the Department using this form upon the earlier of: (1) making a substantive change to its recognition processes or seeking to recognize programs in additional industry(ies) or occupational areas, or (2) within five years of its most recent favorable recognition.

**Section I – Standards Recognition Entity Identifying Information**

<b>Employer Identification Number of Standards Recognition Entity</b>		<b>Website</b>
<b>Name of Standards Recognition Entity</b>		
<b>Address</b>		
<b>City</b>	<b>State</b>	<b>Zip Code</b>
<b>Contact Person</b>	<b>E-Mail Address</b>	<b>Telephone Number</b>
<b>Related Bodies</b> (foundations, affiliates, parent/subordinate organizations): _____ Please list any confirmed or potential partners who will be engaged in your recognition activities and describe their roles: _____		
<b>Attachment 1:</b> Documentation of organization's legal status. (Examples of acceptable documents: Articles of Incorporation, SEC filings, Tax ID)		
<b>Scope of Apprenticeship Program(s):</b> Please list the industries, occupations, and all credentials relating to programs your organization is seeking to recognize: Please affirm that your organization will not recognize programs in the construction industry or in the U.S. Military: <input type="checkbox"/> Yes <input type="checkbox"/> No		
Does your organization sell, offer, or provide or plan to sell, offer, or provide off-the-shelf or custom apprenticeship programs or elements of apprenticeship programs (e.g., training plans, mentoring programs)? <input type="checkbox"/> Yes <input type="checkbox"/> No		
Where do you plan to recognize programs? <input type="checkbox"/> National—in all 50 U.S. states and territories <input type="checkbox"/> Regional—in at least three U.S. states/territories that are adjacent to each other <input type="checkbox"/> State—in multiple non-adjacent U.S. states/territories or a single state <input type="checkbox"/> Local—in multiple or single municipalities only <input type="checkbox"/> Other (please specify)		

<sup>1</sup> An apprenticeship program is in the construction industry if it equips apprentices to provide labor whereby materials and constituent parts may be combined on a building site to form, make, or build a structure. *See Union Asphalts & Roadoils, Inc. v. MO-KAN Teamsters Pension Fund*, 857 F.2d 1230 (8th Cir. 1988). An apprenticeship program is in the U.S. Military if it provides a credential to members of the U.S. Military based on their military training and experience.

**Industry-Recognized Apprenticeship Program  
Standards Recognition Entity Application Form**

**U.S. Department of Labor**  
Office of Apprenticeship  
Employment and Training Administration  
OMB No. 1205-XXXX  
Expires XX/XX/XXXX

**Section II – Capabilities and Experience of the Standards Recognition Entity**
**A. Organization Operational Information:** Please summarize your organization's operations, covering all of the following elements:

- Your organizational structure (ATTACHMENT REQUIRED – ORG CHART), including if appropriate given your operations:
  - Lines of authority and responsibility of those associated with apprenticeship programs and any credentials your organization offers
  - Depiction of separation between the individuals who create or design your organization's apprenticeship program(s), if any, and the individuals who would assess such program(s) and make recognition decision(s)
- **CONDITIONAL QUESTION:** If your organization also sells or otherwise offers off-the-shelf or custom apprenticeship programs, program elements (e.g., training plans), and/or services, describe in detail any organization structures or reporting relationships that separate or otherwise ensure your organization's objectivity concerning the programs/elements/services it offers and the programs it recognizes and monitors.
- How your organization has acquired, or has developed plans to acquire, the financial resources to function as an SRE for the next five years (ATTACHMENT REQUIRED – FINANCIAL STATEMENT).

**B. Organizational Qualifications:** Please describe your organization's qualifications, experience, capability, and validity in performing as a Standards Recognition Entity, covering all of the following elements:

- Your organization's qualifications (in detail) to serve as a Standards Recognition Entity of high-quality Industry-Recognized Apprenticeship Programs, and to evaluate the training, structure, and curricula for Industry-Recognized Apprenticeship Programs in a given industry sector or occupational cluster.
- How your organization has the standing to serve as a Standards Recognition Entity of Industry-Recognized Apprenticeship Programs offering apprenticeships by industry or occupation. As part of your response, you should explain your organization's capability for obtaining substantial, broad-based input, support, and consensus from industry experts concerning the standards your organization will set.
- Your organization's experience, if any, conducting recognition or certification activities of similar work-based learning, training, and/or credentialing programs.
- The names and qualifications/competencies of the individuals who will be directly involved in the recognition process for programs your organization will recognize and monitor.

**Section III – Evaluating and Monitoring Elements of a High Quality Apprenticeship Program**

Please describe your organization's specific policies and procedures for evaluating and monitoring high-quality Industry-Recognized Apprenticeship Programs so that the programs it recognizes and monitors have documented and verifiable evidence of all elements of a high-quality apprenticeship program.

**A. Paid Work Component:** Please describe your organization's specific policies and procedures for evaluating and monitoring each program's Paid Work Component, specifically that each program:

- Has evidence that apprentices will be paid at least the minimum wage (according to Federal, state, and local requirements) as part of their employment.
- Has defined circumstances under which the wages of its apprentices will increase; will provide written notice to apprentices of those circumstances, and of their wages; and will disclose, before apprentices agree to participate in the program, any ancillary costs or expenses they would be charged.

**B. On-the-Job Instruction/Work Experience:** Please describe your organization's specific policies and procedures for evaluating and monitoring each program's On-the-Job Instruction/Work Experience, specifically that each program:

- Has documented and structured work experiences for apprentices.
- Will provide structured mentorship opportunities for apprentices.

**C. Classroom Instruction, Educational Partners, and Educational Credentials:** Please describe your organization's specific policies and procedures for evaluating and monitoring each program's classroom or related instruction—including apprentices' receipt of credit for prior knowledge and experience relevant to instruction, where appropriate—and educational partners and educational credentials if any, specifically so that each program:

- Will provide or arrange for appropriate classroom or related instruction that helps apprentices gain occupational proficiency and earn occupational certifications, college credit, and/or other credentials. If the Industry-Recognized Apprenticeship Program will not provide such instruction directly, that program must identify potential educational partners, such as a vendor, community college, occupational school, or any other entities qualified to provide the instruction and ensure it is integrated with work experience, and must provide the following information about each of those entities:
  - Potential educational partners for related instruction
  - Address(es) of potential educational partners
  - Type of instruction (college class, vocation education, online, etc.)
  - Point of contact(s) at the institution(s)
  - Credential or certification(s) gained at educational institution

Also summarize how your proposed evaluative processes support the development of appropriate instruction related to work experience.

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**D. Occupations and Occupational Credentials:** Please describe your organization's specific policies and procedures for evaluating and monitoring each program's occupations and occupational credentials, specifically that each program:

- Provides an industry-recognized credential to apprentices during their successful participation in or upon completing the program.
- Has documented information about the credential(s) it offers in its program, including a description of generally-accepted credentials for the industry, the benefits that such credentials are expected to confer, and whether the program will lead to the receipt of one of those existing credentials or qualify apprentices to sit for a related exam.

In sectors where independent credentials exist and are not issued by a program, the program must identify the credential that will be offered, including the following:

- Occupation(s)
- O\*NET Code<sup>2</sup> for occupation(s)
- Name of credential(s)
- Organization issuing the credential(s)
- Average time required to obtain credential(s)

Please describe your organization's process for disclosing the credential(s) associated with any program that is recognized.

**E. Equal Employment Opportunity (EEO) Requirements:** Please describe your organization's specific policies and procedures for evaluating and monitoring each program given your own EEO policies and procedures, specifically that each program:

- Will affirm its adherence to all applicable Federal, state, and local laws pertaining to Equal Employment Opportunity.
- Will operate under your policies and procedures, as applicable, regarding potential harassment, intimidation, and retaliation.
- Will operate under your policies and procedures, as applicable, that reflect your comprehensive outreach strategies to reach diverse populations.

In addition, please explain your approach for assigning responsibility to an individual to assist programs with EEO requirements.

**Section IV – Policies and Procedures**

**A. General Recognition Processes:** Please describe your organization's proposed general processes, policies, and procedures for recognizing and monitoring high-quality Industry-Recognized Apprenticeship Programs, covering all of the following elements:

- Your organization's proposed processes for recognition of high-quality Industry-Recognized Apprenticeship Programs, and removal of such recognition, in their industries or occupational clusters, and for notifying the Department of such decisions.
- The different types of recognition status (e.g. probationary, preliminary, etc.).
- The recognition cycle and the rationale/evidence used to determine the length of cycle.
- How your organization's proposed recognition process will result in programs consistent with the competency-based standards your organization will set.
- How your organization will require the programs it recognizes to provide a safe working environment for apprentices that adheres to all applicable Federal, state, and local safety laws.
- ATTACHMENTS REQUIRED:
  - Copy of the application a program must submit to your organization for recognition, as well as any instructions.
  - Template of the certificate to be issued when recognition is awarded. Both of the following items must be included on the final certificate:
    - The effective date of the recognition decision
    - The length of the recognition
  - Copy (or template) of your organization's generic agreement with program(s). Agreement must include:
    - Commitment to fulfill the requirements of the recognition to be offered
    - Access to personnel, facilities, and documents as needed
    - Claim recognition(s) are only to the granted scope
    - Affirmation that your organization does not offer other services, including consultative services, that would affect the impartiality of the program(s) OR if your organization has offered other services to the program(s), affirmation that your organization has provided for impartiality and mitigated any potential conflicts of interest via specific policies, processes, procedures, and/or structures

<sup>2</sup> The O\*NET Program is the nation's primary source of occupational information. Valid data are essential to understanding the rapidly changing nature of work and how it impacts the workforce and U.S. economy. Applicants may find the O\*NET code for the occupations they plan to recognize at <https://www.onetonline.org/>.

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<p><b>B. Data and Records Collection, Management, and Retention:</b> Please summarize the approach, infrastructure, and systems your organization will maintain to collect data and report on required elements of your recognition program, covering all of the following elements:</p> <ul style="list-style-type: none"> <li>• Your process for providing documentation of a substantive change made to your organization's recognition processes, or of seeking to recognize programs in additional industry(ies) or occupational areas, or of any major change that could affect the operations of your recognition program, after DOL recognition has been granted. Note that this must be provided to the Department within 30 days of the change. (For example, notice should be provided of involvement in lawsuits that materially affect the Standards Recognition Entity, changes in legal status, or any other change that materially affects the Standards Recognition Entity's ability to function in its recognition capacity.)</li> <li>• Your process, systems, policies, and procedures for maintaining all records relating to the following for a term of five (5) years after the termination of a program:             <ul style="list-style-type: none"> <li>○ Personnel related to each program you recognize and monitor</li> <li>○ Subcontracting agreements</li> <li>○ Formal complaints and appeals (including those currently in the program's possession)</li> <li>○ Legal status</li> </ul> </li> <li>• Your policies and procedures for retaining and making available to the public up-to-date contact information for all Industry-Recognized Apprenticeship Programs your organization recognizes for the term of DOL's recognition.</li> </ul> <p>Please summarize the approach your organization will take to ensure that your organization will retain and make available to the public performance- and outcome-related metrics and data for each of the programs it recognizes. These performance- and outcome-related metrics should include the following and be reported each year:</p> <ul style="list-style-type: none"> <li>○ The total number of apprentices annually enrolled in each program;</li> <li>○ Total number of apprentices who successfully completed the program annually;</li> <li>○ The annual completion rate for apprentices;</li> <li>○ The median length of time for program completion; and,</li> <li>○ The post-apprenticeship employment rate of apprentices at completion.</li> </ul>	
<p><b>C. Standards Recognition Entity and Recognition Integrity:</b> Please describe the approach your organization will take to ensure transparency, accountability, impartiality, confidentiality, objectivity, and independence, covering all of the following elements:</p> <ul style="list-style-type: none"> <li>• The policies and procedures your organization will implement so that the Industry-Recognized Apprenticeship Programs it evaluates receive objective, impartial, confidential, and equitable treatment in decision-making, and will be evaluated on the merits of the program(s).</li> <li>• <b>CONDITIONAL QUESTION:</b> If your organization plans to develop and sell, offer, or provide off-the-shelf apprenticeship programs or program elements (e.g., training plans), please detail the policies and procedures your organization will implement so that its off-the-shelf programs or program elements are evaluated and monitored in an objective, impartial, and equitable manner as compared with programs and/or program elements developed by other vendors or by the program sponsor.</li> <li>• Your complaints and appeals process.</li> </ul> <p>Please describe how your organization maintains or will maintain high quality in its recognition processes and in the programs it recognizes, covering all of the following elements:</p> <ul style="list-style-type: none"> <li>• Your quality assurance process, specifically:             <ul style="list-style-type: none"> <li>○ Your assessment processes to ensure the competencies of programs are being achieved</li> <li>○ The monitoring process that will be implemented during the recognition cycles</li> </ul> </li> <li>• How and how often your organization trains and calibrates assessors to ensure there is consistency (inter-rater reliability) of recognition decisions from program to program.</li> <li>• How your organization validated your recognition standards with the industry, and how your organization assesses the evidence submitted by an apprenticeship program in determining whether it meets the requirements of the standards.</li> </ul>	
<b>Section V – Additional Representations of Program Quality by the Standards Recognition Entity</b>	
<p><b>A. Standards Recognition Entity Record Retention:</b> Please affirm that, if your organization receives recognition from the U.S. Department of Labor that it is qualified to act as a Standards Recognition Entity of Industry-Recognized Apprenticeship Programs, your organization will maintain all records relating to the following: personnel related to the program(s), subcontracting agreements, formal complaints and appeals (including those currently in its possession), and legal status, for a term of five (5) years after the termination of DOL's recognition period during which the records were created.</p> <p><input type="checkbox"/> Yes, I affirm  <input type="checkbox"/> No, I do not affirm</p>	
<p><b>B. Contact Information:</b> Please affirm that, if your organization receives recognition from the U.S. Department of Labor that it is qualified to act as a Standards Recognition Entity of Industry-Recognized Apprenticeship Programs, your organization will retain and make available to the public up-to-date contact information for all of the Industry-Recognized Apprenticeship Programs it recognizes for the term of DOL's recognition.</p> <p><input type="checkbox"/> Yes, I affirm  <input type="checkbox"/> No, I do not affirm</p>	
<p><b>C. Safe Workplaces:</b> Please affirm that, if your organization receives recognition from the U.S. Department of Labor that it is qualified to act as a Standards Recognition Entity of Industry-Recognized Apprenticeship Programs, your organization will ensure that each program provides a safe working environment for apprentices that adheres to all applicable Federal, state, and local safety laws.</p> <p><input type="checkbox"/> Yes, I affirm  <input type="checkbox"/> No, I do not affirm</p>	

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**D. Data and Performance Metrics:** Please affirm that, if your organization receives recognition from the U.S. Department of Labor that it is qualified to act as a Standards Recognition Entity of Industry-Recognized Apprenticeship Programs, your organization will retain documentation concerning program performance and outcome metrics for the period of time it holds DOL's recognition, and will also make available to the public the required performance- and outcome-related metrics for each of the Industry-Recognized Apprenticeship Programs it recognizes.

- ☐ Yes, I affirm  
☐ No, I do not affirm

**E. Conflict of Interest:** Please affirm that your organization does not provide any consultative services to apprenticeship programs and does not offer other services that could affect the impartiality of the programs it recognizes, OR that it has provided – via response to this application – evidence of its ability to mitigate its potential conflicts of interest.

- ☐ Yes, I affirm  
☐ No, I do not affirm

**F. Debarments and Injunctions:** Please affirm that your organization has no relevant injunctions, debarments, or other restrictions on it which may prevent it from being permitted to do business with the U.S. Federal Government and/or with members of its industry sector.

- ☐ Yes, I affirm  
☐ No, I do not affirm

**Section VI – Attestation**

The individual listed below, as a representative of the Standards Recognition Entity described in Section I of this form, hereby certifies that all of the information disclosed in this form is true and complete, to the best of his or her knowledge.

Signature \_\_\_\_\_ Print Name \_\_\_\_\_ Date \_\_\_\_\_

**Confidentiality** – Under this collection, the name of a potential Standards Recognition Entity will be posted on [www.apprenticeship.gov](http://www.apprenticeship.gov) if the U.S. Department of Labor issues a favorable recognition letter with respect to the entity. While information collected by this form is generally subject to public disclosure under the Freedom of Information Act (FOIA), Exemption #4 of FOIA (at 5 U.S.C. §552(b)(4)) affords protection to submitters (such as Standards Recognition Entities) that are asked to furnish commercial or financial information to the Federal Government by safeguarding them from the competitive disadvantages that could result from disclosure. In addition, all documents and other information in an application become public information when submitted unless: (1) particular items are specifically designated as confidential or (2) the Office of Apprenticeship determines particular information appears to be confidential. However, neither of these two conditions guarantees confidentiality. If either condition applies, the Office of Apprenticeship will provide an applicant an opportunity to object to disclosure of the information. For more information, see 29 CFR part 70, “Production and Disclosure of Information or Materials.”

**Public Burden Statement** – Persons are not required to respond to this collection of information unless it displays a currently valid OMB control number. Public reporting burden for this collection of information is estimated to average approximately 33 hours and 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Subsequent substantive changes, if needed, are estimated to require an average of 10 hours per response. The obligation to respond is required to obtain a favorable recognition from the Department under 29 U.S.C. 50. Send comments regarding this burden or any other aspect of this collection of information including suggestions for reducing this burden to the U.S. Department of Labor, Office of Apprenticeship, 200 Constitution Avenue, N.W., Room C-5321, Washington, D.C. 20210 (OMB Control Number 1205-XXXX).

**Molly E. Conway,**  
*Acting Assistant Secretary for Employment  
and Training, Labor.*

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