States Increasingly Look to Apprentices to Bolster Their Workforce

BY: J.B. Wogan, Governing | March 14, 2018

For eight years, Will Lake, a graduate of a small college in Helena, Mont., bounced from job to job, looking for a way to use his bachelor’s degree in psychology. He worked as a telephone salesman, a bartender and a case manager assisting high school dropouts. "I knew I wanted to help people," he says, but he struggled to cover his rent and student loans. He thought about becoming a therapist, but that would require a master’s degree. The added time and expense seemed daunting. Then his wife came across an ad for an information technology apprenticeship sponsored by the state’s Department of Labor and Industry. Montana was willing to pay a recruit to learn new skills.

Lake took classes at a local college and trained with team leaders in the department's technology services division. Last month, he became a credentialed computer programmer with a permanent job already lined up in the division. Even though it's an entry-level position, it pays about $24 an hour -- more than he was making before -- and sets him on a path to earn close to $70,000 a year as a software engineer for the government. "I'm not worried about paying my bills anymore," he says.

Despite having a college diploma, Lake didn’t have the skills he needed to find the jobs he wanted. He’s not alone, and that skills gap is thought to be contributing to a strange paradox. In December, about 6.6 million Americans were unemployed, but companies had almost as many job openings -- 5.9 million. In many cases, the people looking for work simply aren't qualified for the positions that companies need to fill.

Lake’s story is similar to that of millions of other people across the United States. “If you look at the high school graduation rate, the number of kids who go to college, the number who finish college and then the number who actually go on to work in their field, you’ll see some huge gaps in the pipeline,” says Ellen Golombek, deputy executive director of the National Association of State Workforce Agencies.

The skills gap is part of a larger labor shortage that states and their companies are trying to address. With aging baby boomers retiring, companies are looking for the next generation of workers. About 53 percent of job openings are “middle skill,” requiring less than a four-year degree but more than a high school education. That includes blue-collar jobs like carpenters, plumbers and electricians, but also positions like dental hygienists, paralegals and nurses. Only about 43 percent of the current labor force fits that description.

A growing number of states are turning to apprenticeships like the one Lake took part in as a potential solution to their labor shortages, especially in rural areas where it can be hard to attract new workers. Of course, apprenticeships have existed in certain trades for millennia. But today there’s a new interest in strengthening and expanding these kinds of programs. American businesses employed 358,000 apprentices in 2011; last year, that number increased to 505,000. And states are adding apprenticeship programs to a slew of new jobs - - not just in manufacturing and construction, but also in nontraditional fields such as banking, cybersecurity, accounting, health care and even some niche jobs. Montana workforce officials, for instance, recently helped a small-town butcher train a replacement so he could retire without closing his business.

Here’s how apprenticeships work. Companies register the programs with either the U.S. Department of Labor or a state labor agency. Participants get paid by the employer while they receive training at work and in an educational setting, such as a college classroom or trade school. At the end of the process, the apprentice receives a job and an industry-recognized credential based on passing some kind of assessment. Either the federal government or a state agency oversees apprenticeship programs to make sure they meet national quality standards.

It's a model with broad appeal. "One of the intriguing aspects of apprenticeships is that it is bipartisan," says Michelle Sager, who oversees economic opportunity policy at the National Governors Association. All governors are trying to figure out ways to tap their unemployed and underemployed residents as a source of talent for companies in need of skilled labor. “Regardless of whether it’s a Democrat or a Republican,” she says, “it’s the kind of issue that appeals to them because they’re interested in having a strong workforce that have jobs with long-term potential.”
But as apprenticeships grow up, they're also at a crossroads. Some people, including President Trump, have advocated expanding the model even further and letting third-party groups, such as industry associations, design the programs. Others worry that will lead to watered-down apprenticeships that don’t meet the right standards. Meanwhile, the programs tend to exclude women and people of color, especially in higher-wage positions. And there’s the question of funding. Even as the Trump administration has said it wants to expand apprenticeship programs, it has threatened to gut much of the government system that coordinates and oversees those programs.

Montana typifies the kind of growth that registered apprenticeships have seen in many states. The number of apprentices there has increased almost 30 percent over the past five years, thanks to a combination of federal grants and state support. A few years ago, Montana did not have a single apprenticeship in health care. Now it has 15, with 161 people currently training for everything from certified nursing assistants to hospital administrators. One of the ways that Montana Gov. Steve Bullock has promoted apprenticeships is through a business tax credit available this year for the first time. Employers that sponsor an apprentice receive $750 (or $1,500 if the apprentice is a military veteran). About a dozen states have some kind of tax incentive for training or hiring apprentices, according to the National Governors Association.

Another way states are trying to promote apprenticeships is through structural changes in their workforce bureaucracies. In Montana, Bullock created a special liaison between the labor department and the state’s university system to make sure schools were teaching the skills that employers needed. In Colorado, Gov. John Hickenlooper created a unit for work-based learning that would coordinate between businesses and the federal registered apprenticeships system. In Maryland, Gov. Larry Hogan had the state legislature move oversight of its apprenticeships from the labor and industry division to the workforce division. In the past, the office of apprenticeships had a more passive, regulatory role, tracking registered programs and making sure their paperwork was up to date. In the reshuffle, says Maryland Labor Secretary Kelly Schulz, “we put the office within a cultural setting where the mission of that division is to be able to put people to work.”

Maryland has recently adopted some competency-based apprenticeships in addition to its existing time-based apprenticeships. In those new programs, trainees graduate when they can demonstrate that they’ve learned the requisite skills; their certification is not strictly based on how many hours they log in the classroom or at a job site. That required getting approval from the federal government and a state apprenticeship and training council, a quasi-governmental body with union and business representatives. Now that businesses know that they can onboard apprentices faster, they are more likely to participate. Like Montana, Maryland has seen an increase in total apprenticeships -- up 20 percent in the past three years -- and a diversification in the types of apprenticeship programs being offered. Last fall, the state graduated its first IT apprentice.

To bring its apprenticeship program up to date, Maryland did some reshuffling, says Labor Secretary Kelly Schulz. (David Kidd)

Registered apprenticeships have been around for more than a century in the United States, but they gained new currency under the Obama administration. Then-Labor Secretary Tom Perez described the training as “the other college, but without the debt.” Under Perez, the department invested more than $200 million in grants to help states expand apprenticeships. Congress also encouraged work-based learning through laws governing workforce development and K-12 education.

So far, Trump seems to be equally enthusiastic about apprenticeships, noting at one press conference that the workforce model shares the same name as the reality TV show he once hosted. Last summer, the Trump administration issued an executive order calling for a new task force to advise him on further expanding apprenticeships.

What Trump’s spin on apprenticeships will ultimately look like isn’t clear, but his early actions suggest some breaks with the last administration. His executive order called for the consideration of new programs developed by third parties, such as industry groups, companies and unions. That could result in the proliferation of weakened apprenticeships that don’t have the same industry-wide portability that the Labor Department has historically tried to ensure with its programs. Labor advocates also worry that the new programs won’t pay progressively higher wages and won’t adhere to the standard length -- at least a year -- required of most government-registered apprenticeships.

Another concern is funding. Last summer, Trump said he would invest another $100 million in apprenticeships, but as of February, the money hadn’t materialized. The White House recently asked Congress to double funding for apprenticeships to $200 million -- but it also called for more than $1 billion in cuts to other workforce and job training programs. (A last-minute addendum appeared to delay the requested cuts because of a
congressional deal that raises spending caps.) The Trump administration argues that the current workforce system is bloated and ineffective, noting that the federal government runs more than 31 job training programs out of 14 different agencies. The strategy has its critics. “It makes no sense to say you’re going to grow apprenticeships and then cut workforce investment,” says Mary Alice McCarthy, a former federal education and labor official who oversees a center on education and skills at the left-leaning think tank New America. “These are very important systems for helping deliver apprenticeships, for helping reach employers, for helping recruit apprentices. You can’t grow the apprenticeship system if you don’t also grow these other workforce development and economic development systems.”

Some organizations are worried that whatever the Trump administration does fund will not emphasize diversity in new apprenticeships. The Labor Department cancelled two contracts last year that sought to promote racial, ethnic and gender diversity. Currently, most apprentices are white and male. The White House budget also called for a 76 percent cut to the Women’s Bureau, a division of the Labor Department focused on helping women gain access to better-paying jobs. And it requested the elimination of 131 full-time jobs at a federal contract office that makes sure employers follow civil rights laws.

The bigger question about apprenticeships -- regardless of who is in the White House -- is whether the model can ever become mainstream in the United States. Much of the inspiration for modern American apprenticeships comes from Germany and Switzerland, countries that have already fielded visits from Obama and Trump, as well as a handful of governors including Matt Bevin of Kentucky and Mary Fallin of Oklahoma. In several European countries, apprenticeship models are more firmly ingrained in the education and workforce culture. In Switzerland, for example, most 15-year-olds are in apprenticeships. In Germany, a culture of apprenticeship has existed for hundreds of years, supported financially by strong national trade unions. In the U.S., however, federally registered apprenticeships represent only about 0.3 percent of the overall workforce.

American apprenticeships suffer a sort of identity crisis. Proponents often trip over how to describe them in relation to higher education: Are these part of someone’s eventual path to a four-year bachelor’s degree, or are they a cost-effective substitute for college? Trump’s executive order takes the latter view, characterizing them as a pragmatic replacement for colleges and universities that saddle Americans with crushing student debt and no direct connection to jobs.

It’s a fine line for governors to walk. In the United States, “there’s a culture of wanting your child to go to a university,” says Sager of the National Governors Association. “Part of [governors’] message is that you do have other possibilities, that it doesn’t cut you off from a longer-term plan to pursue a degree, but in the short term, you’re not only receiving an education, you’re also receiving valuable job skills while not accumulating student debt.”

What states are trying to do now is involve community colleges in providing the classroom training, so apprentices still receive an academic credential. An apprentice in manufacturing, for example, might also complete the program with an associate’s degree in applied engineering. “That’s what people want to see more of,” says McCarthy of New America. “If apprenticeships are going to succeed in industries outside of the building trades -- if it’s going to be a model for training health-care workers or IT workers or workers in advanced engineering fields -- the general feeling is that it needs to be better tied to our higher education system.”

The growth of apprenticeships may do more than disrupt the traditional path to a two- or four-year degree; it could be part of a significant change in how workforce agencies approach job placement services. For much of their history, most agencies and their local job centers have taken a “train and pray” approach, says Kermit Kaleba, federal policy director at the National Skills Coalition. Caseworkers at job centers met with a client, tried to identify careers that seemed like a good fit and connected them with training. In theory, the model was supposed to be driven by employer demand, but in practice it often wasn’t. It also didn’t guarantee a job at the end of a training.

The apprenticeship model calls for a paradigm shift. For decades, public workforce agencies have trained residents, hoping that private-sector employers will then hire them. With apprenticeships, the employers come to government, identify the shortages they have and the skills they need; government then works with schools or training facilities to meet those demands. States can offer job training vouchers to subsidize wages and cover some training expenses, but once companies believe in the value of the model, they often have the ability to cover those costs. With apprenticeships, “an employer is not just an end user,” says Kaleba. The relationship between government workforce agencies and companies is “an active collaboration as opposed to a warm handoff.”
States are learning that letting employers drive that partnership pays off for the apprentices and their sponsors. “Government has to be on the outer circle,” says Galen Hollenbaugh, commissioner of the Montana Department of Labor and Industry. “We are a support entity. We are a facilitator. And that's a very different philosophy than the workforce development philosophy has been for the last 80 years.”

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