

The logo for 'ikei' is displayed in a bold, lowercase, sans-serif font. The letters are white and appear to be mounted on a dark blue, textured wall that resembles stone or brick. The 'i' at the end has a small white dot above it. The entire logo is set against a dark blue background that occupies the top right portion of the slide.

Financing of Apprenticeship in European Countries

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CEDEFOP | European Centre for the Development
of Vocational Training



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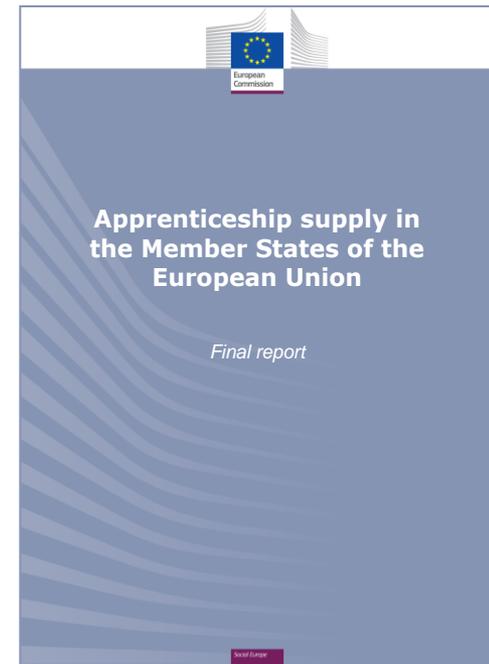
1. INTRODUCTION

Preliminary details on the study

- Commissioned by **Directorate-General for Employment, Social Affairs and Inclusion**.
- Elaborated by **Ikei Research & Consultancy** in 2011
- Cover the whole EU 27, focus on Denmark, Estonia, France, Germany, Poland, Slovakia, Spain, The Netherlands and UK

Goal of the study →

- Provide an **overview of apprenticeship schemes** in the different EU Member States
- Identify the **key factors for improving their effectiveness** in raising employability and facilitating labour market transitions of young people in the EU
- Give **recommendations** for improving the functioning and effectiveness of apprenticeship schemes.

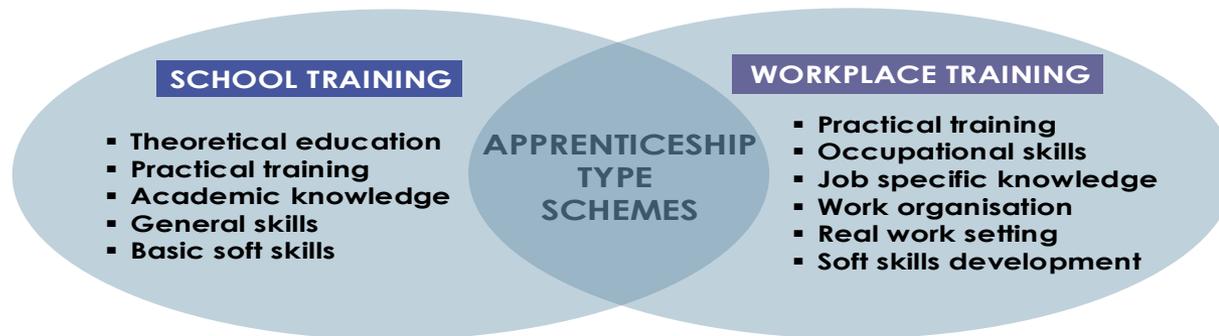


1. INTRODUCTION

Concept of apprenticeship used in the research

- There is **not a single and commonly accepted definition** of apprenticeship in the European Union
- In the context of this research, **used definition**
 - ➔ Those forms of **Initial Vocational Education and Training (IVET)** that formally combine and alternate **company based training** (periods of practical work experience at a workplace) with **school based education** (periods of theoretical/practical education followed in a school or training centre), and whose successful completion leads to **nationally recognised** initial VET certification degrees.

SCHOOL & WORKPLACE TRAINING ROLES IN APPRENTICESHIP -TYPE SCHEMES



2. OVERVIEW OF APPRENTICESHIP-TYPE SYSTEMS IN THE EUROPEAN UNION

Work-based Apprenticeship type schemes (Dual System) versus School-based Apprenticeship type scheme

BASIC DIFFERENCES BETWEEN WORK-BASED & SCHOOL BASED APPRENTICESHIP-TYPE SCHEMES

MAINLY WORK-BASED

- Training in Enterprises > 60%
- Companies offer places
▪ Students actively search for places
- Work contract: Enterprise - Apprentice
▪ Apprentice = Employee
- High share of financing by enterprises
- Apprentice receives remuneration
- Companies define training plan

MAINLY SCHOOL-BASED

- Training at School > 70%
- Training centres & students search for companies
- Training agreement: School-Enterprise
▪ Apprentice = Student
- Public sector main source of funding
- Apprentice may receive compensation
- Schools establish training plan

3. FINANCING OF APPRENTICESHIP-TYPE SCHEMES

Apprenticeship financing models

- **Apprenticeship-type schemes benefit different participants** (Society in general, students (and their families) and employers)
- **Variety of funding patterns → Sharing** of the costs of provision amongst different participants
- **Two** main financing models:
 - Mainly **school-based** countries (Poland, Slovakia or Spain): **Public sector** as the **main source** of finance, both national and European funds (i.e. the ESF) (85%-95%). Private sources (i.e. students and households, private companies', etc.) contribute to a lesser extent (15%-5%). Usually, the amount of public funding for schools is set according to the number of students.
 - Mainly **company-based** countries: funding by the diverse participants (Governments, households and students, enterprises), with a much **prominent role by the enterprises** (40% in Denmark; 43% in France; up to 76% in Germany) together with governments and students.

3. FINANCING OF APPRENTICESHIP-TYPE SCHEMES

Special tools to channel enterprises' contributions

Usually, individual enterprises bear the costs of apprentices

Special **tools** in some Member States to **channel enterprises' contribution** to apprenticeship.

Examples:

Denmark →

- Danish companies contribute a fixed annual amount to the so-called Employers' **Student Reimbursement Fund (AER)** for each of their employees. The AER fully reimburses the enterprise for trainees' wages during the time that the students attend off-the-job learning. In 2010, the enterprises paid 554,9 million EUR to AER.

France →

- Any company with at least one employee is subject to the so-called **Apprenticeship Tax**, 0.50% of total payroll. Companies training at least one apprentice are exempt from this tax. **Large companies** (250 employees+) whose workforce contains fewer than 3% in apprenticeship or professional contracts are entitled to pay a so-called "**supplementary Contribution to apprenticeship**". In 2008, the Apprenticeship Tax amounted to 1,78 billion EUR.

3. FINANCING OF APPRENTICESHIP-TYPE SCHEMES

Costs for students and financing instruments

- **Off-the-job education** in vocational schools is usually mostly **funded by the State, minor contribution from students** (if they are older than a certain age, they have to pay).
- Existence of **special grants for students** (study allowances, low-interest loans, travel and subsistence expenses). Examples:

Estonia →

- **study allowances** paid by the school, including study and transportation costs.

France →

- **extra funding** (bonuses, transportation, housing and catering benefits, European mobility benefits, grants for young people's first professional equipment purchases, etc) for students with lower financial means/geographical mobility barriers.

Germany →

- the Federal Employment Agency provides trainees under certain preconditions (married, with children, geographical mobility) with non-repayable monthly grants ("Berufsausbildungsbeihilfe", BAB)

- Meanwhile, **students** in dual based models are expected to (**partially**) meet some of the **cost of on-the-job training requirements** (including apprentice wages and other in-company costs) via the **productive work** carried out during their apprenticeship.

3. FINANCING OF APPRENTICESHIP-TYPE SCHEMES

Financial and fiscal incentives for enterprises

- **Enterprises** argue they **invest a lot more** in the costs of education **than the returns** they receive from productive activities of students → **Incentive for non participation**
- Development of **financial and fiscal incentives** to **encourage participation** of enterprises in apprenticeship schemes, they are very **welcome** by enterprises. **Examples:**

France →

- Exonerations to employers for taking apprentices in the social contributions paid by employers. Enterprises located in some specific areas and young innovative companies receive a tax credit of 1,600€ for each apprentice.

Germany →

- Financial assistance for companies that recruit apprentices with special needs; Training Bonus ("Ausbildungsbonus") for companies that take on apprentices of other companies which became insolvent or had to be closed; programme "JOBSTARTER - Für die Zukunft ausbilden" intended to create training places in companies which no previous experience with apprentices

The Netherlands →

- Dutch companies can benefit from a general tax benefit resulting in a reduction of tax and social insurance contributions paid for apprentices.

United Kingdom →

- The Apprenticeship Grant to Employers as a recruitment subsidy of £2,500 to employers to take on a young, unemployed person (aged 16 or 17) as an apprentice.

4. CONCLUDING REMARKS

- Variety of **funding patterns**, **two** main financing **models**
- Some member States have developed **special tools** to channel **enterprises' contribution** to apprenticeship
- **Off-the job education** mainly **financed** by the **State**
- **Special support** in some countries for **special students**
- Role of **productive role** carried out by **students at the workplace**
- **Enterprises** suggest **barriers** for **not participating** in apprenticeship schemes → development of **fiscal/financial incentives** to foster participation

THANK YOU VERY MUCH !!!!

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