

Setting Wages in Your Registered Apprenticeship Program

Matthew Eldridge and Zach Boren

AN OVERVIEW OF WAGE SCHEDULES

Wage schedules set an apprentice's compensation as they progress and gain skills through the apprenticeship. Each wage amount is set relative to the wage of a skilled worker in the occupation.

Each occupation in a registered apprenticeship program should have at least one wage schedule, but **multiple wage progression options can be provided** to reflect employer, industry, and location differences.

Sponsors are responsible for setting wage schedules, but employers pay apprentices. Sometimes employers are sponsors, but not always. When apprenticeships have outside sponsors, **employers should work with sponsors to set appropriate wage schedules.**

Determining apprentice compensation is a key part of every apprenticeship program. In registered apprenticeships, paid wages are required for apprentices' on-the-job training, and sponsors and employers may also be required or elect to pay apprentices for time spent completing related technical instruction.¹

To ensure apprentices are fairly compensated at each stage of their apprenticeship, sponsors and employers can work together to create a wage schedule. This schedule must include a minimum of three wages: a starting wage at or above minimum wage, intermediate wages provided upon selected milestones, and an exit wage when an apprentice has completed the program. By setting an appropriate wage progression, registered apprenticeship programs can reward apprentices for gaining skills, motivate them to gain competencies, and prepare them for all parts of an occupation.

HOW ARE WAGE SCHEDULES DETERMINED?

Multiple options are available for setting wage schedules depending on employer, location, program design (whether time-based, competency-based, or a hybrid), and other factors. Both time- and competency-based programs follow similar wage structures. However, they may differ in what triggers wage progression. In time-based programs, wages are tied to an apprentices' total on-the-job hours (typically with at least one wage increase a year). Competency-based programs tie wage progression to a specific number of competencies achieved. Hybrid programs can use either approach.

For all registered apprenticeships, sponsors set wage schedules, and employers pay wages in alignment with the schedule. Sponsors and employers determine whether an apprentice has met the requirements to advance wage levels, and employers assume full responsibility for determining exit wages. Sponsors should maintain records of required wage increases in the Registered Apprenticeship Partners Information Data System (RAPIDS), the US Department of Labor (DOL) database for apprenticeship programs.

Programs in multiple states and/or with different employers can consider various wage options to reflect differences. A group sponsor, or one that represents multiple employers, must approve any differences in the wage schedule requested by each employer in concert with DOL or the State Apprenticeship Agency.

¹ Some employers may be required to pay for apprentices' related technical instruction based on existing company policies or collective bargaining agreements that apply to their apprentices.

EXAMPLES OF WAGE SCHEDULES VARIED BY EVALUATION METHOD AND SPONSOR TYPE

Here are different scenarios for how sponsors may determine wage schedules. In example 1, we show how different triggers can be used for wage progression between a competency- and time-based program. In example 2, we show how an employer operating in different states might modify their wage schedule to be competitive in each market.

Example 1. Competency- versus Time-Based Wage Schedules

Competency-based programs 50 competencies			Time-based programs 3,000 hours		
Wage schedule 1a			Wage schedule 1b		
Level	Competencies	Wage	Level	Hours	Wage
Entry	0	\$16	Entry	0	\$16
Intermediate	30	\$22	Intermediate	1,500	\$22
Exit	50	\$30	Exit	3,000	\$30

Example 2. Multi-State or Multi-Employer Schedules

Employers in states with higher costs of living			Employers in states with lower costs of living		
Wage schedule 2a			Wage schedule 2b		
Level	Competencies	Wage	Level	Competencies	Wage
Entry	0	\$19	Entry	0	\$15
Intermediate	30	\$30	Intermediate	30	\$22
Exit	50	\$40	Exit	50	\$30

HOW SHOULD SPONSORS SET WAGE RATES FOR APPRENTICESHIPS?

Wage rates are set proportional to the journeyworker wage, or the wage paid to someone skilled in the occupation. A typical **entry-level wage** is about 40–50 percent of the journeyworker wage, and an **intermediate wage** is often 50–80 percent. Programs must have at least one intermediate wage but can set additional intermediate wages, depending on sponsor and employer wishes. The **exit wage** is typically equal to the journeyworker wage.

Before setting wage schedules, sponsors should review an occupation's average national wages on [O*NET](#). Sponsors may incorporate benefits, such as health or life insurance, tuition assistance, or child care reimbursement. If a program has multiple employers, sponsors should first understand how wage structures and minimum wages differ in each jurisdiction.

Ultimately, wage schedules should include wages that are competitive and attractive to apprentices. Programs that begin at minimum wage, do not include timely wage progressions, or do not appropriately compensate for previous relevant experience may deter prospective apprentices. With competitive, progressive wage schedules, sponsors and employers can bolster their programs by training more apprentices and rewarding them for their progress.

For more information about wage schedules and registered apprenticeships, visit <https://www.urban.org/features/apprenticeships>.