EMPLOYER FINANCIAL RESOURCES, INCENTIVES, AND SUPPORT

INTRODUCTION

Employer participation is a critical component of Registered Apprenticeship Program (RAP) development, implementation, and sustainability. While employers invest significant resources in apprentice training, supervision, and workforce development, a variety of state and federal financial resources may help offset certain costs associated with apprenticeship participation. This guidance document is intended to provide an overview of grants, reimbursements, workforce funding opportunities, and tax incentives that may support employer participation in RAPs and help Local Educational Agencies (LEAs), including California community colleges and K-12 institutions, strengthen employer partnerships and expand apprenticeship opportunities.

EMPLOYER INVESTMENT IN REGISTERED APPRENTICESHIP

RAPs are an employer-driven workforce development strategy that combines paid on-the-job training (OJT) with related and supplemental instruction (RSI). Program sponsors and participating employers allocate resources to recruit, train, mentor, and retain apprentices, often requiring additional investments in training and supervision, while supporting skill development aligned with industry needs. These investments can help employers build a reliable pipeline of skilled talent while contributing to California's broader workforce needs. Understanding the Return on Investment (ROI) associated with apprenticeship can help employers make informed decisions about program participation.

Common employer investments may include:

- Apprentice wages and benefits
- Supervision and mentorship
- Training and instructional costs
- Tools, equipment, and materials
- Administrative and reporting requirements
- Recruitment and onboarding expenses

In addition to evaluating ROI, employers may wish to consider available funding opportunities that can help support program implementation and offset associated costs. Awareness of these resources can reduce financial barriers and make apprenticeship participation more accessible for employers.

OVERVIEW OF FINANCIAL RESOURCES AND INCENTIVES

Financial resources available to employers generally fall into one of these four categories:

- Grants that support apprenticeship expansion and program development
    - Grants provide funding for eligible projects, activities, or investments and may be awarded through competitive or noncompetitive processes. Funding is generally time-limited and may or may not be recurring.
- Reimbursements that offset approved training or operational costs
    - Reimbursements repay for eligible expenses incurred in accordance with program or contract guidelines, helping employers offset a portion of their costs.
- Tax incentives that reduce employer tax liability when specific workforce or business investment criteria are met
    - Tax incentives reduce the amount of taxes a business owes when specific eligibility requirements or qualifying activities are met.
- Workforce development funding that may be leveraged by apprenticeship sponsors, LEAs, workforce boards, or employer partners to support apprenticeship activities
    - Workforce development funding includes public funding streams administered through the workforce development system, such as the Workforce Innovation and Opportunity Act (WIOA) and On-the-Job Training (OJT) funds. These resources may support activities such as participant recruitment, training, wages, supportive services, and other costs associated with employment and apprenticeship.

While funding opportunities specifically designed for employers to participate in RAPs are limited, various funding sources can be leveraged to support apprentice hiring and training. This guidance document focuses on reimbursement and tax incentive opportunities available to employers.

Funding resources involve varying eligibility requirements, application timelines, and allowable uses. Because eligibility varies by program, employers should work with apprenticeship sponsors, LEAs, workforce partners, and appropriate administering agencies to identify and pursue funding opportunities that align with their workforce and training needs.

CALIFORNIA GRANTS, REIMBURSEMENTS, AND TAX CREDITS

Apprenticeship Innovation Funding (AIF)

The California Division of Apprenticeship Standards (DAS) administers AIF, a formula-based reimbursement funding program designed to support the expansion and sustainability of RAPs, particularly in non-traditional sectors. AIF provides funding to eligible apprenticeship sponsors and training partners for operational and training-related expenses, which includes both apprenticeship program support and apprenticeship training. Support Funding (AIF-S) assists with program operations and apprentice support services, whereas Training Funding (AIF-T)

reimburses eligible RSI costs. Although AIF funding is generally awarded to apprenticeship sponsors and training providers rather than employers directly, employers participating in AIF-supported apprenticeship programs may benefit from state-supported training and program infrastructure that can help reduce their apprenticeship-related costs. However, employers that serve as the RAP sponsor may be eligible to apply for AIF reimbursement directly. Apprenticeship programs must be registered with DAS to be eligible for AIF funding. Current AIF funding is time-limited and may sunset; however, LEAs and employers should consult DAS for the most current information regarding funding availability, eligibility, and future funding opportunities.

Employment Training Panel (ETP)

ETP, California's primary workforce training reimbursement program, is administered by the state and funded through the Employment Training Tax (ETT), which is paid by employers. ETP offers two contracts: core ETP contracts and periodic apprenticeship-specific ETP contracts where 25% of ETP funding is set aside to support apprenticeship and pre-apprenticeship training activities for DAS-approved programs. ETP is designed to support established and sustainable training programs and can be used for program staffing, training, participation support, and recruitment and outreach activities.

Training can be delivered either in person or virtually; however, self-paced asynchronous training is not eligible for reimbursement. Upon completion, apprentices must be employed and meet minimum ETP wage requirements. It is important to note that ETP funding may be accessed by employers directly, if they pay into the California Unemployment Insurance (UI) and have a California Employer Account Number (CEAN), or it can be accessed through apprenticeship sponsors, Joint Apprenticeship Training Committees (JATCs), community colleges, workforce development boards, and other eligible training providers that may apply for ETP funding on behalf of employers. ETP operates on a reimbursement basis, meaning approved training costs are reimbursed only after established training, wage, and employment outcomes are achieved. Eligible reimbursement costs may include related instruction, classroom training, and other approved workforce training activities. For eligible LEAs and employers participating in RAPs, ETP can help offset eligible training investments, and support the expansion of apprenticeship opportunities, and should be seen as a supplemental funding source.

CALIFORNIA TAX INCENTIVES

California Competes Tax Credit (CCTC)

CCTC is a competitive state income tax credit administered by the California Governor's Office of Business and Economic Development (GO-Biz), which encourages businesses to create jobs, make capital investments, and expand operations in California. Employers of all sizes, industries, and regions may apply during designated application periods and, if selected, receive a tax credit based on negotiated job creation and investment commitments. While CCTC is not apprenticeship-specific, RAPs can support workforce investment, employee retention, job

creation, and wage growth objectives that align with factors considered during the CCTC evaluation process. For additional information, refer to the California Competes Tax Credit Guidance Document.

New Employment Credit (NEC)

NEC is a California tax credit administered by the California Franchise Tax Board (FTB) that encourages eligible employers to create jobs in designated geographic areas of California, hire qualified employees, and increase employment. To qualify for the credit, employers must obtain a credit reservation from the FTB for each eligible employee. Eligible employees should include individuals from priority populations facing barriers to employment, such as displaced workers, veterans, and recipients of public assistance. The primary focus of NEC is job creation and economic investment in targeted communities. While NEC is not apprenticeship-specific funding, apprentices hired in eligible locations may support workforce expansion goals while also creating opportunities for employers to qualify for the credit when program requirements are met.

The credit is calculated based on qualified wages paid to eligible employees and may provide California income tax savings over multiple years. Credit amounts vary based on employee wages, eligibility, and applicable tax-year requirements. Because NEC generally applies to employees hired before January 1, 2026, employers may use the credit for eligible incumbent workers but should not rely on it as an incentive for hires after this time.

FEDERAL AND INTERSECTION TAX INCENTIVES

The Inflation Reduction Act (IRA) Provisions

The IRA includes enhanced federal tax incentives for certain clean energy, advanced manufacturing, and infrastructure projects involving alternative and renewable energy, and energy-efficient commercial buildings. Enhanced incentives are available for energy-efficient homes and zero-emission nuclear power production if prevailing wages are met. Employers may qualify for significantly increased tax credit values when they meet specific federal prevailing wage and registered apprenticeship requirements during project construction. These requirements generally include paying workers applicable prevailing wages and utilizing apprentices from RAPs for 12.5 to 15 percent of labor hours, depending on the project's construction start date. While the IRA is not specifically intended to fund apprenticeship programs, its apprenticeship requirements may encourage employers to utilize RAPs for eligible projects, as RAPs support IRA labor standards requirements.

Work Opportunity Tax Credit (WOTC)

WOTC is a federal tax credit administered through the Internal Revenue Service (IRS) and workforce agencies that encourages employers to hire individuals from priority populations that have historically faced barriers to employment. Eligible groups include veterans, people with histories of incarceration, recipients of certain public assistance benefits such as Temporary

Assistance for Needy Families (TANF), Supplemental Nutrition Assistance Program (SNAP), and Supplemental Security Income (SSI), long-term unemployment recipients, and other priority populations. To qualify, employers must hire an eligible employee, complete the required screening and certification process, and obtain certification from the appropriate workforce agency.

While WOTC is not specifically focused on apprenticeship, employers may be able to claim the credit when hiring apprentices who meet WOTC eligibility requirements. Employers may receive a federal tax credit of up to 40 percent of qualified first-year wages for employees who work at least 400 hours, although credit amounts vary based on employee eligibility category, wages earned, and the maximum amount of wages that may be used to calculate the credit. Employees who work fewer hours may qualify for a reduced credit amount. The maximum credit amount varies by target group, with many eligible employees qualifying for a credit of up to $2,400. Employers should consult the IRS and workforce agencies for current credit amounts, eligibility requirements, and certification procedures, as program requirements and tax benefits may change.

APPLYING FINANCIAL INCENTIVES IN EMPLOYER PARTNERSHIPS

Employers and apprenticeship partners frequently report several challenges when navigating apprenticeship funding:

- Limited awareness of available incentives
- Uncertainty regarding eligible costs
- Different eligibility rules for employers, sponsors, LEAs, and workforce partners
- Funding timelines that may not align with hiring timelines
- Concerns regarding long-term sustainability after grant funding ends
- Misconceptions that incentives will fully cover apprenticeship costs
- Administrative complexity when coordinating multiple funding sources

Helping employers understand both available support and remaining responsibilities can improve expectations and strengthen long-term apprenticeship commitments.

When discussing RAPs with employers, LEAs can help employers navigate these challenges by clarifying available funding and incentives, identifying potential resources, and setting realistic expectations for employer investment and long-term sustainability. The examples below provide general guidance and should be used with the specific requirements of each funding source. As these employer-focused conversations and questions arise, LEAs can refer to the information below to help employers identify and leverage potential funding and incentives.

EMPLOYER QUESTIONS	EXAMPLE LEA RESPONSES
What will the employer have to pay?	Employers are generally responsible for apprentice wages, supervision, workplace training, and other operational costs. Available funding and incentives mentioned above may help offset certain expenses, but they typically do not cover the full cost of apprenticeship participation. When appropriate, braiding funding streams may be necessary and viable.
What costs can be reimbursed?	Reimbursable costs vary by funding source. Some programs may support training, RSI, or program administration, while others provide tax benefits tied to hiring, job creation, or business investment. For example, AIF-S may support apprenticeship operations and apprentice support services, AIF-T may support related and supplemental instruction costs, and ETP may reimburse eligible training expenses after required outcomes are achieved. Because resources support different aspects of apprenticeship participation, employers may be able to leverage multiple resources. However, eligibility requirements vary by program, and employers should consult administering agencies, sponsors, and workforce partners to determine allowable uses. However, eligibility requirements vary by program; employers should consult the administering agencies and, if applicable, apprenticeship sponsors to determine what resources can be used.
Who is eligible to receive funding?	Eligibility varies by program. Some resources are available directly to employers, whereas others are awarded to apprenticeship sponsors, community colleges, workforce development boards, or other workforce partners. LEAs and employers should identify and coordinate funding opportunities and understand how resources can be accessed.
Does funding go directly to the employer?	Not always. Certain resources, such as tax credits, are claimed directly by employers, while grant and reimbursement funding may flow through apprenticeship sponsors, training providers, or workforce partners.
Can multiple funding sources be used together (braiding funds)?	In some cases. Different funding sources often support different components of apprenticeship participation and may be used together when allowable under program requirements. For example: • AIF-T may support related and supplemental instruction costs. • AIF-S may support program administration and apprentice support services. • ETP may reimburse eligible training activities. • WOTC may provide a hiring-related tax credit for eligible apprentices. • CCTC may support broader business growth and workforce investments. • IRA provisions may provide enhanced federal tax credit values. • NEC may provide a state tax credit for employers that hire qualified employees in eligible geographic areas and meet program requirements. Whether funds can be braided depends on each program's requirements and restrictions. Employers should avoid claiming reimbursement from multiple sources for the same expense unless expressly permitted by the funding programs. LEAs should encourage employers to consult program sponsors and administering agencies when developing a funding strategy.

EMPLOYER QUESTIONS	EXAMPLE LEA RESPONSES
What are the application requirements and timelines?	Each funding opportunity has its own application process, eligibility requirements, and deadlines. LEAs should encourage employers to review program guidance and work with sponsors and workforce partners early in the planning process. A best practice may include a calendar of application windows, key milestones, and submission deadlines to support proactive planning, strengthen partner coordination, and ensure timely, prepared applications.
What happens when a funding cycle ends?	Many funding opportunities are temporary or subject to annual appropriations. Employers should view incentives as tools that help pilot or expand apprenticeship programs rather than as evergreen funding streams. Long-term sustainability is often supported through workforce planning, apprenticeship partnerships, reduced turnover, and the ongoing business value generated by developing a skilled talent pipeline.
Why should employers participate if incentives do not cover all costs?	Apprenticeship is a workforce investment strategy that can help employers develop skilled talent, improve retention, reduce recruiting costs, and build long-term workforce capacity. Incentives can help reduce upfront costs while employers realize these broader business benefits as their ROI.
Where is there more information about grants and workforce funding opportunities?	For information on grant opportunities, review the Apprenticeship Funding Landscape and GAC Funding Matrix for an overview of available funding sources. This matrix can help identify funding opportunities that might align with your apprenticeship goals and workforce needs.

LEAs can support employer decision-making by helping employers identify available resources, understand eligibility requirements, and set realistic expectations regarding funding. Conversations should focus on both available financial resources and the employers' workforce needs, business goals, and long-term apprenticeship strategy. Incentives may help reduce barriers to employer participation, but successful apprenticeship programs are built on sustained employer investment and workforce planning.

RESOURCES

California Community Colleges Chancellor's Office

California Division of Apprenticeship Standards (DAS)

Apprenticeship Innovation Funding (AIF)

AIF Guidance Document

AIF Fact Sheet

Employment Training Panel Program Overview

Employment Training Panel (ETP) Apprenticeship Program

Employment Training Panel Eligible Entities

California Competes Tax Credit

California Competes Tax Credit Guidance Document

IRA Apprenticeship FAQ

New Employment Credit (NEC)

Work Opportunity Tax Credit (WOTC)

U.S. Department of Labor WOTC Employer Resources

Inflation Reduction Act Prevailing Wage and Apprenticeship Requirements

U.S. Department of Labor Inflation Reduction Act Labor Standards

California Community Colleges Chancellor's Office Employment Training Panel Toolkit

Apprenticeship: Return on Investment Report

Apprenticeship Funding Landscape and GAC Funding Matrix