



COMMENTS ON ETA-2019-0005

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Opportunity Solutions Project (OSP) supports the U.S. Department of Labor's (DOL) efforts to expand access to market-informed and flexible apprenticeships. The proposed rule is a critical step forward to create opportunities for millions of Americans looking to train for their next job while earning a paycheck at the same time. This rule will begin to open doors to apprenticeships that train workers with the specific skills they need to fill some of the 7.3 million available open jobs.¹ These new opportunities will help boost the economy by getting individuals into the workforce more quickly and providing additional career pathways beyond traditional four-year higher education.

Burdensome licensing requirements hold workers back

Occupational licensing was initially designed as a way to protect consumers and ensure capable individuals were in high-skill positions. 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

While this is a significant 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.⁴ 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.⁵ Those education or training programs can cost thousands of dollars, and individuals are often forced to spend months out of the workforce to complete them.⁶ For example, the typical cosmetology school charges more than \$15,000 in tuition and fees, with some schools charging up to \$24,000.⁷ These fees and education requirements stand as barriers to work for millions of young and low-income Americans seeking a job.

This is why DOL's efforts to expand Industry-Recognized Apprenticeship Programs (industry programs) are so important. These programs afford individuals the opportunity to earn income while also gaining the specific skills they will need to be successful as they work toward earning their license.

The proposed rule is balanced but should open apprenticeships to all industries

The proposed rule finds an equilibrium between commonsense guardrails to ensure high-quality apprenticeships while at the same time allowing these programs to be flexible enough to train workers in the best possible manner for very different industries.

The conflict of interest protections included in the rule for Standard Recognition Entities (SREs) makes sense, as does putting in place meaningful, but not burdensome, performance measures for SREs.

However, DOL should reconsider carving out any industry from recognizing SREs. While it is true that well-established apprenticeships may be more common in some sectors, the additional choice for workers will result in either further confirming the quality of current apprenticeship programs or showing them to be of lesser quality than new ones. Locking out the opportunity for SREs to form in these industries could deprive workers of even higher quality and innovative training.

In addition, if construction and the U.S. military are carved out in the final rule, many taxpayer-funded projects and personnel may not benefit from the highest value and quality training that could be offered to equip these workers. The Department should consider allowing SREs in any industry—to compare the outcomes between different kinds of apprenticeship programs—and then highlight the best ones for public recognition. If DOL keeps in place the carve-outs, this restrictive provision should sunset as quickly as possible. Workers, government, businesses, and taxpayers would all benefit from this change.

Industry-led apprenticeships will help young workers find jobs

While the unemployment rate for young workers is near a record low, there remains significant room for improvement. Employers are desperate for workers, but licensing barriers make it challenging to fill those open positions, as most open jobs are in industries with the highest rates of licensure.⁸ These barriers are particularly challenging for young 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 enrollees receive not only 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.

During a time where student loan debt is skyrocketing, opening more opportunities in new industries for young workers to gain experience and a paycheck at the same time is an important innovation. Sadly, many students are finding that costly degrees, which often result in significant student debt, do not always lead to the desired employment or earnings. This rule, with a projected 9,000 new industry-led apprenticeship programs, provides a path for young Americans who want to avoid student debt and move directly into the workforce.

Industry-led apprenticeships will increase incomes and can reduce student debt and government dependency

Apprenticeships have a strong track record in improving individuals' long-term employment prospects. Those who complete apprenticeships find employment at very

high rates and earn more over time.⁹ In addition, apprentices start earning a paycheck on day one. This differs from unpaid interns—who are not paid for their work—as well as those who must pay an educational institution for more training.

Apprenticeships can also help reduce government dependency. Although work is the best path out dependency, most able-bodied adults on welfare do not work at all.¹⁰ Low-income adults are among those most hurt by traditional licensing rules, as they are often unable to afford the cost of the mandated education and are unable to go without a paycheck in the months or even years of required training.¹¹ 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. Allowing low-income individuals to satisfy their education and training requirements through apprenticeships helps the individual and their families while reducing dependency.

Conclusion

The proposed rule takes important steps to open doors to more industry-informed apprenticeship programs that will help millions of workers across America. Young and lower-income workers will benefit as apprenticeships boost incomes and decrease dependency. The final rule should not carve out specific industries as workers, taxpayers, and companies will all benefit from both high-quality registered and industry-recognized apprenticeship programs.

Endnotes

1. Bureau of Labor Statistics, "Job openings and labor turnover summary," United States Department of Labor (2019), <https://www.bls.gov/news.release/jolts.nr0.htm>.
2. Jonathan Bain et al., "Expanded apprenticeships: The untapped potential in the pathway to work." Foundation for Government Accountability (2018), <https://thefga.org/research/expanded-apprenticeships-the-untapped-potential-in-the-pathway-to-work>.
3. Ibid.
4. Ibid.
5. Ibid.
6. Dick Carpenter et al., "License to work," Institute for Justice (2012), <https://ij.org/wp-content/uploads/2015/04/licensetowork1.pdf>.
7. Jonathan Bain et al., "Expanded apprenticeships: The untapped potential in the pathway to work." Foundation for Government Accountability (2018), <https://thefga.org/research/expanded-apprenticeships-the-untapped-potential-in-the-pathway-to-work>.
8. Ibid.
9. Ibid.
10. Sam Adolphsen and Jonathan Ingram, "Three myths about the welfare cliff," Foundation for Government Accountability (2018), <https://thefga.org/research/three-myths-welfare-cliff>.
11. Jonathan Bain et al., "Expanded apprenticeships: The untapped potential in the pathway to work." Foundation for Government Accountability (2018), <https://thefga.org/research/expanded-apprenticeships-the-untapped-potential-in-the-pathway-to-work>.