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**CITYLAB**

# Why Apprenticeships Are Taking Off

Employers need skilled workers; young people want a path to a good job without accruing lots of debt.

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Tanner Greeson, an apprentice electrician in Portland ([Oregon Department of Transportation/Flickr](#))

*This article is the first in a three-part series on apprenticeship in the United States.*

Twenty years ago, a manufacturing worker might have operated a machine on a factory floor. Today, that worker would need to understand not only how to operate the machine, but also how to program and maintain it. Similarly, many health care workers, such as medical coders and health information managers, now need to know IT as well as the basics of medicine.

“All our workers need to learn a lot more than workers from 20 or 50 years ago,” says Deborah Kobes, an associate director with [Jobs for the Future](#), a labor policy nonprofit.

These added requirements are making it difficult for workers to keep up. The result is a skills gap—not just in the United States, but worldwide.

For the last decade, the Manpower Group, a human resources consultancy, has tracked the skills gap. It found that employers across the globe are facing the most acute talent shortage since the recession in 2007. Of the more than 42,000 employers surveyed, [40 percent said they are experiencing difficulty filling roles](#).

To remedy this problem, most employers focus on internal employee training and development programs. But another way companies can ensure a pipeline of workers with the right skills is through apprenticeship. There has been burgeoning interest in registered apprenticeships since former President Barack Obama pledged to double the number of them nationwide, to 750,000 by the end of 2018.

## **The rise of registered apprenticeships**

Registered apprenticeships, not to be confused with less formal or company-specific apprentice programs, have five defining features:

- Employers pay participants during their training.
- Programs meet national standards for registration with the U.S. Department of Labor (DOL) or state apprenticeship agencies.
- Programs provide both on-the-job learning and job-related classroom or technical instruction.
- On-the-job learning is conducted under the direction of a mentor.
- The training results in an industry-recognized credential that certifies occupational proficiency.

Kobes says registered apprenticeships allow employers to hire workers with the necessary skills while also allowing students to avoid the financial burden of loans. According to DOL, 87 percent of apprentices are employed after completing apprenticeship programs, with an average starting salary above \$50,000.

Researchers at Case Western Reserve University and the U.S. Department of Commerce [found](#) that registered apprenticeship programs lead to greater productivity due to a decrease in employee errors, reduced employee turnover, and improved employee engagement. Apprenticeships may also reduce employers' hiring costs and increase employee loyalty. International studies suggest that for every dollar spent on an apprenticeship, employers may get an average of \$1.47 back in increased productivity, reduced waste, and front-line innovation.

An apprentice at an aeronautics-parts supplier in Austria. Apprenticeship is far more common in Europe. ([Heinz-Peter Bader/Reuters](#))

To help get to Obama's goal, the U.S. Department of Labor provided [\\$90 million](#) last year to states, non-profits, workforce intermediaries, and industry associations to expand and diversify apprenticeship options. The administration also offered [\\$175 million in grants](#) to dozens of public-private partnerships.

The number of registered apprenticeships has risen significantly, from 375,000 in 2014 to 505,000 as of September 2016. The Trump Administration's stance on expanding apprenticeship is not yet clear, but in the past the effort has received bipartisan support.

In this country, a "learn and earn" model has historically been limited to construction, the building trades, and manufacturing. That's changing. White-collar industries such as insurance, health care, and IT are hurting for talent.

"There are close to 600,000 IT openings today," says Eric Seleznow, who was deputy assistant secretary of DOL's Employment and Training Administration under Obama, "and scores of other industries and employers who can't find workers with the skills they need."

## **How it works**

By the time an apprentice is hired as a full-time employee, he or she has worked with the company for two to three years, says Rebecca Lake, dean of workforce and economic development at Harper College in Palatine, Illinois. Harper College is one of the many community colleges partnering with DOL through its [Trade Adjustment Assistance Community College and Career Training \(TAACCCT\)](#) grant program. TAACCCT has awarded \$1.9 billion to 256 grantees to create programs in conjunction with local employers and driven by their staffing needs.\*

The college currently offers four apprentice programs in business insurance, CNC precision machining, industrial maintenance mechanics, and logistics/supply chain. It started its program two years ago with six companies; today, there are a dozen, and Harper is looking at adding new programs.

Harper's apprenticeships have proved extremely popular with students. And no wonder: "They graduate from college with zero debt and they have a job," Lake says. The employer must pay apprentices \$12 to \$13 an hour for their work, as well as covering their education. At least once a year, companies must give apprentices a wage increase because they are gaining skills.

Registered apprenticeships can be incredibly competitive, says Kobes: Many of the building trades programs have a multi-year wait list, and it's not uncommon for employers to only offer the option to existing employees. Some employers require candidates to test into the program and demonstrate a certain level of knowledge.

It's common for American companies to pay for a worker to take a college course, but developing an apprenticeship program is something else entirely. Employers are slowly coming around. "International companies understand this, but for U.S. companies this is new," Lake says.

When apprentices graduate from a program, they earn an industry-recognized credential from DOL or the state apprenticeship agency. Depending on where the program is registered and the occupation, the credential could be a national or state occupational certification, or a journeyperson's certificate.

## Getting past the stigma

However, despite the benefits, there are barriers to wider participation. “There is a perception that registered apprenticeships are only for union employees,” Kobes says. There is also a general lack of knowledge about these programs, and many people believe they’re only available for the building trades.

The ultimate barrier may be the perception that apprenticeship is a lesser option compared to four-year college. As a result, Kobes says, parents and counselors don’t encourage students to consider apprenticeship.

“There is a stigma with this in the United States,” Kobes says, “in part by past practices of taking poorer and minority kids out of school and making them go to vocational school.”

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In Europe, apprenticeships are so widespread, they’re not seen as a lesser choice. In fact, the average age of someone entering an apprenticeship in Europe is 17, says Seleznow, compared with 28 in the United States.

A Jobs for the Future initiative called the [Pathways to Prosperity Network](#) is looking at ways to re-envision high school education to prepare students for youth apprenticeship programs. Nancy Hoffman, a senior advisor at the organization, encourages parents to keep an open mind about apprenticeship. “If you’re not sure your child will get a job with a four-year degree and your child is going into debt for that degree, you might want to look for options with more security,” she says.

In many cases, she adds, people make a higher income after an apprenticeship than they would have if they had pursued a four-year degree. With college debt surging, that’s a strong incentive to shake off old biases.

*\*CORRECTION: This story has been updated to reflect the fact that not all TAACCCT grant programs are for registered apprenticeships.*