

# Summary of Institute for Study of Labor's (IZA) Policy Paper No.46

## Can the United States Expand Apprenticeship? Lessons From Experience

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to the New York State Department of Labor Apprenticeship Training  
Council

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# The Paper and the IZA

- This paper by Robert I. Lerman (of American University, Urban Institute and IZA) can be found in its entirety on the IZA website: <http://ftp.iza.org/pp46.pdf>.
- The IZA located in Bonn, Germany is an international research center which publishes work by IZA staff and network members regarding science, politics and business.

# Is Apprenticeship Effective?

- A study comparing groups of workers entering job centers in Washington State revealed the following:
- Returns on apprenticeship investment far exceed other types of training including two-year community college programs.
- For apprentices, the present value of post-program increases in earnings amounted to over \$50,000 for the first 2.5 years after exiting their program compared to workers entering community college which indicated gains of only \$8,000 or less.
- A broader study of 10 states also documents large earnings gains from participation in apprenticeship.
- At 6 years after starting a program, earnings of the average apprenticeship participant stood at 1.4 times the earnings of non-participants.
- See also, Mathematica, An Effectiveness Assessment and Cost-Benefit Analysis of Registered Apprenticeship in 10 States, July 25, 2012
- [http://wdr.doleta.gov/research/FullText\\_Documents/ETAOP\\_2012\\_10.pdf](http://wdr.doleta.gov/research/FullText_Documents/ETAOP_2012_10.pdf)

# Overview of Apprenticeship

- The Disconnect between U.S. Policy and Apprenticeship
  1. A Lack of Connection to Secondary Schools: Unlike many other countries, the U.S. system has a limited association with secondary schools and generally recruits workers in their late 20's.
  2. Decentralization: The U.S. apprenticeship system is highly decentralized with programs operating under USDOL's Office of Apprenticeship or State Apprenticeship Agencies.
  3. Lack of Government Funding/Commitment: Federal budget for apprenticeship is less than 1% of USDOL's training budget.

Job Corps, which reaches 60,000 disadvantaged youths, is well over \$1 billion in funding, while apprenticeship, which reaches over 400,000 participants, receives less than \$30 million in federal funding.

Note: Funding supports USDOL Office of Apprenticeship and not state administered programs!

# BARRIERS TO APPRENTICESHIP

## Timing, Knowledge and Past Failures

- Other Countries Start Younger.
  - Countries with more integrated vocational education systems incorporate apprenticeships into the upper secondary and immediate post-secondary education systems. Youth, between ages 16-19, combine classroom and work-based learning toward some occupational expertise and credential as part of a dual vocational educational system. In contrast, U.S. formal apprenticeships typically begin only when workers are in their late 20's, and have little connection to secondary school vocational education.
- U.S. Efforts in the Early 1990's Fail
  - In 1994, Congress enacted the School-to-Work Opportunities Act (STWOA).
  - STWOA not extended past original 2001 expiration built into the law.
  - Why?
    - Opposition to youth apprenticeship & academia push-back
    - Issues: Does early apprenticeship force students to make crucial decisions about careers too early; involve unproductive tracking; generate opposition from parents resistant to non-college alternatives; compel students to switch high schools to obtain trade specific skills; be difficult for students lacking the necessary coursework for a demanding apprenticeship; and, yield too few apprenticeship slots from employers.

# Focus on Academics Only and the College-for-All Mentality

- Focus on academia versus work-to-career training.
  - The federal government's goal of restoring U.S. leadership in college completion by raising the U.S. college graduation rate to 60%.
- Why is apprenticeship not a viable alternative? Everyone thinks they have to go to college.
  - Even among the high school seniors in the bottom  $\frac{1}{4}$  of their high school class, a study showed that over 90% expected to go to college.
- Focus on academic testing versus career success.
- Common core academic standards.
  - However, most studies of the workplace show that skills differ widely across occupations, and for most occupations, several of the common core courses are not required for career success.
  - Nearly all workers use some math; 68% use fractions, but less than 25% use anything more advanced than fractions. Only 19% use the skills developed in Algebra I, and only 9% use the skills for Algebra II.
- We ignore the most serious educational and workforce problems—students dropping out of high school, low basic skills, and low employability skills.

# Community Colleges and Other Competing Institutions

- Career and Technical Education (CTE) programs, offered by U.S. high schools, have declined significantly in importance due to the increased emphasis on academic courses.
- Despite the substantial earnings gains, generated by past high school CTE programs, policymakers generally do not view these programs as adequate for preparing youth for careers. The shift away from occupational-related high school courses is mainly the result of the “college-for-all” policy and concerns that 16-18 year-olds are too young to specialize in an occupational field.
- The main rivals to apprenticeship training for middle-skill workers are community colleges and for-profit colleges because they draw potential candidates away.

# HOW CAN THE U.S. EXPAND THE ROLE OF APPRENTICESHIP TRAINING

- Support for work-based learning is increasing again. (See, [http://www.gse.harvard.edu/news\\_events/features/2011/Pathways to Prosperity Feb2011.pdf](http://www.gse.harvard.edu/news_events/features/2011/Pathways_to_Prosperty_Feb2011.pdf))
- State investments.
- South Carolina as a model with “Apprenticeship Carolina”
  - \$1 million per year initiative. Focus on attracting employers to registered apprenticeship.
  - Annual employer tax credits of \$1,000 per apprentice per year beginning in 2007.
  - An increase of one new employer-sponsored apprenticeship program per week and the number of apprentices in the state double.
  - According to staff in South Carolina, the availability of the modest tax credit opens the door to conversations about establishing an apprenticeship program.
- Other state initiatives
  - Connecticut offers employers 50% of apprentice wages up to \$4,800, but only for apprentices in the manufacturing, construction, or plastics-related trades.
  - Michigan and Arkansas, tax credits of up to \$2,000 are offered for apprentices in school between the ages of 16 and 20. Michigan’s credits are restricted to apprentices in high school or a GED program.
  - Rhode Island offers an incremental credit or up to \$4,800 for each apprentice hired that exceeds the average number hired for the prior years, but only for apprentices in the machine tool, metal trade, and plastics.

# CONCLUSIONS

- Career value is well established, yet disconnect between public and schools necessary to get adequate governmental support.
- The U.S. registered apprenticeship system is mainly an adult training program closely identified with construction and a few other occupations.
- Need for apprenticeship is documented.
  - Too many youth leaving school without a qualification or adequate employability skills; shortages of workers in skilled trades; widening earnings inequality; and, the cost of college is rising sharply.
- How will we as New York educational leaders take the initiative to expand apprenticeship opportunities?