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B-331976

March 26, 2020

The Honorable Lamar Alexander
Chairman
The Honorable Patty Murray
Ranking Member
Committee on Health, Education, Labor, and Pensions
United States Senate

The Honorable Robert C. "Bobby" Scott
Chairman
The Honorable Virginia Foxx
Ranking Member
Committee on Education and Labor
House of Representatives

Subject: *Department of Labor: Apprenticeship Programs, Labor Standards for Registration, Amendment of Regulations*

Pursuant to section 801(a)(2)(A) of title 5, United States Code, this is our report on a major rule promulgated by the Department of Labor (DOL) entitled "Apprenticeship Programs, Labor Standards for Registration, Amendment of Regulations" (RIN: 1205-AB85). We received the rule on March 11, 2020. It was published in the *Federal Register* as a final rule on March 11, 2020. 85 Fed. Reg. 14294. The effective date of the rule is May 11, 2020.

The final rule establishes a process for DOL's Office of Apprenticeship (OA) Administrator (Administrator), or any person designated by the Administrator, to recognize qualified third-party entities, known as Standards Recognition Entities (SREs), which will, in turn, evaluate and recognize Industry-Recognized Apprenticeship Programs. According to DOL, this final rule describes what entities may become recognized SREs; outlines the responsibilities and requirements for SREs, as well as the standards of the high-quality Industry-Recognized Apprenticeship Programs the SREs will recognize; and sets forth how the Administrator will oversee SREs.

Enclosed is our assessment of DOL's compliance with the procedural steps required by section 801(a)(1)(B)(i) through (iv) of title 5 with respect to the rule. If you have any questions about this report or wish to contact GAO officials responsible for the evaluation work relating to the subject matter of the rule, please contact Shari Brewster, Assistant General Counsel, at (202) 512-6398.

Shirley A. Jones
Managing Associate General Counsel

Enclosure

cc: Suzanne Simonetta
Division Director, Division of Policy,
Legislation, and Regulation
Department of Labor

REPORT UNDER 5 U.S.C. § 801(a)(2)(A) ON A MAJOR RULE
ISSUED BY THE
DEPARTMENT OF LABOR
ENTITLED
“APPRENTICESHIP PROGRAMS, LABOR STANDARDS
FOR REGISTRATION, AMENDMENT OF REGULATIONS”
(RIN: 1205-AB85)

(i) Cost-benefit analysis

The Department of Labor (DOL) conducted an economic analysis of the final rule. DOL estimated (in 2018 dollars) the first year cost to be \$42,261,859; the annualized cost over 10 years to be \$47,104,991 at a 3 percent discount rate and \$46,530,920 at a 7 percent discount rate; and the total cost to be \$401,815,127 at a 3 percent discount rate and \$326,813,710 at a 7 percent discount rate.

DOL provided a qualitative description of the anticipated benefits associated with the final rule. These benefits include, according to DOL, a rapid expansion of quality apprenticeships across a wide range of industries and occupational areas. DOL also provided a description of the nonquantifiable costs of the rule. DOL stated that it expects this final rule to have a net benefit overall.

(ii) Agency actions relevant to the Regulatory Flexibility Act (RFA), 5 U.S.C. §§ 603-605, 607, and 609

DOL prepared a Final Regulatory Flexibility Analysis. The analysis included (1) a statement of the need for and objectives of the rule, (2) public comments, (3) comments from the Chief Counsel for the U.S. Small Business Administration, (4) description and estimate of the small entities affected by the rule, (5) compliance requirements of the final rule, and (6) estimated impact of the final rule on small entities.

(iii) Agency actions relevant to sections 202-205 of the Unfunded Mandates Reform Act of 1995, 2 U.S.C. §§ 1532-1535

DOL determined that this final rule will not have an effect on state, local, or tribal government, in the aggregate, or on the private sector, of \$100 million (adjusted for inflation), or more.

(iv) Other relevant information or requirements under acts and executive orders

Administrative Procedure Act, 5 U.S.C. §§ 551 *et seq.*

On June 25, 2019, DOL published a proposed rule. 84 Fed. Reg. 29970. DOL received 326,798 public comments in response to the proposed rule, of which 17,671 comments were unique. DOL responded to the comments in the final rule.

Paperwork Reduction Act (PRA), 44 U.S.C. §§ 3501-3520

DOL determined that this final rule contains an information collection requirement (ICR) under the Act. DOL submitted an ICR to the Office of Management and Budget (OMB), which asked

DOL to resubmit the ICR after considering public comments at the final rule stage. The ICR that DOL submitted is entitled “Industry-Recognized Apprenticeship Programs Recognition Entity Regulation and Application” (OMB Control Number: 1205-0536), with a total estimated annual time burden of 285,310 hours.

Statutory authorization for the rule

DOL states that it has the authority under the National Apprenticeship Act to establish this final rule. See 29 U.S.C. § 50. DOL also promulgated this final rule under the authority of section 301 of title 5, United States Code, and section 276c of title 40, United States Code.

Executive Order No. 12,866 (Regulatory Planning and Review)

DOL determined that this final rule is economically significant under the Order.

Executive Order No. 13,132 (Federalism)

DOL determined that this final rule does not have federalism implications because it does not have substantial direct effects on the states, on the relationship between the national government and the states, or on the distribution of power and responsibilities among the various levels of government.