State leaders are focused on skill development and apprenticeships as the way forward in increasing labor participation and attracting mid- and high-wage jobs to their states. As states and businesses continue to recover from the Great Recession, both are attempting to do so in a new environment. The 21st century has seen two historic shifts related to economics and workforce development. The first is the return of manufacturing jobs to the United States and the second is the new technological requirements of these jobs. While job opportunities continue to grow, today’s factories employ fewer people but require greater levels of technical knowledge from employees.

The result of these developments is referred to as the skills gap. In 2015, the Manufacturing Institute projected that the coming decade would produce 3.5 million new manufacturing jobs, but that the skills gap would result in 2 million of those jobs being very difficult for employers to fill due to a lack of qualified workers. Commenting on this challenge more broadly, former U.S. Commerce Secretary Penny Pritzker said in a July 2015 press release, “I have met with over 1,800 CEOs since becoming commerce secretary, and almost every one of them has said that the need for a steady supply of skilled, qualified workers to fill jobs throughout our economy is a key challenge for their companies.”

Today, states find themselves on the front lines of this challenge and uniquely equipped to address the gap between the demand for skilled workers and supply of talent from state institutions.

While it is clear that existing training programs are not meeting today’s business demand and therefore not preparing their students with the skills necessary to succeed, it is difficult to determine how to fix the existing system. To address this challenge states need to find new ways to invigorate
existing job training and workforce development programs. Key to success is engagement with the business community; a community college cannot meet regional business needs if businesses do not articulate what their needs are. Key to supporting the retraining and upskilling of America’s workforce are partnerships between education/training providers and businesses through on-the-job training. This method’s gold standard is an apprenticeship.

According to the U.S. Department of Labor, apprenticeship programs provide significant benefits to both businesses and employees. Apprentices are able to earn on average $50,000 per year while in employer-paid training programs that allow the apprentice to earn a two- or four-year degree. Over their lifetime, apprentices earn an average of $300,000 more than their non-apprentice peers. For businesses, there is typically a return of $1.47 for every dollar invested in apprenticeship programs. The programs also correlate with lower turnover rates and improved productivity, and provide a custom-trained and experienced workforce for businesses. As a result, apprenticeships are used to train more than 400,000 Americans in more than 1,000 occupations.

Apprenticeship programs also benefit communities by providing affordable pathways not only to education, but to education that leads directly to a good-paying job. In doing so, families that may otherwise be stuck in cyclical poverty or unable to take on student debt or lost income associated with education have an opportunity to study, work and move to the middle class. Since 2014, the U.S. Department of Labor has provided hundreds of millions of dollars to communities, community colleges and nonprofits to foster experimentation with and development of apprenticeship programs. This activity has led to some states beginning to explore new policies meant to foster apprenticeships and technical training. States such as South Carolina have developed tax incentives for businesses offering apprenticeship programs, while Tennessee has committed to providing two years of post-high school education or training at no cost to its high school graduates.

“Putting Tennesseans to work means more than just finding a job these days,” said state Sen. Mark Norris, majority floor leader in Tennessee. “It means making sure we have the skills necessary to do the jobs that are available, including those in advanced industries and manufacturing. That was the reason for the creation of the LEAP program in Tennessee. LEAP’s primary goal is to close skills gaps by ensuring that students enrolled in courses provided by Tennessee Colleges of Applied Technology and community colleges gain the necessary skills to meet the requirements of high-skill and high-technology jobs demanded by industry leaders in the state.”

Looking ahead to 2017, more and more state leaders hold skill development and apprenticeships as integral parts of their workforce and economic development strategies.

Implementing WIOA

The Workforce Innovation and Opportunity Act, also known as WIOA, was signed into law by President Barack Obama in July 2014 and is a major reform of the public workforce system. The WIOA requires states to strategically align workforce development programs with employment training services so that job seekers can acquire the skills necessary to meet employer needs. In addition, the new WIOA requires the collection and reporting of timely information about individuals who receive services in order to provide accountability and measure performance. States must submit the first State Annual Performance Report required by the law in October 2017.

Occupational Licensure

Military service members and their families often have to move across state lines, and these moves can be difficult on military spouses as they try to maintain their own careers. More than one-third of military spouses are in an occupation that requires them to have a license, and licensing requirements are set at the state level with significant variation from state to state. State leaders
have the opportunity to help ease some of the transitional burdens on those families through increased collaboration among states on occupational licensing for military spouses.

**Wages and Benefits**

Average wages and benefits have grown slowly for most Americans since the Great Recession. The lack of real wage growth has been cited as a contributing factor in the difficulty of employers to attract and hire workers who may incur employment-related costs such as transportation, childcare and retraining. Recent data released by the Bureau of Labor Statistics show that real earnings are finally beginning to show growth, with real earnings growth averaged 1.2 percent from October 2015 to October 2016.

**Workforce Re-entry**

Workforce re-entry is a challenge for many Americans who have been out of the workforce due to involuntary job loss or disability, voluntary exit from the workforce, or incarceration, who often face challenges such as a bias against people who have large gaps in their work history, outdated skills, a loss of professional connections and networks, and unfamiliarity with effective work search processes. New tools and resources from the U.S. Department of Labor for state unemployment insurance agencies and workforce systems to support re-employment may help state governments reduce the barriers to workforce re-entry.

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