

Apprenticeship Tax Refund Pilot Report, Program Year 2024

Texas Tax Code §151.4292, Tax Refund Pilot Program for Certain Persons Who Employ Apprentices, establishes a pilot program to encourage the development of Registered Apprenticeship Programs (RAPs) and Texas Industry-Recognized Apprenticeships (TIRA) in new and emerging fields.¹

This report evaluates the impact of the Apprenticeship Tax Refund Pilot Program on apprentice employment outcomes and earnings during Program Year 2024 (PY 2024) and compares outcomes and earnings to data shared in the [PY 2023 report](#). The comparisons were used to inform recommendations regarding the program's continuation, expansion, or termination.

Apprenticeship Tax Refund Pilot Overview

From January through March of each pilot year, qualifying applicants submit applications to the Texas Workforce Commission (TWC) to receive a refund on their state taxes of up to \$2,500 for each qualified apprentice. To qualify for the Tax Refund applicants must:

- pay State of Texas sales and use taxes, and
- pay wages to a Texas resident for at least seven months during their qualifying apprenticeship.

TWC's Executive Director may certify tax refunds for up to 100 eligible applicants in a year. If there are more than 100 eligible applicants, TWC is required to give priority to applicants who offer apprenticeships in rural areas and provide training in emerging occupation fields. Priority may also be given to applicants who have apprentices from specific groups, including transitioning foster youth, military veterans, military spouses, and women.

Summary of Applicants and Apprentices

For PY 2023, 29 applicants submitted applications for 66 apprentices, with 14 applicants claiming more than one apprentice. Five of the applicants were in non-metropolitan areas of Texas.

In comparison, 46 applicants submitted applications for 98 apprentices, with 17 applicants claiming more than one apprentice for FY 2024. Seventeen of the applicants indicated their location as a non-metropolitan area of Texas.

Another point of comparison is the designations of the apprentices. In PY 2023, applicants identified 36 apprentices who met designations described in Texas Tax Code §151.4292(e)(2)(A–D). For FY 2024, 54 apprentices were identified as meeting those designations.

Designation	PY 2023	PY 2024
Youth Transitioning from Foster Care	3	4
Military Veterans	17	19
Military Spouses	1	0
Women	15	31
Total	36	54

¹ Because TIRA Programs are in early development, TWC has yet to process an application for a TIRA Program. Information shared throughout this report focuses solely on RAPs. If the tax refund program continues, TWC anticipates TIRA applicants in future years.

Notably, the number of women apprentices doubled from 15 apprentices in FY 2023 to 31 in PY 2024.

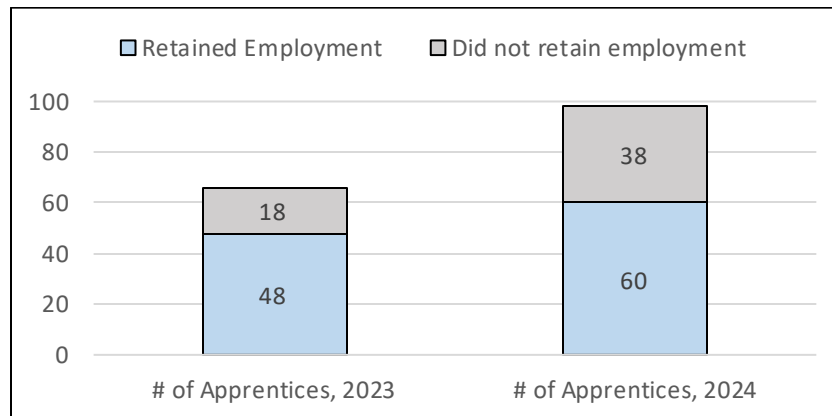
Apprenticeship Tax Refund Pilot Outcomes

Methodology

To evaluate the effect of the pilot program, staff matched wages using each apprentice's social security number and the applicant's Federal Employer Identification Number (FEIN). By matching the quarter before, during, and all quarters after the apprenticeship start date, staff were able to determine the employment outcomes and quarterly earnings of the apprentices for both program years.

Outcomes

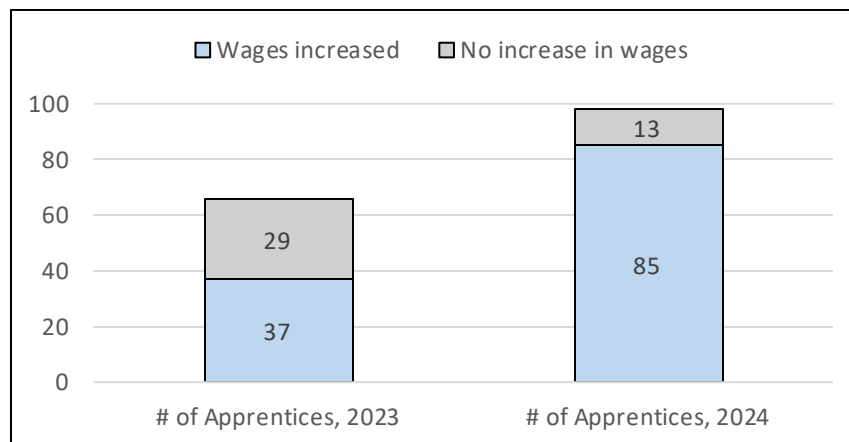
Employment Retention



For PY 2023, out of the 66 apprentices, 48 (73%) remained with the same employer through the first quarter of 2024. For PY2024, out of the 98 apprentices, 60 (61%) remained with the same employer through the first quarter of 2025.

Despite a slight decrease in the percentage of apprentices remaining with the same employer (from 73% in PY 2023 to 61% in PY 2024), the pilot program saw an increase of 32 apprentices, growing from 66 to 98 participants. Given this growth in apprentice participation alongside the observed decrease in retention, continued monitoring of employee retention is recommended as the program expands.

Wages



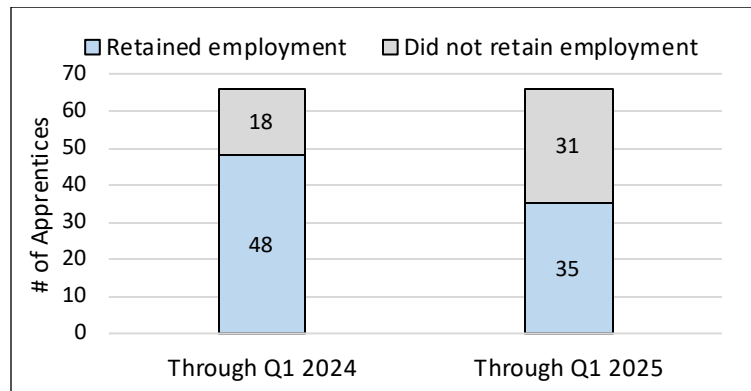
In PY 2023, over 55% of the apprentices experienced wage increases from their hire date through the first quarter of 2024. This meant 37 out of the 66 apprentices saw an increase in their quarterly wages. On average, quarterly wages increased by 7% for apprentices who experienced wage growth.

In PY 2024, 87% of the apprentices experienced wage increases from their hire date through the first quarter of 2025. Of the 98 apprentices reported, 85 apprentices saw an increase in their quarterly wages. On average, quarterly wages increased by 15.6% for apprentices who experienced wage growth.

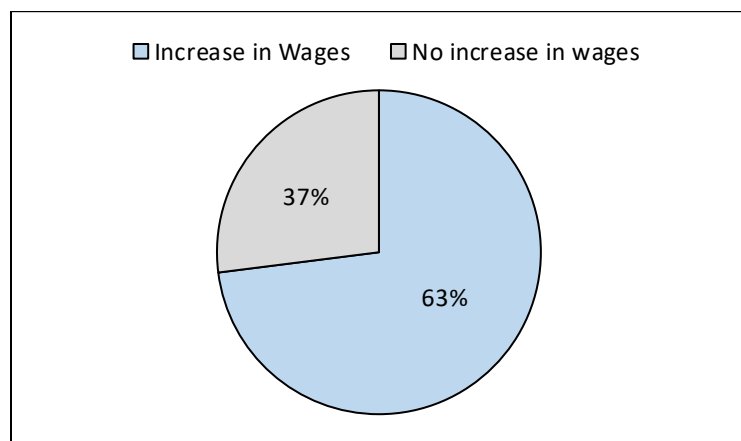
Cohort 1 (PY 2023) Update: Employment Retention and Wage Growth through Q1 2025

A follow-up analysis of apprentices reported in PY 2023 (Cohort 1) was conducted to further inform decisions regarding the Apprenticeship Tax Refund Pilot Program. The analysis focused on employment retention and wage growth through the first quarter of 2025.

As of Q1 2025, 35 of the original 66 apprentices (53%) from Cohort 1 have retained employment with the same employer.



Of these 35 apprentices, 22 (63%) have continued to experience increases in their quarterly wages.



The sustained retention and wage growth suggests a positive long-term impact on the careers of participating apprentices. The data indicates that the benefits of the apprenticeship training model are likely to extend beyond an apprentice's first/early years of employment and provide them with opportunities for career advancement and wage progression.

Conclusion and Recommendations

Analysis of the Apprenticeship Tax Refund Pilot Program for PY 2023 and PY 2024 reveals a significant expansion of the program, with a 48.5% increase in applications and a rise in participating apprentices. While employment retention rates saw a slight decrease, the total number of apprentices retained increased. Most notably, the percentage of apprentices receiving wage increases jumped from 56% in PY 2023 to 87% in PY 2024.

Recommendations:

- **Continue the Program.** It is recommended that the Apprenticeship Tax Refund Pilot Program continue with the following considerations:
 - a. Awareness of the program and number of applicants grew from Year 1 to Year 2 of the pilot.
 - b. A majority of apprentices experienced wage increases during both years of the pilot. Wage increases typically indicate growth in skills and employer satisfaction.
 - c. Over half of the apprentices reported during Year 1 (Cohort 1) have retained employment with the same employer. Retention typically indicates job satisfaction by both the employer and the apprentice.
 - d. The positive outcomes of the reported apprentices provide further evidence of the benefits of the apprenticeship training model.
- **Enhance Rural Outreach.** Given the increased number of applications from rural areas, continue to support and expand outreach efforts to promote the program to applicants in non-metro areas of Texas.
- **Continue Recruitment Efforts for all Designated Groups.** The substantial increase in women apprentices highlights the success of targeted recruitment strategies. Maintain and potentially expand outreach to ensure continued participation from individuals who may experience barriers to employment, including youth transitioning from foster care, military veterans, military spouses, and women.
- **Monitor and Analyze Retention Trends.** Despite the increase in total number of retained apprentices, the slight decrease in the retention rate warrants further monitoring.
- **Collect Additional Data on Employer Impact.** To gain a more comprehensive understanding of the program's benefits, survey participating employers to gather data on the impact of apprenticeships on their businesses, including productivity, innovation, workforce development, and overall business growth. Use the survey to also measure if and how the Apprenticeship Tax Refund Pilot Program incentivized employers to create or expand apprenticeship programs.