
EXPANDED APPRENTICESHIPS

The Problem: In June 2017, President Trump issued an executive order calling for the expansion of apprenticeship programs across the country.ⁱ Competency-based apprenticeships that are directed at training aspiring workers cut costs for companies,ⁱⁱ raise earnings for workers,ⁱⁱⁱ and increase employment across the economy,^{iv} but to achieve this, state governments must create more opportunities for workers to participate in apprenticeship programs.

As the executive order aims to address, many large industries do not use apprenticeships to attract and train new workers. Of the 505,000 active federally-registered apprentices in 2016, about half were in the construction industry or through the United States Military Apprenticeship Program. Meanwhile, large sectors in food services, professional services, and healthcare accounted for only a small portion of registered apprenticeships.^v Yet apprenticeships are a time-tested, proven model for job creation—after completing a federally-approved apprenticeship, over 90 percent of participants find employment, and the average starting annual wage is above \$60,000.^{vi} While these impressive outcomes cannot be replicated for every profession, expanding apprenticeships is a necessary step to close the skills gaps seen across the American economy.

While apprenticeships are most effective when they are created by the private sector, government-created occupational licensing requirements often stand in the way of widespread adoption. Licensing boards generally do not recognize outside apprenticeships, instead monopolizing education and training programs, which prevents the private sector from taking on this role. Since the 1950s, the percentage of the workforce that needs the government's permission to work has increased from five percent to nearly 30 percent.^{vii} And rather than covering high-wage occupations, licenses are now required for low-income occupations like cosmetologists and manicurists.

A 2017 study by the Institute for Justice that examined licensing requirements for 102 different low- and moderate-income occupations found an average requirement of \$260 in fees, one exam, and approximately one year's worth of education and training for licensure.^{viii} Manicurists in Virginia need to pay \$290 to work legally,^{ix} while cosmetologists in Michigan must pay \$291 for an application, license, and exam—in addition to the cost of the state-required schooling.^x To put these cost burdens in perspective, a \$200 fee is equivalent to the cost of a week of groceries for a family of four.^{xi} For those struggling to make ends meet, every dollar spent to start working is a setback.

Beyond imposing fees, government licensing agencies also determine how long workers spend training to enter an occupation. Cosmetologists, an occupation with median annual earnings of \$24,000, face average required training of over 400 days.^{xii} For many low-income Americans, forgoing over a year of earnings to invest in government-prescribed training is not an option—but an apprenticeship would offer a paid position, allowing workers to learn a skill while financially supporting themselves and those who rely on them.

Young workers would also be helped greatly by expanded apprenticeships. Though the economy has steadily improved since the Great Recession, young people are still struggling with a sluggish labor market. As of the end of 2017, the unemployment rate for 20- to 24-year-olds remained above seven percent, and the teenage unemployment rate was close to 14 percent. Both rates are significantly higher than the under-four percent unemployment rate for those over 25 years old.^{xiii}

How to Fix It: Instead of costly, one-size-fits-all educational courses, a more efficient way to train workers in many occupations is to provide hands-on training and allow workers to prove their competence. To create safe, alternative paths to work, Freedom to Work allows the completion of government-approved, private sector-created apprenticeships to fulfill costly licensing requirements. This ensures that workers receive the training they need but in a cost-effective and expedited way.

This reform would require licensing authorities to grant occupational licenses to anyone who finished eighth grade, completed an apprenticeship approved by the U.S. Department of Labor or the state's labor department, and passed any required examination. In 2017, Connecticut successfully enacted this model when the state legislature passed a bill allowing aspiring cosmetologists and barbers to work after completing an approved apprenticeship and passing an exam instead of going through the standard licensing process.^{xiv}

Beyond cosmetologists and manicurists, aspiring workers in other personal service occupations such as barbers, estheticians, hair stylists, hair braiders, and makeup artists would benefit from this type of reform. Excluding Connecticut, less than 20 other states allow applicants for a barber license to complete an apprenticeship instead of going to barber school. However, all these other states mandate a set number of hours for the apprenticeships and, with many mandating over 3,000 hours, most apprenticeships must last much longer than traditional barber school.^{xv}

The few states that allow apprenticeships for manicurists and cosmetologists also impose requirements that take longer to fulfill than traditional licensing. In Virginia, for example, a manicurist license takes 150 hours to earn while a manicurist apprenticeship must last for at least 2,000 hours.^{xvi} For this reason, it is important to limit the hours that state boards can require an apprentice to train to no more than what is required for licensing. Regulators' focus should be on the ability of prospective workers to work safely by passing an exam, and not on the amount of time that workers trained for at school or during an apprenticeship.

Just as there is bipartisan agreement that apprenticeships are good for workers, businesses, and the economy, there is widespread realization that occupational licensing makes it more difficult for low-income individuals and young people to work. To expand economic opportunity and the economy, states should allow for the creation of competency-based, private-sector apprenticeships to replace costly licensing laws.

ⁱ Donald Trump, "Presidential Executive Order Expanding Apprenticeships in America," The White House (2017).

ⁱⁱ Sarah Ayers Steinberg and Ben Schwartz, "Apprenticeships Are Good for Business," Center for American Progress (2014).

ⁱⁱⁱ Debbie Reed et al., "An Effectiveness Assessment and Cost-Benefit Analysis of Registered Apprenticeship in 10 States," Mathematica Policy Research (2012).

^{iv} Jeffrey Zients, Thomas Perez, "ApprenticeshipUSA is Upskilling America," The White House (2016).

^v "Registered Apprenticeship National Results Fiscal Year 2016," U.S. Department of Labor (2017).

^{vi} Jeffrey Zients, Thomas Perez, "ApprenticeshipUSA is Upskilling America," The White House (2016).

^{vii} Morris Kleiner, "Reforming Occupational Licensing Policies, The Hamilton Project at the Brookings Institution (2015).

^{viii} Dick M. Carpenter II, Lisa Knepper, Kyle Sweetland, and Jennifer McDonald, "License to Work: A National Study of Burdens from Occupational Licensing," Institute for Justice (2017).

^{ix} Board of Barbers and Cosmetology, "Regulations," Virginia Department of Professional and Occupational Regulation (2017).

^x Bureau of Professional Licensing, "Michigan Cosmetology Licensing Guide," Michigan Department of Licensing and Regulatory Affairs (2015).

^{xi} “Official USDA Food Plans: Cost of Food at Home at Four Levels, U.S. Average, March 2015,” United States Department of Agriculture (2015).

^{xii} “Occupational Employment and Wages, May 2016 39-5012 Hairdressers, Hairstylists, and Cosmetologists,” U.S. Department of Labor (2017) and Dick M. Carpenter II, Lisa Knepper, Kyle Sweetland, and Jennifer McDonald, “License to Work: A National Study of Burdens from Occupational Licensing,” Institute for Justice (2017).

^{xiii} Bureau of Labor Statistics, “Employment and Unemployment Among Youth Summary,” U.S. Department of Labor (2017).

^{xiv} “S.B. No. 548,” Connecticut General Assembly (2017).

^{xv} “How to Decide if a Barbering Apprenticeship is Right for You,” Barber License (2017).

^{xvi} “Regulations,” Board of Barbers and Cosmetology (2018) and “Active Appenticeable Occupations in Virginia,” The Virginia Department of Labor and Industry, (2017).