



EXPANDED APPRENTICESHIPS:

The untapped potential in the pathway to work

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KEY FINDINGS

1

THE PROBLEM:

OUT-OF-CONTROL
LICENSING IS HOLDING
WORKERS BACK.



2

THE SOLUTION:

EXPANDED
APPRENTICESHIPS
PROMOTE WORK FOR
THOUSANDS OF
AMERICANS.



3

THE IMPACT:

APPRENTICESHIPS HELP
YOUNG WORKERS FIND
JOBS, INCREASE
INCOMES, AND CAN
REDUCE DEPENDENCY.



4

THE OPPORTUNITY:

EXPANDED
APPRENTICESHIPS
ENSURE WORKERS GET
ON-THE-JOB
TRAINING—WHILE
EARNING A PAYCHECK.



BOTTOM LINE:

STATES SHOULD GIVE MORE AMERICANS AN ALTERNATIVE PATH TO WORK WITH
EXPANDED APPRENTICESHIPS.

The problem: Out-of-control licensing is holding workers back

Occupational licensing was originally designed as a way to protect consumers and ensure capable individuals were in high-skill positions. But licensing has moved far beyond its original purpose, and research shows that it has little effect on public safety for many professions and can even reduce service quality in some cases.¹

As licensing has stretched beyond its original purpose, the number of Americans who need licenses to work has skyrocketed. In the 1950s, only five percent of occupations required licensure.² But today, nearly 30 percent of occupations require a license.³ That means nearly one-third of workers must now obtain licenses before moving into their careers.

While this is a major problem for the economy at large, it poses specific barriers for young workers and low-income Americans looking to move up the economic ladder into the middle class. In order to obtain these licenses, individuals must meet educational requirements, pay associated fees, sacrifice months or even years of their time, and often forgo earning a substantial paycheck during the process. Those education or training programs can cost thousands of dollars, and individuals are often forced to spend months out of the workforce in order to complete them.⁴ For example, the typical cosmetology school charges more than \$15,000 in tuition and fees, with some schools charging up to \$24,000.⁵ These fees and education requirements stand as barriers to work for millions of young and low-income Americans seeking a job.



EXPANDED APPRENTICESHIPS INVOLVE THREE SIMPLE COMPONENTS:



**AN APPRENTICE MUST HAVE
SUCCESSFULLY COMPLETED
THE EIGHTH GRADE.**



**AN APPRENTICE MUST
COMPLETE AN APPRENTICESHIP
THAT HAS BEEN RECOGNIZED
BY STATE OR FEDERAL OFFICIALS.**



**IF AN EXAM IS NECESSARY,
AN APPRENTICE MUST HAVE A
PASSING SCORE.**

The solution: Promote work for thousands of workers with Expanded Apprenticeships

Traditional education programs are just one way that individuals can learn the tools of their trades. On-the-job training and work experience can provide individuals with similar opportunity to practice their crafts and receive guidance from experienced professionals—without sacrificing a paycheck.

When individuals are engaged as apprentices, they work alongside mentors and gain hands-on experience, rather than just formal classroom education. This not only allows them to hone their skills in a faster, more effective manner, but it also allows them to build relationships and form connections with potential employers and customers. More importantly, it also allows them to earn a living while receiving training, opening up new pathways to the middle class for low-income workers.

Although some sectors, such as construction, already offer on-the-job training opportunities through apprenticeships programs, these options remain rare in many other sectors.⁶ Policymakers can build on these successes by recognizing apprenticeships as an alternative pathway to earning licenses for certain jobs.

Expanded Apprenticeships allow for the creation of competency-based, private-sector apprenticeships to replace inefficient, costly licensing requirements for certain occupations. This would empower individuals to use their time spent as apprentices to satisfy education or training requirements mandated by licensing boards.

Importantly, this reform does not require states to create new apprenticeship programs or increase costs for states. Connecticut, for example, estimates that providing this new pathway to workers will have no fiscal impact on the agency and can be accommodated by existing staff.⁷ The policy change could also increase revenues by increasing the number of new workers paying licensing fees and by collecting higher income taxes on new workers who would otherwise be out of the labor force during the training period.⁸

The impact:

1. APPRENTICESHIPS HELP YOUNG WORKERS

The national economy is booming, with unemployment hitting its lowest point in decades and the number of open jobs reaching an all-time high.⁹⁻¹¹ While the unemployment rate for young workers is near a record-low, there remains significant room for improvement.¹²⁻¹³ In October 2018, the unemployment rate for individuals in their early 20s sat at 6.8 percent, more than double the rate for individuals over 25.¹⁴⁻¹⁵ Likewise, the unemployment rate for teenagers remained at an even-higher 11.9 percent.¹⁶

Employers are desperate for workers, but licensing barriers make it difficult to fill those open positions, as most open jobs are in industries with the highest rates of licensure.¹⁷⁻²⁰ These barriers are particularly challenging for younger workers who cannot afford to spend months or years without substantial earnings while enrolled in traditional occupational education programs and have less relevant experience in their chosen fields.

Apprenticeships can help fill that experience gap by ensuring those enrolled not only receive quality training, but also gain hands-on experience within the field that can be applied when they graduate from the program and enter the profession.

2. APPRENTICESHIPS CAN INCREASE INCOMES

Apprenticeships have a strong track record in improving individuals' long-term employment prospects. More than 90 percent of individuals that complete apprenticeships find employment after their programs end.²¹ These improved prospects last throughout workers' careers, with the employment rate for those completing apprenticeships nearly 20 percentage points higher than similar individuals who were never apprentices, even a decade later.²²

“Employers are desperate for workers, but licensing barriers make it difficult to fill those open positions.”



Better still, these individuals enjoy starting salaries of more than \$60,000, on average.²³ To put this into perspective, the median wages for all American workers is just above \$46,000.²⁴ These wage gains continue to build over time, with individuals who have completed apprenticeships earning more than \$300,000 in higher compensation over the course of their careers when compared to similar individuals who were never apprentices.²⁵

Apprentices also begin earning wages on day one of their training.²⁶ The average starting wage for apprentices is \$15 per hour, more than double the federal minimum wage and higher than any state minimum wage in the country.²⁷⁻²⁸ These wages gradually increase as apprentices' skills improve, providing individuals with a clear path to higher wages and productive careers once the apprenticeships end.²⁹

3. APPRENTICESHIPS CAN REDUCE GOVERNMENT DEPENDENCY

Despite the booming economy, the number of able-bodied adults on welfare programs remains at a near-record high. In 2018, nearly 28 million able-bodied adults were enrolled in Medicaid.³⁰ Despite the fact that work is the best path out dependency, most able-bodied adults on welfare do not work at all.³¹⁻³²

Unfortunately, government policies often create a two-pronged attack on work: welfare programs discourage work and licensing requirements create barriers for those seeking to escape dependency. Low-income adults are among those most hurt by traditional licensing rules, as they are least able to afford the cost of obtaining the mandated education and are unable to forgo meaningful employment in the months or even years of required training. Many individuals who would otherwise pursue these licensed careers may instead turn to welfare programs, which could discourage work even further and trap them in a cycle of dependency.

By allowing low-income individuals to satisfy their education and training requirements through apprenticeships, states would empower these adults to earn a living while receiving effective, on-the-job training. Getting these able-bodied adults back to work would help move them off welfare—or keep them from enrolling in the first place.

The opportunity: States should ensure workers get on-the-job training—while earning a paycheck—with Expanded Apprenticeships

Policymakers can tear down barriers to work by recognizing apprenticeships as an alternative pathway to earning licenses for certain jobs. Licensing requirements vary across the country, but typically require applicants to spend months in education programs, pass at least one exam, and pay hundreds of dollars in fees. Those education or training programs cost applicants thousands of dollars they might not have, and often prevent them from working full-time.

Allowing individuals to satisfy these education requirements through on-the-job training in apprenticeships would help young workers, boost incomes, and reduce government dependency.

States are starting to do just that. In 2017, Connecticut unanimously passed legislation to allow cosmetologists to use apprenticeship programs to satisfy licensing education requirements.³³ In 2018, Tennessee adopted similar legislation for several occupations, requiring most licensing authorities to recognize apprenticeships as an alternative pathway to licensure.³⁴

By implementing Expanded Apprenticeships, states could provide opportunity to thousands of Americans, tear down barriers to work, and promote proficiency over time spent in government-mandated education programs. Ultimately, Expanded Apprenticeships will help give more Americans the freedom to work.

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