RÉPUBLIQUE FRANÇAISE
*Liberté*
*Égalité*
*Fraternité*


**GENERAL INSPECTORATE OF FINANCE**

IGF N° 2023-M-112-04

**GENERAL INSPECTORATE OF SOCIAL AFFAIRS**

IGAS N° 2023-123R


**CONFIDENTIAL REPORT**

# REVIEW OF PUBLIC EXPENDITURE ON VOCATIONAL APPRENTICESHIP AND TRAINING PROFESSIONNAL


Written by

JEAN-BAPTISTE **ROZIÈRES**
Inspector of Finance

CLÉA **BLOCH**
Inspector of Finance

MATTHIEU **LECLERCQ**
Inspector of Finance

MIREILLE **JARRY**
General Inspector of Social Affairs

ÉMILIE **SEFFRAY**
Inspector of Social Affairs

Supervised by
MARIE-CHRISTINE **LEPETIT**
General Inspector of Finance


**- MARCH 2024 -**

IGF
INSPECTION GÉNÉRALE DES FINANCES

INSPECTION GENERALE
DES AFFAIRES SOCIALES

# SUMMARY

As part of the multi-year public finance programming law, the Prime Minister commissioned, by letter dated November 9, 2023, a spending review from the General Inspectorate of Social Affairs (IGAS) and the General Inspectorate of Finance (IGF), focusing on State-funded vocational training and apprenticeship programs. Excluded from the scope of this review were the funding mechanisms linked to Regional Skills Investment Pacts (PRIC), expenses related to career counseling (CEP), validation of prior experience (VAE), credentialing policies, and school-based apprenticeships. Given the trajectory of public finances, a savings target of €1.5 billion was set for 2025, with up to 20% of this goal potentially achieved through revenue measures.

**The 2018 "Act for the Freedom to Choose One's Professional Future" (Law No. 2018-771, enacted September 5, 2018) restructured both the apprenticeship system and continuing vocational education.**

**Regarding work-study programs, the 2018 law liberalized the apprenticeship training market and introduced new financing methods.** It delegated to professional branches the responsibility of setting the cost coverage levels ("NPEC") for apprenticeship contracts to better align them with employment priorities. Additionally, **four successive hiring incentive schemes were created** between 2018 and 2022. The most recent provides a €6,000 subsidy to all employers hiring apprentices during the first year of the contract.

**The 2018 law also reorganized the vocational training landscape by making access to continuing education easier through several mechanisms.** Training rights accrued on the Individual Learning Account (Compte Personnel de Formation – CPF) were monetized and disintermediated, and the list of eligible training courses was eliminated, thereby enabling broader access to funding for all workers.

**Since 2018, other mechanisms supporting workforce upskilling during professional transitions have evolved as well.** The Professional Transition Project (PTP), which replaced the Individual Training Leave (CIF), enables private-sector employees to finance certified training for career change. In parallel, the National Employment Fund (FNE-Formation) has, since 2023, co-financed corporate training initiatives aimed at preserving and enhancing workers' skills amid digital, environmental, and food-system transitions.

As a result of these developments, **public expenditure on vocational training and apprenticeships has risen by 51% since 2020**, reaching €32 billion in 2022 after remaining relatively stable since 2015. The State is the primary funder; company contributions—unchanged since 2015—now account for just 30% of apprenticeship spending and 41% of vocational training spending.

The mission adopted a performance-based approach, assessing the effectiveness of each mechanism in improving employment outcomes, facilitating labor market integration, and aligning training with market needs, while remaining consistent with the government's employment objectives. Consequently, the review favors measures that minimally impact apprenticeship enrollment momentum and preserve individual freedom to chart personal training and career paths, as well as the confidence placed in economic stakeholders to develop relevant training infrastructure.

**In both apprenticeships and vocational training, rising unit costs have largely been driven by State financing:**

- Increased public funding spurred greater use of these programs and, in the absence of

cost-control mechanisms, led to rising training prices;

- Compared to peer countries, France stands out for its disproportionate public funding relative to private investment, especially from employers—even though the expected positive spillover effects have already materialized, and both employers and beneficiaries directly profit from these schemes.

**Between 2018 and 2023, the number of apprenticeship entrants rose 2.7 times**—from 321,000 to 852,000—**largely due (62%) to the growth of apprenticeships in higher education, particularly post–associate degree programs**. The French Economic Observatory (OFCE) estimates that the full cost of apprenticeship programs has multiplied by 3.4 during that period.

Both academic literature and stakeholders consulted during the review highlight the significant role hiring subsidies have played in this increase. **These subsidies may have led to windfall effects for employers**, whose out-of-pocket costs for hiring apprentices remain low—ranging from €350 to €733 per month depending on qualification level. Meanwhile, **public support for higher-education apprenticeships appears excessive given the diminishing marginal returns in employment outcomes** at higher qualification levels.

A more targeted approach to subsidies—based on qualification level and firm size—would enhance public spending efficiency. **The review recommends eliminating the hiring bonus for bachelor's (level 6) and master's (level 7) level apprentices hired by companies with 250 or more employees. This measure alone would yield €554 million in savings in 2025.**

Cost-coverage levels (NPEC) were reduced in 2022 and 2023 to better align funding with actual contract costs. Subject to the financial health of training centers (CFA) in 2023 and **absent a broader reform of the NPEC system, further residual savings of up to €150 million could be realized.**

Historically, apprenticeships were primarily funded through employer contributions. However, since 2020, with the expansion of apprenticeships and unchanged contribution rates, the State has shouldered most of the cost. Additionally, the absence of tuition fees, full coverage of training costs, and exemptions from payroll taxes and social security contributions make apprenticeships financially attractive for both apprentices and employers. **Consequently, employers and households could bear a greater share of apprenticeship costs**—particularly in higher education, where the incremental value of apprenticeships is less pronounced.

**On the employer side,** beyond the potential increase in the residual costs borne by companies for apprenticeship contracts in level 6 and 7 training programs, and the possible impacts of a systemic reform of cost coverage levels (NPEC), which could represent between €220 million and €620 million, **the mission supports the recommendation**—made by the July 2023 Igas-IGF report—**to streamline exemptions from the apprenticeship tax, with projected savings of €310 million.** The mission **also considers revitalizing the Additional Apprenticeship Contribution (CSA)** as a means of increasing incentives to hire apprentices, potentially generating an additional **€46 million to €93 million in revenue.**

**On the apprentice side, their wages could be made subject to income tax,** while applying a deduction to their reference income in order to prevent loss of access to related social benefits (notably housing assistance, or APL), **with a maximum potential gain of €459 million.** Furthermore, **the current threshold for exemption from employee social security contributions on apprentice wages could be lowered from 0.79 to 0.50 times the minimum wage (estimated gain: €277.5 million).** For a future apprentice earning the average wage, this would translate into a net monthly income that is €19 lower than in 2023. Additionally, **apprentice wages**, which are currently fully exempt from both the CSG (General Social Contribution) and CRDS (Social Debt Repayment Contribution), **could be**

**made subject to the CRDS alone, generating €64.6 million in savings**, with an average impact of €5 less per month in net income per apprentice.

**On the vocational training system side,** employee-controlled mechanisms—namely the Individual Learning Account (CPF) and the Professional Transition Project (PTP)—could be more efficiently targeted toward certified, higher-value training and feature better cost-sharing.

**Since its monetization in 2018, CPF use has surged.** Training enrollments via CPF doubled from 2020 to 2021, peaking at 2.4 million before falling to 2.1 million in 2022 (cost: €3 billion) following regulatory efforts that stabilized the training supply. In 2023, usage dropped to 1.5 million enrollments (cost: €2.3 billion).

**The 2018 reform also improved access for underserved populations: non-managerial staff, lower-educated workers, youth, and seniors.** In 2023, certified training programs—listed in the Specific or National Directory of Professional Certifications (RS/RNCP)—accounted for 62% of CPF-funded courses, contributing to training effectiveness.

Rather than narrowing the range of CPF-eligible programs, the mission considers that user responsibility and better guidance toward certified training could improve outcomes (completion rates, professional relevance) and financial sustainability. **One option is a differentiated co-payment model:** for example **€30 for RS/RNCP-certified training, €80 for others—potentially saving €190 million.**

**The PTP**, a CPF variant replacing the CIF in 2019, has seen funding fall by 54% (compared to €1.2 billion for CIF in 2017). In 2023, it funded career transitions for over 18,000 employees. Six months after completing training, two-thirds had achieved their transition goals. The average cost per PTP was €29,716 in 2023, with 70% of that covering participant wages.

**Given its objectives, the PTP could be targeted more specifically, according to two alternative scenarios:** reserving it for those over 30 (saving around **€65 million**) or limiting the coverage of remuneration above twice the minimum wage (potential savings of **€35 million** with the rate falling from 90% to 30%).

**The FNE-Formation, a scheme available to companies to support digital, ecological, and food transitions, could be reserved** for companies with fewer than 250 employees, which are the most exposed to major transitions and the least supported by skills operators (Opco) since the 2018 reform (estimated gain of **€51 million**).

**Finally, regarding training for jobseekers,** training expenditures doubled between 2018 and 2022, driven in particular by a threefold increase in spending on collective training and workplace adaptation programs. However, the scope for cost-saving measures remains limited, as training needs continue to rise—especially to support newly enrolled recipients of the Guaranteed Minimum Income (RSA), with a 150% increase in training entries projected by France Travail.

**Targeted efficiency measures could nonetheless be implemented** to reduce overlap between collective training schemes and promote co-funding arrangements. The training expenditures for jobseekers managed by France Travail could be partially redirected, in collaboration with the operator, yielding potential savings of **€80 to €100 million**. Several levers could be activated:

- Refocus spending on individual training courses and reduce the purchase of conventioned training programs (AFC), while continuing to restrict funding allocated to distance learning (FOAD);
- Consider co-funding by sectoral skills operators (Opco) for new individual Operational Preparation for Employment programs (POEI), which are expected to scale up and which the Opcos will also be authorized to implement;

- Reduce State funding to Opcos for collective Operational Preparation for Employment (POEC) programs in order to limit coordination costs and redundancy between schemes;
- Expand the strategy already initiated by France Travail, which aims to prioritize the use of the Individual Learning Account (CPF) for jobseekers pursuing individual training, and increase the deployment of CPF top-ups by France Travail (the French national employment agency).