MONTANA REGISTERED
APPRENTICESHIP
EARN. LEARN. SUCCEED.

GOVERNOR'S REPORT

Biennial Report for 2013 and 2014

Montana Registered Apprenticeship

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The Honorable Steve Bullock, Governor
State of Montana

Dear Governor Bullock:

In accordance with Section 39-6-101, MCA, Duties of Department, we have the honor of submitting to you the Biennial Report of the Montana State Apprenticeship Training Program. This report covers Registered Apprenticeship's Program activities from July 1, 2012 through June 30, 2014.

Respectfully submitted by
The Montana State Apprenticeship Training Program

Darrell Holzer, State Director

Table of Contents

Introduction 1

A Message From the Director 2

Snapshot of an Apprentice 2014 4

Portrait of Apprenticeship 2014 5

The Economic Impact of Apprenticeship 6

Special Recognition 7

Changes at Montana Registered Apprenticeship 10

Future Trends In Montana's Registered Apprenticeship 11

2014 Montana Retention Rates 12

Apprenticeship Websites and Social Media 13

Apprenticeship Benefits 15

Administration of the Montana Registered Apprenticeship Program 16

Employment Trends in Apprentice-able Occupations 17

Appendix A 20

Appendix B 22

Appendix C 24

Introduction

Registered Apprenticeship provides a critical source of skilled workers for Montana employers, helping bridge a skills gap that's been widening since the late 80's. Registered Apprenticeship provides another option for career training for job seekers, giving Montanans the opportunity to earn wages well exceeding the state's average. The average hourly wage for a third-year Montana apprentice is $22.50.

Perhaps most importantly, Registered Apprenticeship provides an incredibly stable base on which Montana's economy can grow. Apprenticeship receives $544,000 in state funding per biennium, while returning to the state coffers nearly $23.00 for every one dollar spent on the Program. This 2300% increase includes taxes paid by the apprentices, as well as taxes paid on the products and services performed by the apprentices. On the Federal level, studies have shown apprenticeship is the most cost effective job training program, providing a $50.00 return on every dollar spent.

Apprenticeship also provides truly Montana-based careers. Since 1993, at least 75% of all graduated registered apprentices are still working in their chosen occupation, in Montana, supporting our residents and our economy. Few publicly-funded programs can boast of that level of consistency. Apprenticeship is a proven pathway critical to meeting our current and future employer demands for a highly-skilled workforce.

The skilled worker gap continues to grow across the nation as well as in Montana, due to Montana's aging workforce, as well as the societal pressures to make a career through college. Apprenticeship's charge is to promote and find new apprentice candidates to fill these critical skilled labor jobs in Montana, and to incentivize more employers to consider adoption of the registered apprenticeship training model.

At every opportunity, program staff travel the state meeting with sponsors, potential sponsors, schools, parents, apprentices, and potential apprentices about program benefits. Staff also must ensure that all apprenticeship requirements are being met by existing programs and apprentices, while conducting community outreach to expand and diversify apprenticeship utilization in Montana. We are firmly committed to doing our part to help ensure that Montana employers' present and future workforce needs are met by helping to provide a pipeline of skilled labor for multiple occupations.

A Message From the Director

In Apprenticeship, we are enjoying very exciting opportunities. With support that begins in the White House and gains momentum with Governor Bullock's Main Street project, the spotlight is on Apprenticeship. We have been asked to diversify our occupations base, and increase the participation rate of women and minorities in apprenticeship, while doubling our number of registered apprentices over the next five years. We've been given the tools to succeed with this job, starting with a dedicated team that now includes a full-time professional marketing person. As you read this, we are developing a new brand for the program to broaden the scope and range of apprenticeship significantly across the state.

Apprenticeship provides another career development option to the collegiately focused post-secondary education model. Across the United States, college students have amassed over $1 trillion in college debt, while statistics show that 38% of college grads are likely to take a job that doesn't require a degree. There is a very real need for a strong, additional educational training model, and apprenticeship provides that platform delivery system. Today, 57% of all advertised jobs require some form of post-secondary education, with that number climbing every day due to technological advances and lean business practices.

Business always focuses on its bottom line, and a well-trained employee is productive and therefore a profit-generating employee. Apprenticeship provides the model that allows employers to train employees in the exact skills needed by a business, while the progressive wage scale provides savings during the training process. Apprentices earn while they learn, getting an often debt-free education while acquiring technical skills needed to sustain a career that provides a family-supporting wage.

We are working in tandem with our sponsors (independent and union) to review current regulations that govern apprenticeships primarily in state-required licensed occupations such as plumbing and electrical. With issues like the established apprentice to journey-level ratio formula, it's essential that periodically we engage in conversation with all interested parties, to determine if certain existing rules remain appropriate, require modification, or remain necessary. We prioritize maintaining the Montana-style face to face contact that our program sponsors and their apprentices have come to expect while also working diligently to expand apprenticeship opportunities. Now we are focusing on ways to better familiarize Montana employers with the potential benefits of registered apprenticeship.

One incentive intended to help increase the state's number of registered programs will be legislation proposed by the Bullock Administration during the 2015 Legislative Session. The proposed legislation would make businesses that hire and train registered apprentices eligible for a $1,000 tax credit per registered apprentice for a maximum of four years for each apprentice actively employed. If adopted, the tax credit will provide an exceptionally strong draw to employers, providing businesses with a measurable return on their training investment.

A Message From the Director

In the last biennium, Montana apprentices received $18,830,786 in wages, and paid over $4,331,000 in taxes. This doesn't speak to the apprentices' effect on local Montana economies through their consumer buying power. Expanding apprenticeship can only help the state's bottom line. Every apprenticeship training program provides a virtually debt-free career training opportunity that injects money back into our Montana economy as well as state government's coffers to support state services and infrastructure. Registered Apprenticeship is a WIN-WIN proposition, and that is why the apprenticeship training model is still thriving some 4,000 years after its inception.

Darrell Holzer,
Director, Montana Registered Apprenticeship
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Employer Testimonial

"Townsend Electric has been involved with the apprenticeship program since 1977 when I first started working here and went through the program utilizing the GI bill.

Since that time we have had many apprentices go through the program and become an asset to the trade and Townsend Electric by becoming journeyman electricians. Several of the past and present apprentices also were able to utilize the GI bill going through their training.

Our current program specialist, Tom LeTellier, has been very helpful with any needed assistance to put apprentices to work.

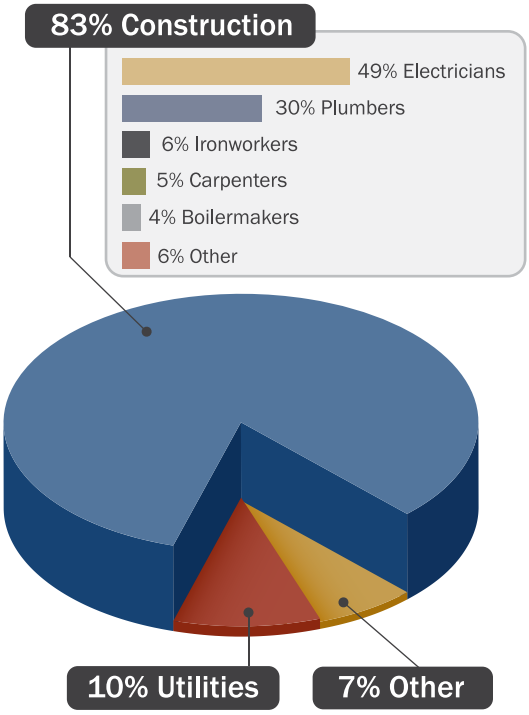
The Montana Registered Apprenticeship is an excellent method of hands on education for the future workforce while getting paid to learn a skilled important trade.

I would highly recommend this education path to any motivated individual looking for a career path."

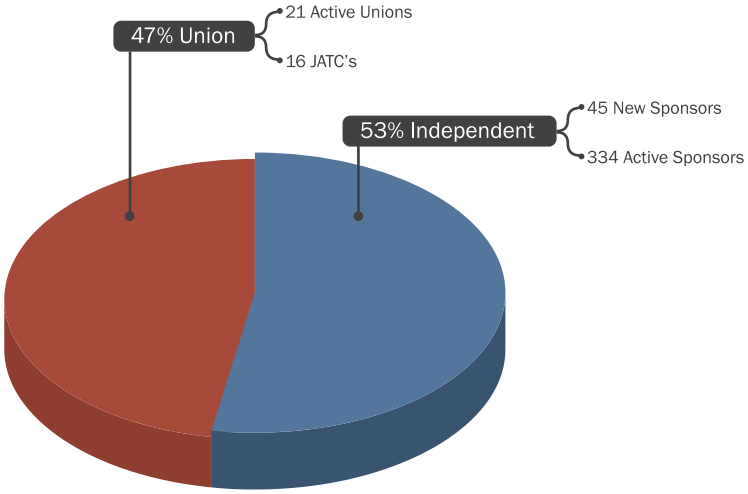
Douglas J Breker
Townsend Electric—Townsend

Snapshot of an Apprentice 2014

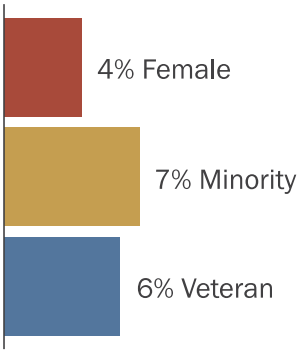
There are 949 Active Apprentices In Montana in 39 Different Occupations



Montana Apprentices are Trained in both Union and Non-union Shops.



Apprentices are-



Between July 1, 2012 and June 30, 2014

- We registered 558 Apprentices
- We completed 297 Apprentices
- We canceled 455 Apprentices

Montana Registered Apprenticeship – New Marketing Position

In 2014, The Montana Registered Apprenticeship program received a federal two-year marketing and promotion grant to create awareness about apprenticeship and pre-apprenticeship programs. The grant aims to expand apprenticeship across industries, occupations and demographics including military veterans, women and minority populations.

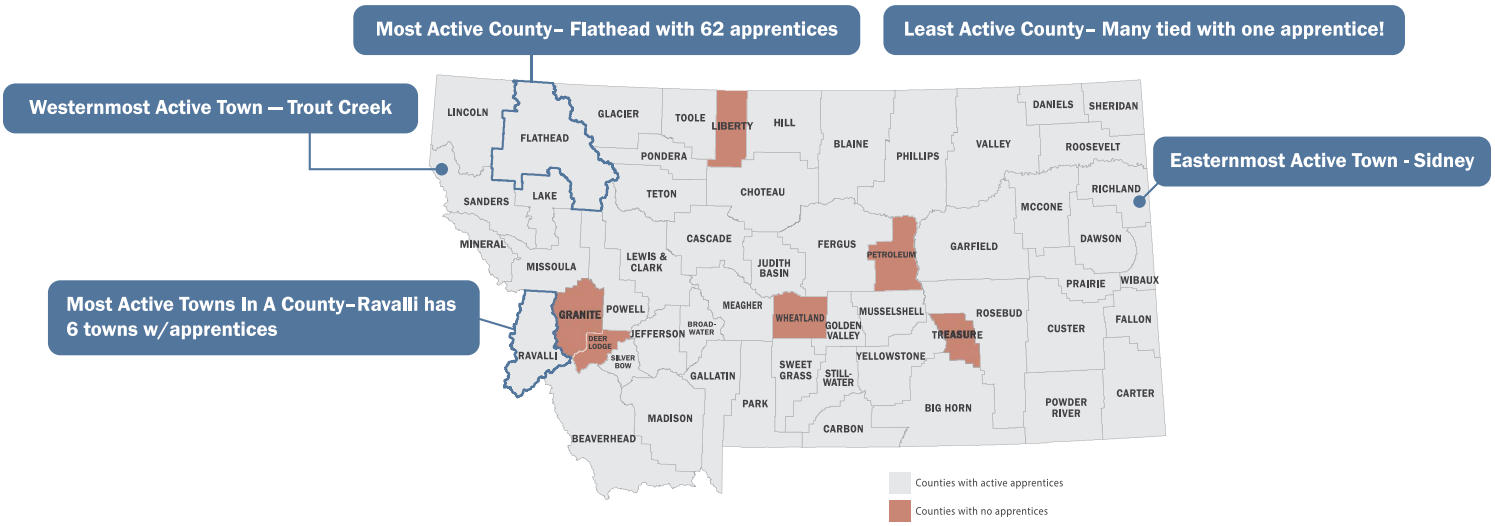
This federal funding supported the hiring of a Marketing Specialist dedicated to promotion and outreach and provides funding to implement promotion across a variety of platforms.

The Montana Registered Apprenticeship marketing position will design and carry forth a newly branded program and marketing plan by utilizing current workforce research and data and collecting new data through surveys and focus groups. The target audiences have been identified as employers/sponsors, apprentice candidates, two-year and community college staffs and key influencers: job service office staff, parents, high school guidance counselors/teachers along with the general public.

Marketing Timeline:

- Collect Relevant Workforce Data / Target Audience Contact Lists
- Gather NEW Research and Analysis (Surveys and Focus Groups)
- Develop Marketing Plan
- Develop Promotional Materials
- Launch New Promotional Campaign (May 2015)

Registered Apprenticeship Across Montana

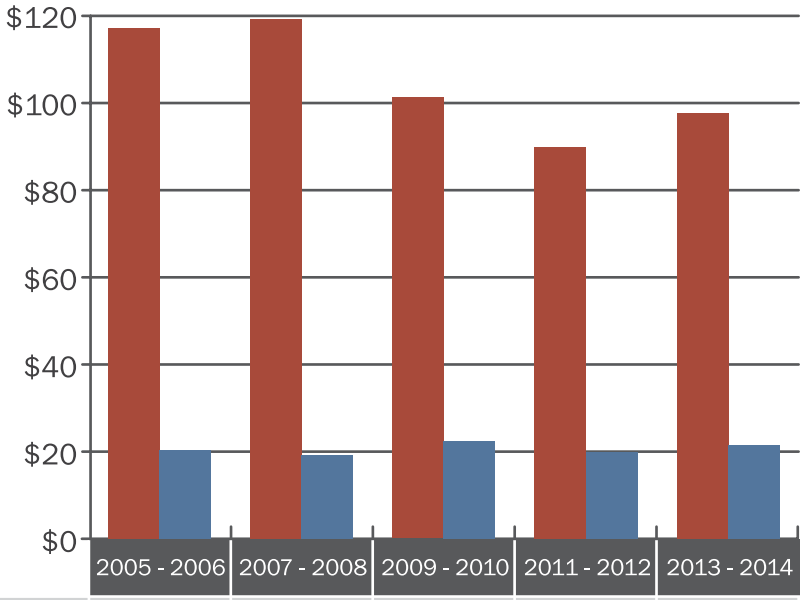


The Economic Impact of Apprenticeship

Apprentices, unlike those in traditional training situations such as college, internships or job shadowing, earn wages the entire time they are being trained. These earnings contribute to support all levels of government, as well as purchase goods and services in their communities. The apprentices' progressively increasing wages lead to good stable wages in skilled occupations. A well-paid, trained and skilled labor force is the backbone of Montana's economy.

Return on State Investment

Wages and Taxes Paid per State Dollar Spent on the Montana Registered Apprenticeship Program



	2005 - 2006	2007 - 2008	2009 - 2010	2011 - 2012	2013 - 2014
Employment wage contributions per state dollar spent	$117	$119	$101	$89.69	$97.44
Employee tax contributions per state dollar spent	$20.29	$19.18	$22.22	$19.73	$21.33

The State of Montana expended $545,411 to support apprenticeship training during fiscal year 2013 - 2014. The program had 1002 apprentices registered as of June 30, 2014. In fiscal year 2013, these completing apprentices earned an average ending hourly wage of $25.50 per hour for an average gross annual wage of $53,040, exceeding fiscal year 2012 average earnings of $51,542/year by $1,498 (2.8%)

Montana employers paid approximately $53,146,080 in gross wages to apprentices in fiscal year 2013, while the average apprentice paid $11,615 in state and federal income taxes. Therefore, for every dollar the state invested in registered apprenticeship in state fiscal year 2014, apprenticeship employers paid $97.44 in wages and the average apprentice contributed $21.33 in taxes. The estimated total amount of taxes paid by Montana apprentices during this period was $11,638,230. Note: The survey did not include registered Child Care Specialist apprentices due to the difference in the overall wage structure.

Apprenticeship Team Receives Governor's Award for Excellence in Performance

Citing Apprenticeship's can-do attitude and their willingness to go the extra mile for their sponsors, apprentices, and government partners at DLI and beyond, on September 15, 2014 Governor Steve Bullock presented the apprenticeship team with the Governor's Award for Excellence in Performance. Director Darrell Holzer said "This was not just my doing. It was the entire team making the extra effort all the time that allowed us to receive this honor." Apprenticeship was specifically mentioned for their strong partnerships with many divisions and other parts of government, as well as their dedication to their constituents, who are located in 50 of 56 counties in the state. Apprenticeship has a personal relationship with every apprentice and sponsor, making contact with our clients at their offices and work sites, and logging over 65,000 miles on the road every year. We were very proud to have been singled out for this honor, and plan to continue in the same spirit.

Registered Apprenticeship gets a New Director

In July of 2013, long-time director Mark Maki stepped down from the Director's chair after almost 20 years of dedicated service. Mr. Maki guided apprenticeship through boom and bust, and created a strong department with an excellent staff. Darrell Holzer had been a field rep and program specialist for apprenticeship for over six years. Previously, he served as Political Director for the Montana AFL-CIO in Helena, writing legislation and working with and through the legislative process. Prior to that, Darrell was a member of Pipefitters Local #30, and after he completed his own apprenticeship, spent 20 years in that trade, including nine at Colstrip helping build the plants that have been providing energy to Montana for the last 40 years. This diverse background provides Mr. Holzer with a unique, balanced perspective on the business of apprenticeship. His vision for the future of apprenticeship is strong and committed. Darrell's experienced direction, strong leadership and enthusiasm are an important asset to the program during this time of growth and change.

NEG Job-Driven Grant Provides Montana's First Apprenticeship Marketing Department

With the vigorous support of Bureau Chief Gary Wright and his staff, the Divison's Oversight Bureau received a $5 million grant to further its workforce goals. As a result of securing this grant, Apprenticeship and Training has received funding that will allow for a modest advertising budget. One of Apprenticeship's most difficult tasks has been how to make more Montanans and Montana business owners aware of the extent of our services. Despite having over 1000 different occupations on the Federal "apprentice-able occupations" list (with more being

added every week), most Montanans view apprenticeship as only being for construction and the trades, just for unions or just for men. The new marketing specialist will be spearheading a multi-media promotional plan that will inform Montanans of the tremendous career opportunities apprenticeship provides in so many professions.

Program specialist Ken McLean attended the annual NASTAD (National Association of State and Territorial Apprenticeship Directors) meeting in Boston, MA in July of 2014. While representing Montana's program, Mr. McLean informed NASTAD about using the NEG grant to hire a marketing person. According to NASTAD, Montana is quite possibly the first state to utilize modern marketing techniques for the advancement of apprenticeship. Many states will be watching us carefully to see how this pilot program will be received by the Montana populace.

Proposing Legislation for Tax Credits for Employer Sponsors

The Montana Department of Labor & Industry is spearheading a legislative proposal, HB277, sponsored by Rep. Christy Clark that would provide a $1000 tax credit to businesses for every qualifying apprentice they employ. The legislative proposal is based on a similar bill passed in South Carolina in 2007. Once passed in South Carolina, registered apprenticeship numbers jumped over 600 percent, going from 90 sponsors and 777 apprentices in 2007 to over 600 sponsors and 10,000 apprentices in 2013. We don't expect these types of numbers, due to the population difference, but we do anticipate robust growth in our program. Additionally, a tax credit will provide incentive to new and diverse sponsors, allowing apprenticeship to expand to more occupations. An apprenticeship expansion will have a tremendous effect on the economics of Montana. Presently, sponsors pay over $53 million in wages per year, and apprentices paid an estimated $11,638,230 in state and federal taxes in 2013. Additionally, since 1993, at least 75 percent of all Montana apprentices who journeyed out (completed their apprenticeship) are still employed in their apprentice occupation and working for the business that provided their training. Apprentices and apprenticeship provides the state with a strong, stable taxable base, and expansion of apprenticeship will mean an expansion of the tax base. When you combine the economic factors provided by apprenticeship, and the skilled labor it provides that is so crucial to providing basic and advanced services for the populace, you can readily see that any tax credit paid to employer sponsors will very quickly be recouped.

Apprenticeship and the German Initiative

The Germans have been effectively utilizing apprenticeship for over 700 years, and as a world leader in advanced manufacturing, they have used the program to advance a German Skills Initiative that maintains their manufacturing dominance. Labor Commissioner Pam Bucy and Deputy Commissioner of Higher Education John Cech led a delegation that included Apprenticeship Director Darrell Holzer to Germany to study the German use of apprenticeship and the Skills Initiative, and to learn how we could utilize that model in Montana. The trip began with a stop at Calhoun Community College in Huntsville, Alabama, where the delegation was shown Calhoun's state of the art facilities, and learned how Calhoun combines two-year degrees, college level education and apprenticeship with businesses throughout Alabama. In Germany, the delegation closely examined the German apprenticeship model, with discussion focusing on creating younger apprentices. The delegation met 20-year-old Master Craftsmen (graduated apprentices). In Montana, the average age of a starting apprentice is 26-34. Earlier recognition of apprenticeship by Montana schools, parents and teachers could substantially lower that average age, while creating good paying jobs for high school grads. Commissioner Bucy and Mr. Holzer are working with others in the delegation to bring some of the German ideas and concepts to Montana.

Special Recognition

RevUp Apprenticeship

RevUp (formerly SWAMMEI) is a $25 million educational grant that is being administered by Great Falls College of Montana State University. The grant is being used to create a collegiately-based statewide approach to educate Montana's current and future workforce in advanced manufacturing and energy industries. Apprenticeship specifically works with the RevUp navigators (college liaisons between businesses, the college, Job Service and DLI) and interested businesses to create a bridge from collegiate completion to a career. Collegiate completion covers NCRCs (National Career Readiness Certificates) to two-year AA degrees and numerous credentials in between. Apprenticeship is working closely with the RevUp navigators to help businesses continue training their new hires from the 13 RevUp two-year colleges. Apprenticeship provides the link from college to career, as well as a continued training framework and a nationally recognized completion certificate. RevUp is providing much needed credentials to the state's unemployed and under-employed, and apprenticeship is prepared to provide the additional credential of journeyperson to many of the collegiate completers.

Helena College Sheet Metal Program & Our Best Practices MOU

Helena College created a state of the art sheet metal program for their students, and then approached Apprenticeship to create Memorandum Of Understanding (MOU). This MOU defines the credit towards apprenticeship completion attained through attending Helena College's sheet metal program. Program Specialist Tom LeTellier and Darrell Holzer worked with Helena College's Dean Daniel Bingham to assess the sheet metal program. Mr. LeTellier, Mr. Holzer and Dean Bingham agreed to a 1500 hour OJT credit for a those who have completed the program but aren't registered as sheet metal apprentices. Most importantly, the MOU states that upon completion of a sheet metal apprenticeship, the apprentice will be awarded an AA degree from Helena College at the same time they receive their state-issued, nationally recognized apprenticeship completion certificate. This is very significant because it legitimizes the college level coursework that all our apprentices must complete. With Helena College's acceptance of an apprenticeship completion as an academic achievement, we hope to use their example to re-visit MOU's with other colleges and encourage them to also accept apprenticeship training's academic value.

Employer Testimonial

"We believe the Montana Apprenticeship helps our business stay successful by allowing our company to train employees from scratch. Because of that we have had very low employee turnover; we have had the same journeymen plumbers for over 12 years from hire date. The apprenticeship program also keeps our employees on schedule to complete the program without becoming distracted. Thanks for all you do."
-- Richard W. Thomas
Thomas Plumbing and Heating – Missoula

Changes at Montana Registered Apprenticeship

This last biennium has been quite exciting at the Apprenticeship and Training Program. In August of 2013, then-director Mark Maki stepped down from the position he'd held for nearly 20 years. While Mark had served apprenticeship very well, and we were all sad to see him go, Darrell Holzer, a Program field representative at the time, was prepared and willing to step into the director's shoes. Darrell has brought a new vision to the director's position that has been getting attention all through state government.

As Mark was retiring, so was Bob Sprenger, another program field rep, which meant in September of 2013, we found ourselves down two field reps. Luckily, Bob was persuaded to postpone his retirement for four months while Tom LeTellier and Ken McLean trained a new field rep, George Kesel. Alas, when Bob left to permanent retirement, the program was again short one field rep. Using new DLI guidelines, Director Holzer was able to fairly quickly hire a new rep out of Bozeman, Randie Keep (a former apprenticeship sponsor). With a field rep near Bozeman and Billings, our fastest growing areas, we have improved response times, boosted productivity and reduced travel time and Program costs.

> **"Each Field Rep averages 23 trips a year, with each trip averaging over 592 miles."**

In August of 2014, Director Holzer was informed that the Apprenticeship Program had received a significant funding as part of the job driven NEG Grant. This funding will be used to change the scope and breadth of apprenticeship. As more people become aware of our program, more people will begin to utilize it, and the benefits of apprenticeship will grow exponentially, providing a steady tax base and a pipeline of skilled workers for Montana's future.

Apprentice Testimonial

"I ain't flippin' burgers any more!"

--Trevor Culp

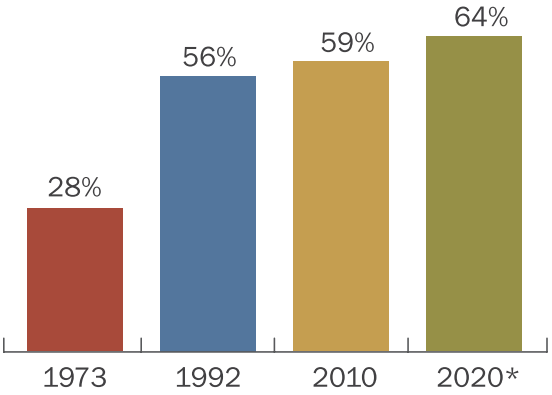
Apprentice, Granite Peak Plumbing And Heating, Inc.
Red Lodge, Montana

Future Trends In Montana's Registered Apprenticeship

Interest in registered apprenticeship is sizzling. With a nationwide skills gap causing 600,000 jobs to go unfilled each year, there is political pressure that begins in the White House to train skilled workers for these jobs. To this end, legislation is being proposed at the federal level to provide tax incentives for employers, with a $1,000 tax credit for each qualified apprentice, and an additional $500 credit if the apprentice is age 24 or younger. Additionally, legislation is being proposed in Montana that would provide a $1000 employer's tax credit for each qualified apprentice. If both proposals are passed and made into law, we believe these tax credits will significantly impact apprenticeship, and more importantly boost Montana's economy.

Montana's program has had very limited success in expanding apprenticeship from its traditional trades base. We can get a potential sponsor interested in the apprenticeship model, but have had difficulty in getting them to commit. In non-traditional apprentice-able occupations, Montana has less of a proven track record of success. While we know apprenticeship works, employers prefer to see evidence of past successes before being willing to make that leap of faith. Employers who are focused on their bottom line and return on investment, see apprenticeship as an option, but one that comes with the expense of training and government involvement, costing the employer time and money.

Percentage of Jobs Requiring Post Secondary Education



*Projection

Apprenticeship has long needed a tangible incentive to offer our potential sponsors. With a guaranteed return on investment provided by a tax incentive, apprenticeship can make real progress in expanding and diversifying apprenticeship utilization. We base that on South Carolina's experience of seeing apprenticeship participation jump by 600% following passage of a state tax credit in 2007. That state expanded its list of occupations far beyond traditional apprenticeship trades, set the stage to reduce college debt, and helped provide a living wage for many more South Carolina workers. A tax incentive can bring Montana apprenticeship a similar dramatic growth.

If the tax credit is approved and growth comes as predicted, we expect to see a dramatic increase in apprenticeships for women. While we target women for participation in the traditional trades, there is still less than four percent female participation nationally in those jobs; Montana is about average. With a broader, more diverse utilization of apprentice-able occupations, we will undoubtedly see more participation by women. In apprenticeship, women are assured equal pay for equal work, which supports priorities of the Governor's Equal Pay Task Force. Apprenticeship can be a very viable option for women.

We have two more years of the RevUp grant (see page 9) and expect to see a growth in apprenticeship generated by Montana colleges through this program. As higher education embraces the apprenticeship training model, apprenticeship and higher ed will act more in concert. As the state's two-year colleges begin to produce more graduates with one-year certificates and two-year degrees in technical training, apprenticeship should benefit as well. As Montana companies hire these graduates, training can continue via registered apprenticeship, allowing graduates to stack credentials and build success with those employers.

2014 Montana Retention Rates

Working with the Department's Research and Analysis (R&A) Bureau, and using Montana Unemployment Insurance (UI) wage and benefit data, we've tracked every completed apprentice from Jan. 1 1997 through June 30, 2014. R&A and UI verified apprentice/journeyman data, and the results are as follows: 3,418 apprentices have graduated/completed Montana apprenticeship programs from January 1, 1997 to June 30, 2014, representing approximately 45 different apprentice-able occupations.

Of the 3,418 apprentices completing the program since 1997, approximately 75% were identified through Unemployment Insurance data collection as Montana wage earners at the end of fiscal year 2014. The remaining 25% of completing apprentices are either no longer Montana residents working in the state, or are operating their own Montana business as Master Plumbers or Master Electricians.

In summary, of the 3,418 apprentices successfully completing the program since 1997, at least 75% have been verified as living and working in Montana, still in their trade and contributing to the Montana economy and tax base. This retention rate is evidence of apprenticeship's effectiveness. Apprenticeship's actual contribution to Montana's economy is incalculable.

Employer Testimonial

"Apprenticeship continues to be a necessary part of our trade as electricians. It enables us to renew our workforce as electricians retire or move to a new area. It provides a career opportunity in a licensed trade for people who are interested in making a living as they learn a career without the burdens of school loans. Even in a down economy I see the need to continue to hire apprentices.

I appreciate the state's willingness to monitor and work with apprentices and their employers as wages are adjusted to meet the economic situation. I also appreciate the state's ability to work with employers and apprentices equally as we work toward the goal of completing apprenticeships and training a quality electrician and person."

Justin Mills, President
Rocky Mountain Electric, Inc. - Belgrade

ROCKY MOUNTAIN ELECTRIC

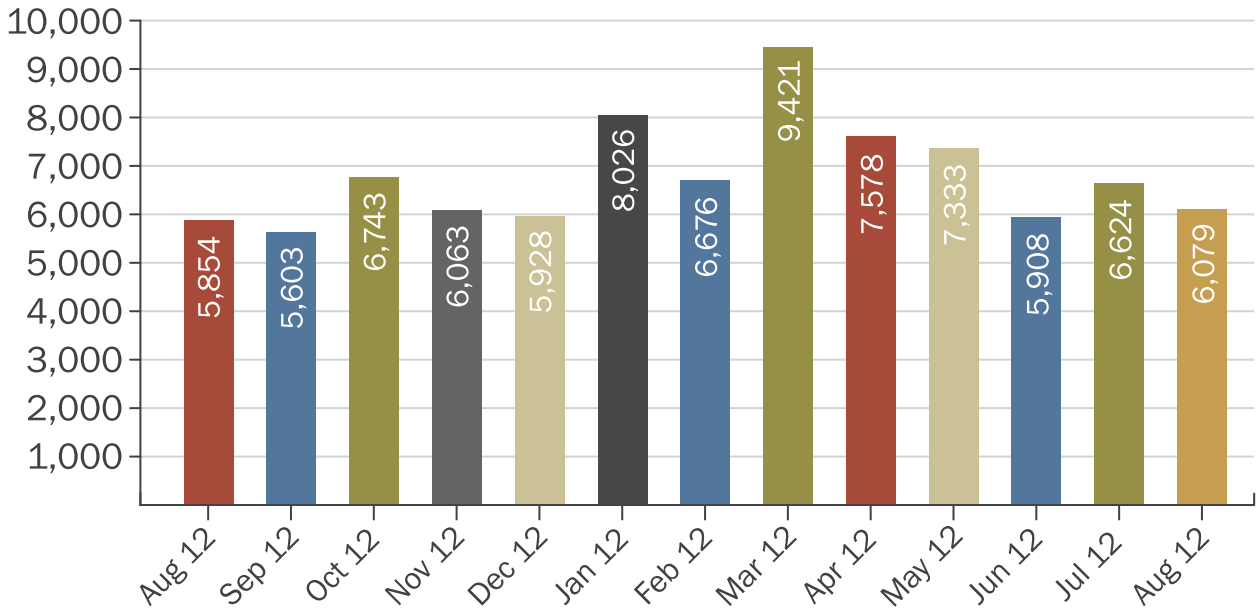
Apprenticeship Websites and Social Media

In Spring of 2008, Apprenticeship launched its first website designed to keep apprentices, sponsors and the general public informed about apprenticeship. It was followed up in 2009 with a new "youth" website designed for middle school and high school students, parents and guidance counselors. Both websites have proven quite popular with their target audiences.

The program's original website is comprehensive and varied, providing important and timely information and resources to our apprentices and sponsors, potential apprentices and sponsors, educators, our workforce partners and the general public. The home page provides the latest breaking news and videos. Navigating through links on the home page will provide potential apprentices with tips on how to apply for an apprenticeship, inform potential sponsors of the benefits and requirements of apprenticeship, offer the latest apprenticeship announcements from many of our larger sponsors and union training programs, and much more.

The second, youth-oriented website focuses less on the technical aspects of apprenticeship training, concentrating instead on the exciting, enjoyable and potential higher wage aspects of apprenticeship. This website provides students with information and resources needed to make informed decisions about post-secondary education and their future careers.

Website Hits per Month August 2012 to August 2013



Website usage has fluctuated over time. We see two likely reasons for this. First, Montana is experiencing reduced unemployment; obviously with lower unemployment, there are fewer job seekers and therefore fewer people coming to the site looking for employment information. Secondly, demands on the program's staff are expanding markedly with the increased national and state attention on apprenticeship training, leaving little time to update and freshen the websites. One of our new marketing person's first tasks is retool and revitalizing the program's websites. Website usage by our sponsors and apprentices may grow as well. Marketing of apprenticeship beyond its traditional usage is also expected to dramatically increase website usage among job seekers and the general public.

Benefits for Employers

- **Pipeline of Skilled Workers** Apprenticeship provides a pipeline of perfectly trained workers. When a business trains their own employees, there's an obvious vested interest, as well as strong motivation to get the training just right.
- **Promotes employee retention** Apprenticeship provides the perfect backdrop for employee retention. During an apprenticeship, a bond is built between sponsor and apprentice. The business has a chance to showcase itself, and to showcase the apprentice's long term place in that business. This is a powerful pull, and provides excellent employee retention. Additionally, the nationwide credential, which recognizes journey level status, is a very valuable certificate, and the apprentice knows it. Receiving an expensive education while earning a wage is a real value. Combine the education value and the long term bond for excellent employee retention.
- **Increases Productivity and Boosts Competitive Advantage** A well-trained worker is an efficient worker, and efficiency increases productivity. A committed, well-trained workforce maximizes productivity, which boosts competitive advantage.
- **Improves Service and Product Quality** Again, it all falls back on a well-trained, committed workforce. The best service comes from the best employees, cultivated through training. Product quality again stems from quality training.

A well trained employee is a time saver, a problem solver, a production superstar and a service champ. Apprenticeship is a great path to well trained workers, and adds bonuses of commitment and a steady pipeline of skilled workers.

Advantages for Apprentices

- **Post-Secondary Education with Pay** Right now, 56 percent of all jobs require some form of post-secondary education, and that number is expected to rise to over 60 percent by 2020. Apprenticeship provides industry specific training/skills that are proven valuable to business. Instead of pursuing post-secondary education that may or may not be valuable to business, apprenticeship guarantees education will be job specific and business relevant.
- **Career Opportunity** When an apprentice is chosen, it's very often for the long term. No business will train for a skill that's unnecessary. So every skill attained by an apprentice is a marketable skill and valuable in business. When an apprentice is trained, they are trained for a lifetime in the industry.
- **Competitive Advantage in Business** Because apprentices are business-trained, businesses have tremendous faith in, and knowledge of, their capabilities. When it comes time for promotion, an apprentice has a leg up because his skills are known and his work record is tested. Apprenticeship often provides an inside track to advancement in business, because of a business's familiarity with the skills of an apprentice.

Administration of the Montana Registered Apprenticeship Program

To comply with federal law established by the 1937 Fitzgerald Act, Montana's 27th Legislature enacted Chapter 149, establishing the Montana apprenticeship system in 1941. The program operated with informal federal recognition from 1941 until 1977, when federal regulations were finalized (Title 29, CFR 29.12) and the U.S. Secretary of Labor officially recognized the authority of the Montana Department of Labor and Industry to determine apprenticeship programs' compliance for federal purposes. To maintain federal recognition, in 2010 Montana adopted Federal changes to Title 29, CFR 29 that established more flexibility, stronger linkages with education and revitalized the apprenticeship structure to encourage expansion and increased utilization of apprenticeship training.

Since 1941, Apprenticeship has been administered by several different state government departments, including the Department of Commerce. In 1993, the Department of Labor and Industry was re-organized and on July 1, 1993, the Apprenticeship and Training Program was placed in the Workforce Services Division. This move provided the program with a more logical, direct administrative link with other employment and training services provided by the department.

The program is currently a component of the Workforce Services Division's Bureau of Oversight, comprised of the Apprenticeship and Training Program, Jobs for Montana Graduates (JMG) and Workforce Investment Opportunity Act (WIOA) programs. Apprenticeship utilizes the State Workforce Investment Board (SWIB) as an advisory board and as an additional means of fostering dialogue and substantive communication between the program and Montana's employers, industry, educators, apprenticeship sponsors and apprentices.

The Montana Registered Apprenticeship office consists of seven staff and a director. Staff are located in Helena and Bozeman, and include four field representatives, one child care development apprenticeship specialist, a marketing person, an administrative assistant and the director. The field reps travel the state providing compliance reviews, as well as registry, cancellation and suspension of apprentices and sponsors. The administrative assistant handles and organizes all paperwork from the director and field reps, maintains hard files and computer files and handles a high volume of program phone traffic. The director handles major policy changes, provides leadership and oversight to the staff, acts as a liaison with the employer community and our workforce partners and helps strategize future directions for the Apprenticeship Program.

Employer Testimonial

"Action Electric has been working with the Montana Apprenticeship & Training Program for nearly 20 years, and we would definitely consider this to be a beneficial partnership. Issues and concerns of those in the industry are considered and addressed. This is not a stagnating program; changes are made when warranted. With this program, it has not only been our responsibility, but our privilege to train many of the finest electricians in our community."

Darla Arthur, Account Controller
Action Electric—Billings

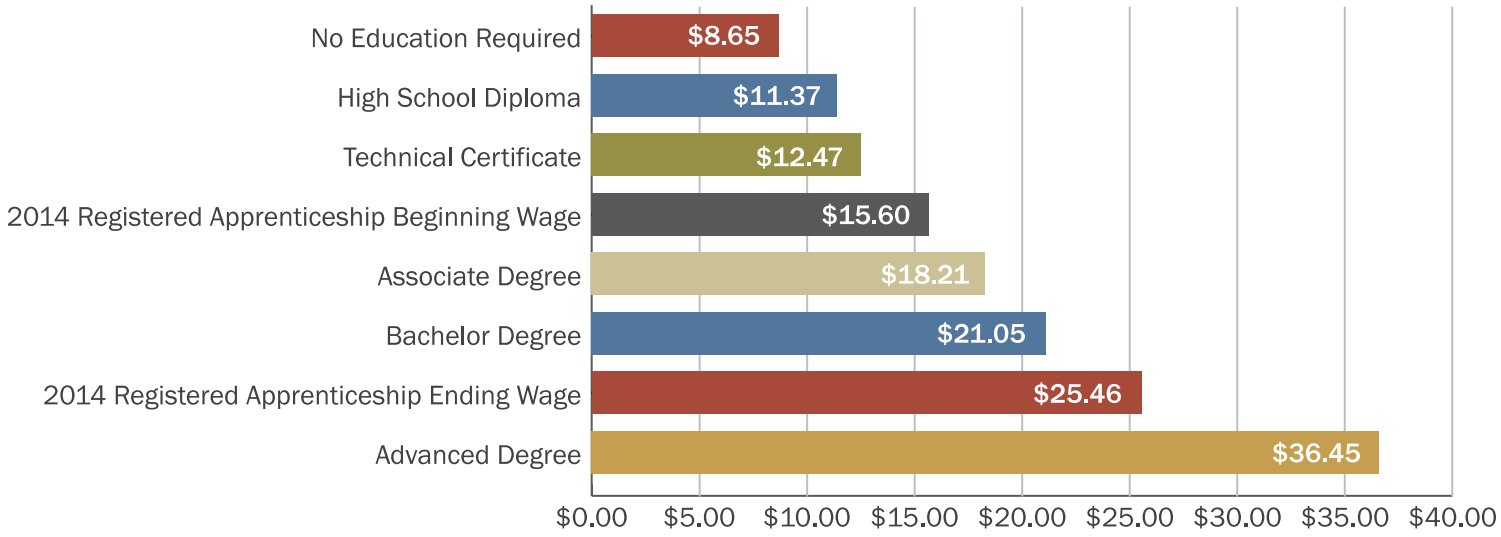
Employment Trends in Apprentice-able Occupations

For two decades, Montana experienced a steady increase in construction activity statewide, causing a demand gap in the plumbing and electrical trades. The recent recession created a steep drop in Montana housing construction, which created a temporary leveling out in the plumbing and electrical trades throughout most of the last two biennia. During the last reporting period, these two trades annually absorbed the same number of completed apprentices as the program's 20-year average for these trades.

As of June 30, 2014, the Program had 349 registered electrical apprentices and 228 registered plumbing apprentices. For comparison, in 1993 there were 141 registered electrical apprentices and 121 registered plumbing apprentices. While Montana's population has risen by 25 percent (799,065 in 1990, 1,000,500 in 2010), these numbers reflect a 148 percent increase in electrical apprentices and an 88 percent increase in plumbing apprentices over 1993 levels. It is construction of second/vacation homes in the center and western parts of the state, and the oil boom in the eastern part of the state that is fueling the growth of apprentices beyond the population growth.

As reported in the August 2014 "Montana Economy at a Glance," all areas of the state are now in recovery, though some areas are stronger than others. Montana's economy is supporting some recovery of the construction sectors in the current biennium, and that is being felt in the numbers of apprentices being registered.

Wages Across Educational Attainment



There's a growing skills gap in America, and Montana is feeling the effects along with the rest of the country. The average age of master plumbers and electricians is 53-years-old, in ten years we are going to have a serious shortage of skilled workers in Montana. Apprenticeship enrollment numbers have remained fairly steady over the last 25 years, even through the recession, so we continue to place workers into the pipeline.

With the housing and building markets ramping up for what we feel is sustainable growth, we are not bringing people into the trades fast enough to offset the retirement losses we expect to see in the next 10 years.

Employment Trends in Apprentice-able Occupation

In an effort to increase the flow of apprentices and enhance the Governor's Main Street Program, the Apprenticeship Program has been leading the effort to change the apprenticeship groundwork through ratio and variance changes. As it stands today, the initial apprenticeship ratio stands at 1:1, apprentice to master. After the first apprentice is hired, the ratio changes to 1:3, apprentice to journeyman/Master. The Department is attempting to change the ratio from 1:3 to 1:2.

This ratio change will allow businesses to hire apprentices at a more rapid rate than previously possible. Once debated and ratified, this new ratio will be entered into the ARM, replacing vague and contradictory language with a specific ratio number. If the ratio change is agreed upon, this will quickly change the trend in hiring apprentices, allowing more aggressive businesses to bring on more apprentices and expand more rapidly.

Fortunately, big business and government are recognizing the lack of skilled workers, and are trying to respond. The Apprenticeship Utilization Act, which is law in Washington state and is being proposed in Montana, would require 15% apprentice labor on any prevailed job bid over $1,000,000. This mandatory apprenticeship usage will help guarantee more apprentices enter the pipeline. On larger jobs, it's hoped that some apprentices will actually journey out during the process. The refinery overhaul in Great Falls, being run by a private contractor, is also following the Apprenticeship Utilization schedule. Business has started to recognize the pipeline of skilled workers is drying up, and they are taking steps to ensure there are new workers entering into the system.

The RevUp Grant is also providing a focus on apprenticeship. This $25 million grant is funding Montana colleges so they can expand curriculums to better meet the needs of Montana businesses. RevUp navigators are actively approaching businesses in manufacturing and energy, ascertaining their educational needs and providing curriculum that caters to business. Apprenticeship is involved with RevUp as advisors as well as providing the next logical step for business training. The RevUp Grant is expected to affect at least 9,000 Montanans, and Apprenticeship is prepared to take as many of those students to the next level as possible.

Thanks For Reading!

Thanks for taking the time to read our report. If you have any questions concerning this report, or have any questions about Montana Registered Apprenticeship in general, please don't hesitate to get in contact with us.

Darrell Holzer
(406) 444-3556
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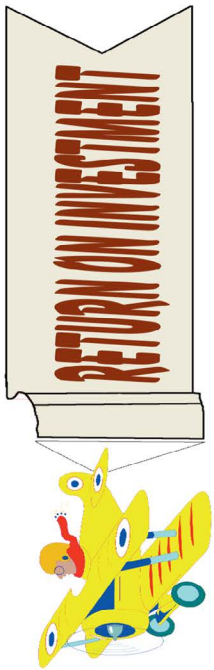
Front and back page for ROI brochure produced by the Montana Registered Apprenticeship program, before hiring our full time marketing person. This flyer is designed as a 4 pg brochure, 8 inches tall and 5.5 inches wide.

ALL I CARE ABOUT IS

R.O.I.

This is not a test flight for Apprenticeship. We've spoken to businessmen before, and it always comes down to one thing, ***Return On Investment.*** *It doesn't matter who else uses apprenticeship, or how passionately we believe in it, if it ain't profitable, it ain't flyin'.*



So we gathered a few reasons to fly the friendly skies of Apprenticeship

ONE LAST BIT OF SALES PITCH

Do you really think all of Europe and Canada would be using the apprenticeship model if it didn't work?

And

Hiring experience takes money. Whether the experience is education, or within your industry, the more someone has, the more it costs to hire them. Do you remember your first day on the job? Think back- how much did you REALLY know. And it didn't matter what your background was, you had to be trained to be profitable at your job. Instead of trusting that someone else has trained your employee, take the bull by the horns. Find someone with potential, and hire them as an apprentice. Train them yourself. Hire cheaper, and take that money "saved" and use it to mold that employee into what YOU need, not what someone else thought might be useful. Again, go back to your first day on the job.

Experience is over-rated. On The Job Training is where the magic happens.

Hire an apprentice and find out why.

Apprenticeship And Training
P.O. Box 1728
Helena, MT 59624-1728
406-444-3998

Montana Department of LABOR & INDUSTRY

Appendix A

Center pages for ROI brochure produced by the Montana Registered Apprenticeship program, before hiring our full time marketing person.

Exhibit A

Straight out of Canada, this graph shows, for 16 different occupations, what the Return On Investment is for an apprentice. Costs is a total of how much a company spends on an apprentice during their apprenticeship. Benefits is how much revenue an apprentice generates during their apprenticeship. Note that for all but 2 of the occupations, that number is positive. Keep in mind, this is just ROI during the apprenticeship- now you have a fully trained employee to utilize.

Total Per Apprentice Costs And Benefits By Trade

Trade	Duration Of Apprenticeship (Years)	Costs	Benefits	Net Benefit	Benefit-Cost Ratio
Automotive Service Technician	4	$250,016	$423,138	$173,122	1.69
Boilermaker	4	$246,889	$473,696	$226,807	1.92
Bricklayer	4	$237,687	$316,853	$79,166	1.33
Cabinetmaker	4	$180,369	247, 298	$66,929	1.37
Construction Electrician	4	$196,811	$293,048	$96,237	1.49
Construction Millwright and Industrial Mechanic	4	$254,287	$403,272	$148,985	1.59
Cook	4	$125,344	$164,868	$39,524	1.32
Electrical Power Line and Cable Worker	4	$336,770	$319,759	-$17,011	0.95
Hairstylist	2	$77,096	$42,620	-$34,476	0.55
Heavy Duty Equipment Mechanic	4	$252,371	$497,636	$245,264	1.97
Machinist	4	$204,921	$383,877	$178,955	1.87
Motor Vehicle Body Repairer	4	$210,088	$362,237	$152,149	1.72
Plumber	4	$237,681	$329,728	92, 047	1.39
Refrigeration and Air Conditioning Mechanic	4	$240,060	$344,621	$104,541	1.44
Sheet Metal Worker	4	$258,160	$322,022	$63,862	1.25
Partsperson	4	$215,232	$361,276	$145,954	1.68
Average	4	$220,242	$330,371	$110,128	1.47

from, It Pays To Hire An Apprentice: Calculating The Return On Training Investment For Skilled Trades Employers In Canada. A Study of 16 Trades Phase II June 2009

Exhibit B

This graph comes from Britain, where they also have a thriving apprenticeship culture. Please note how positively people feel about all the different aspects of apprenticeship. When studied closely, apprenticeship provides a wide variety of benefits to a company, and for those who have made the apprenticeship choice, they highly value all the different aspects of apprenticeship benefits.

Sponsor Views Of Potential Benefits Of Registered Apprenticeship

	Percentage Of Sponsors In Each Category		
Benefits Of Apprenticeship	Very Important	Somewhat Important	Not Important
Helps Meet Our Demand For Skilled Workers	83	14	3
Helps With Employee Recruitment And Retention	56	34	10
Reliably Shows Wich Workers have the Skills To Do The Job	72	23	5
Adds To Productivity Or High Quality Of Service	70	25	5
Saves Money On Workers Pay	32	34	33
Good For Workers Morale or Pride	69	25	6
Leads To Fewer Safety Problems	68	24	8
Helps Us Meet Government Requirements	54	26	20
Helps Us Meet Licensing Requirements	56	21	23

We're not worried about showing sponsor responses to potential drawbacks to registered apprenticeship. This information comes from the same study as the previous graph, and tracks sponsor reaction to potential apprenticeship drawbacks. What we want you to see is how many sponsors feel these recognized drawbacks are Not A Problem.

Sponsor Views Of Potential Costs or Drawbacks of Registered Apprenticeship

	Percent Of Sponsors In Each Category		
	Significant Problem	Minor Problem	Not A Problem
Related Instruction	6	31	63
Experienced Workers Time	8	35	58
Too Much Time Requirted For Training	11	32	57
Managing The Program	6	27	67
Too Many Apprentices Drop Out	24	31	45
Competitors Poach Workers After They Become Fully Skilled	25	29	46
Too Much Paperwork	9	30	61

The Benefits and Challenges of Registered Apprenticeship: The Sponsors Perspective. Lerman, Eyster, Chambers.

Appendix B

Front page for the Smart Business Decision brochure produced by the Montana Registered Apprenticeship program, before hiring our full time marketing person.

APPRENTICESHIP:
A $MART Business Decision

American Buisnesses are spending less than half on training than they did just 10 years ago

What's worse than training an employee and having them leave?
Not training them, and having them stay!

After polling, 49% of businesses say they're having difficulty filling skilled positions in their company

Starting to see..... *the Dis-connect?*

Train to the bare minimum, and your employee works to the bare minimum

We hear it every day- I can't find anyone to hire. No one has the skill set I need

No one else has trained my employee!

Remember when you were first hired? Fresh out of school, you thought you were completely ready. But be honest, you weren't even close. You learned from people who knew the job, people with experience. So you could pass that wisdom along to the next rookie with starry eyes, brand new briefcase and the same "skills" you used to have.

Education is great- you need background to understand and communicate within your profession. But what teaches you a job is actually doing it. Facing an angry client, dealing with delivery issues and making sure your eight person crew finishes on schedule- these are things not taught in a classroom.

But they ***are*** taught with apprenticeship. Around since the 1300's, Apprenticeship combines On The Job Training and coursework, creating the perfect learning situation. OJT brings context to theory, while theory provides reasons for job performance choices.

Appendix B

Back page for the Smart Business Decision brochure produced by the Montana Registered Apprenticeship program, before hiring our full time marketing person.

Think about it. Apprenticeship is what you've been doing all along. You hire the best and the brightest, often half trained or less, and teach them the skills needed to thrive in your business.

But what if you had an actual plan? Apprenticeship looks at training from a whole new angle. Not a burden, or un-defined costs to be minimized ASAP, but a bottom line enhancing chance to advance your business.

Every employee has strengths. With planning, apprentices learn from people who do the job best. Learning from the best makes you proficient faster. In the long term, when most of the payroll has been internally trained, think of the upside. More efficiency and production. Fewer problems, and a better staff to handle them. Now your business is a well-oiled machine- because you changed your point of view on training. While others wonder how your workforce got so efficient, you're planning for expansion.

Intrigued? Then get in touch with us. Want to know why it's so tough to poach an apprentice? We'll tell you. Want to know how a graduated pay scale saves you money? We have the details. Want to see how apprenticeship fits into your long range plans? We can show you the building blocks to build your business for the long haul. So get in touch, and let us explain how apprenticeship will build and strengthen your business.

Apprenticeship And Training
P.O. Box 1728
Helena, MT 59624-1728
406-444-3998
gkesel@mt.gov

Montana Department of
LABOR & INDUSTRY

Front page for the Retaining Skilled Workers brochure produced by the Montana Registered Apprenticeship program, before hiring our full time marketing person.

Your Greatest Resource is Skilled Workers

RIGHT NOW, YOUR BIGGEST CHALLENGE IS FINDING AND KEEPING THEM!

Which is worse, an error of omission or an error of commission? I was always taught- If you try something and fail, you're vastly better off than if you'd tried nothing and succeeded. Or, in short words, do something, even if it's wrong.

Right now, there's 600,000 skilled labor jobs that are going un-filled. And as the skilled worker population continues to age out, that number is expected to climb to over one million by 2020.

So where are your new, productive employees going to come from? America used to have a lot of skilled workers, but as the skilled labor jobs were outsourced, companies STOPPED TRAINING.

This has to stop. If your company plans to compete in the global economy, you need skilled workers. But all indicators say there won't be enough skilled labor to go around.

You may think it won't happen to YOU! You're too crafty, too experienced. But there are 600,000 unfilled job openings right now that say it could. Think about this- there's a big difference between keeping the doors open, and actually growing your business.

So it's time to DO something. It's time to invest in something new and innovative that WORKS! Registered Apprenticeship Training.

With Registered Apprenticeship, you take control of all your skilled labor issues. When you're in charge of on-the-job training, you know the skills your workers are developing are the exact skills they need to be productive. When done correctly, Apprenticeship provides your business with benefits far beyond filling a skilled labor position.

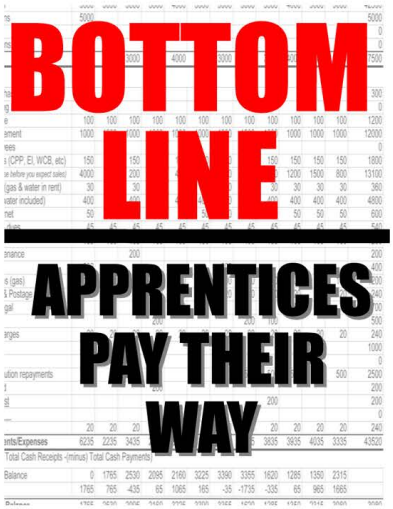
HOW APPRENTICESHIP WORKS FOR YOU

How do you attract the best apprentice candidates? Explain the benefits of a long-term career with your business- a career they don't have to finance. Apprenticeship can be an easy sell to candidates- you're providing a career with a living wage, with little or no financial debt at the conclusion of their training. Once that's known you'll quickly have your choice of many top applicants.

Once hired, your apprentices go to work. And you pay them. But while you're paying them, they're working and providing income to your company- just not as much as hoped, because they're the "new person". But there's still some return on your education investment.

When registration papers are drawn, it's clearly stated what an apprentice's minimum ending hourly rate will be. But when first hired, an apprentice receives about 50% of that rate. Knows less, does less, gets paid less.

The apprentice knows that as he or she progresses, and learns their job, they'll get paid more. They're incentivized. You know at least you're not over paying as they learn, and that's a comfort, if not an incentive! That's the financial side, with a progressive pay scale, offset by an apprentice's work output providing a return on investment.



But there's so much more to apprenticeship

Back page for the Retaining Skilled Workers brochure produced by the Montana Registered Apprenticeship program, before hiring our full time marketing person.

LONG TERM APPRENTICESHIP BENEFITS

As you train your apprentice, you're building a connection. You're investing in their training by investing in *them*.

Apprentices understand that investment, and want to pay it back with interest. All through training, you showcase your business, and more importantly, the apprentice's position in your business.

That leads to employee retention. As stated at the beginning, there's a growing shortage of skilled workers. Finding pre-trained workers and keeping them can be a problem. But the shared experience of apprenticeship, and the connections formed, can lead to employees that are committed to your business for the long haul.

Another benefit to apprenticeship is knowledge flow. You're there to mentor, and apprentices are there to learn. With knowledge comes power, and I'm sure you know employees who hoard information like gold. But as apprenticeship becomes the norm at your business, information flow becomes the norm as well. Instead of stockpiling knowledge, a culture of apprenticeship encourages information flow and learning. And isn't that what makes a good employee better, knowledge? When the work culture says work together, and also says that when one person learns, everyone learns, your business only gets stronger.

TWO OPTIONS

So you've got 2 options. In a job market that is already 600,000 short of quality job applicants already, you can hope someone else will train your future employees and then have them magically show up on your doorstep. Or you can take a pro-active approach and do something about it. Go ahead and commit, you'll find that apprenticeship is well worth the investment.

WANT TO KNOW MORE?

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Ken McLean 444-0839 kmclean@mtgov

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Pick up the phone. Send an email.

Montana Department of LABOR & INDUSTRY

Montana Department of
LABOR & INDUSTRY

No cost disclosure is required because the Montana Registered Apprenticeship Governor's Report was printed internally at the Walt Sullivan Building.