

# Investing in Talent Development: Benefits to Employers of Registered Apprenticeships from the American Apprenticeship Initiative



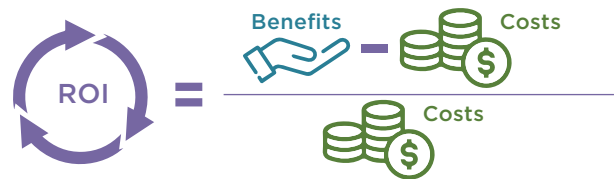
The U.S. Department of Labor (DOL) aims to increase use of **registered apprenticeship** as a workforce training model in the United States. Unique aspects of registered apprenticeships are (1) apprentices are employed during their training and earn progressively higher wages as they gain skills, and (2) apprentices make productive contributions for their employers while they are training. Because employers hire apprentices, pay their wages, and commit to developing their skills, their participation is essential to expand registered apprenticeship in the U.S. The evaluation of one recent DOL grant program to expand registered apprenticeship, the **American Apprenticeship Initiative (AAI)**, included a study of benefits of apprenticeship to employers. AAI aimed to increase registered apprenticeship in nontraditional occupations, such as manufacturing, healthcare, and computer/IT, and to populations typically underrepresented in apprenticeship, including women and people of color.

Findings from the Evaluation of the American Apprenticeship Initiative (AAI) offer insight into the benefits to employers of using registered apprenticeship programs to hire and train workers. To measure employer benefits, the AAI evaluation team surveyed 68 employers affiliated with AAI grantees and generated two measures of benefits to employers: return on investment (ROI) of apprenticeship and net benefits of apprenticeship.

## Did employers experience a positive return on their investment in a registered apprenticeship?

The typical AAI employer experienced a **positive return on investment** to apprenticeship. The median ROI of the apprentices' productivity was 44.3 percent, which means that **every \$100 an employer invests in the registered apprenticeship program generates \$144.30 in total benefits**.

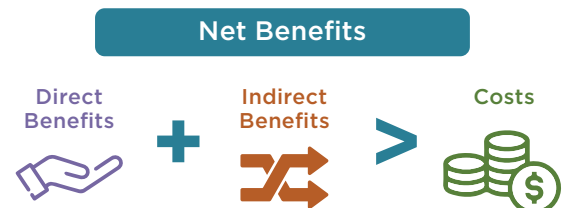
**Return-on-investment** is a ratio, calculated by subtracting the **costs** of an apprenticeship program from the **benefits** of the program and then dividing that value by the **cost**.



## At what point did employers experience positive net benefits of investing in registered apprenticeship?

Most employers experienced **positive net benefits** after the apprentice completed the apprenticeship program. When both direct and indirect benefits are included 68% of employers recouped their investments—that is, broke even—during the period after the apprentice completed the apprenticeship program.

Positive **net benefits** means **direct benefits** (e.g., the dollar value of the apprentice's output or service) and **indirect benefits** beyond those generated by the apprentice's work exceed **costs** (e.g., apprentice compensation, mentor lost productivity, apprentice related technical instruction, among others).



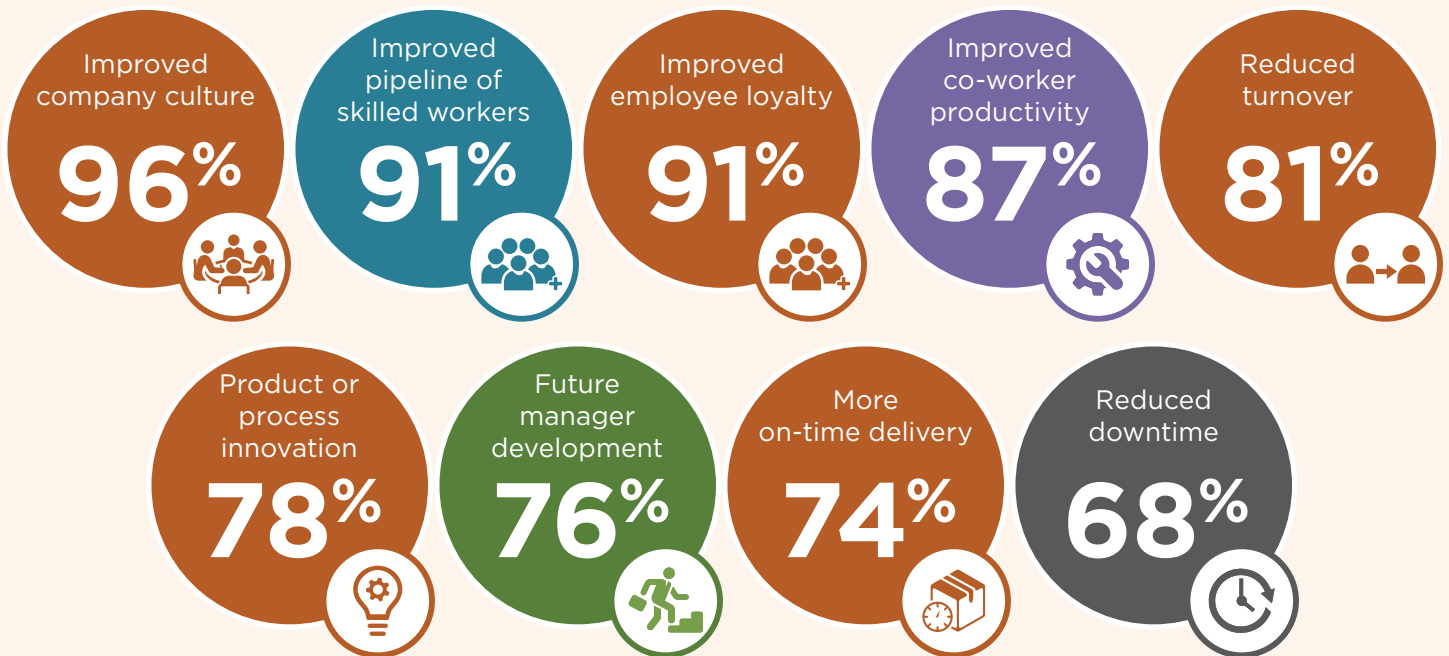
## What are indirect benefits and why should employers factor them in when considering the benefits of registered apprenticeship?

Employers gain indirect benefits from registered apprenticeship investments, such as reduced staff turnover, improved work culture, enhanced co-worker productivity, and having a pipeline of skilled workers. The AAI Employer Survey inquired about 10 indirect benefits. Rather than assigning a dollar value, employers reported whether they experienced the benefit and the value of the indirect benefit relative to direct benefits (e.g., 50% as important, 100%, 150%).

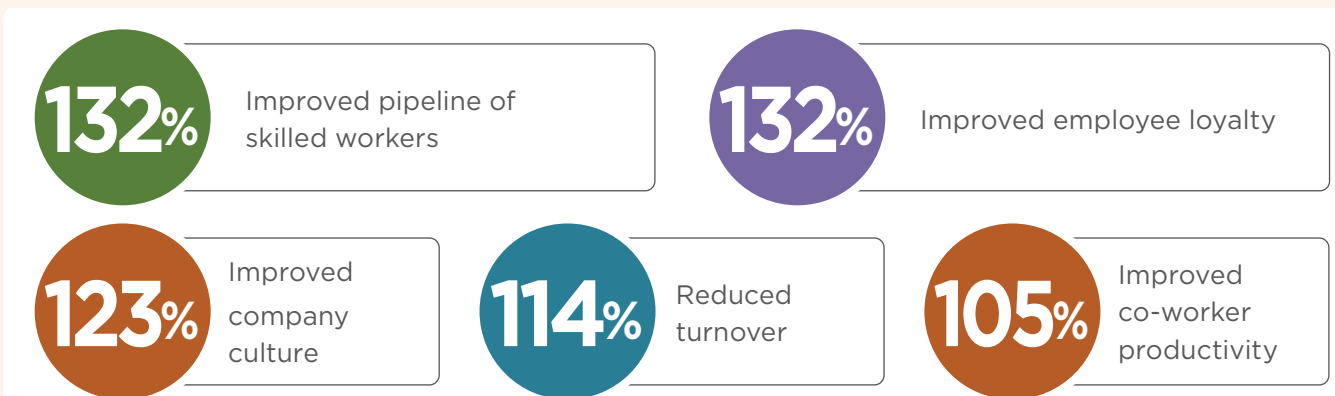
Employer **net benefits** are higher when **indirect benefits** of registered apprenticeships are included.

- Median net benefits using both direct and indirect benefits for the full apprenticeship and post-apprenticeship period were \$17,862. When using direct benefits only, the median employer lost \$4,951.
- Most employers reported experiencing 9 of 10 indirect benefits, which underscores the value of including indirect benefits when assessing net benefits to employers of registered apprenticeship.

Employers reported the following **indirect benefits** for the apprenticeship program:



The employer-reported value of these **indirect benefits**, as a percentage of the value of the **direct benefit** of increased productivity, was especially high for the following:



## See related publications

[Do Employers Earn Positive Returns to Investments in Apprenticeship? Evidence from Registered Programs under the American Apprenticeship Initiative](#)

[Beyond Productivity: How Employers Gain More from Apprenticeship](#)

## For more information

[Apprenticeship.gov](#)

[DOL Employment and Training Administration: AAI Evaluation Page](#)

[DOL Chief Evaluation Office: AAI Evaluation Page](#)