Evaluation of apprenticeships, skilled trades, shows effort to decrease skills gap in middle-occupation jobs

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Recently, much has been written and policies have been put forth to increase apprenticeships in the United States. The stated goal is to decrease the skills gap in middle-skill occupations jobs that require education beyond high school, but do not necessarily require a four-year college degree.

According to the National Skills Coalition, the demand for middle-skill jobs is stronger than the demand for low- and high-skill jobs. As college tuition costs continue to rise and the workforce continues to age, middle-skill jobs offer many people the opportunity to obtain some education beyond high school (e.g., a certification or associate degree) to improve their economic well-being, without incurring the cost of a college education.

According to Georgetown University’s recent report, “America’s Divided Recovery: College Haves and Have-Nots,” 99 percent of all jobs created, post-recession, require more than a high school education. Of the 11.6 million jobs created after the Great Recession, those requiring a high school education or less accounted for only 80,000 jobs. Creating career pathways for individuals to gain certifications or on-the-job training such as apprenticeships to improve overall educational attainment is critical to closing the middle-skills gap to provide a qualified workforce. The need has intensified post-recession and in the current tight labor market.

According to the Labor Department’s Employment and Training Administration, there were 505,371 individuals in apprenticeship programs in 2016. There are a number of certified apprenticeship programs available through the Labor Department, varying by the type of qualifications, experience, education, industry sectors and years of training needed to complete the program. The number of apprentices, individuals completing programs and actual apprenticeship programs has varied over the years, as has how active each state is in instituting these programs.

At the end of 2016, the Labor Department announced funding for $50.5 million for investments in states to expand apprenticeship programs in the United States. Thirty-six states received funding and one U.S. territory received grant money to expand apprenticeship programs in their respective geographies to, “help states integrate apprenticeship into their education and workforce systems; engage industry and other partners at scale to expand apprenticeship to new sectors and new populations; support state capacity to conduct outreach and work with employers to start new programs; provide support to promote greater inclusion and diversity in apprenticeship; and implement state innovations, incentives, and system reforms.”
In June, President Donald Trump signed an executive order to increase the number of apprenticeships (currently just over 500,000) to 5 million in the coming years. Increasing these opportunities continues to be a major priority and objective for improving workforce outcomes and strengthening the skills of those in the labor market.

Many middle-skill jobs exist within the skilled trades, requiring some sort of technical education or other certification beyond a high school diploma. Along with certifications, apprenticeships and entrepreneurship can play a critical role in advancing individuals’ careers into the skilled trades and increasing their income.

So, what types of jobs exist within the skilled trades?

The Michigan Department of Technology, Management and Budget’s Bureau of Labor Market Information and Strategic Initiatives breaks these jobs into three groups: skilled construction trades, skilled industrial trades and skilled service trades. The Bureau of Labor Statistics’ Occupational Outlook Handbook provides much more detail regarding each occupation in the various types of skilled trades.

According to these sources, about 55 occupations are identified as skilled trades, which accounted for over 19 million jobs in 2014. The average job growth rate outlook from 2014-2024 is 8 percent, with an average median wage in 2016 of $46,146; the median annual wage for all workers in 2016 was $37,040.

Many workforce development professionals continue to work on improving career pathways for workers such as those in the skilled trades, creating various steps to achieve the credentials necessary to continue career progression. Depending on the occupation, this might involve internships, apprenticeships, certifications, stackable credentials, associate degrees or bachelor’s degrees.

For the skilled trades, on-the-job training (e.g., apprenticeships) is critical to having work-ready employees; most apprenticeships also include a mentor who helps to guide the worker through training. These are all critical to improving the economic future of an individual or family, the productivity of companies and the overall economy. Additionally, demand for employees in the skilled trades corresponds with the need for entrepreneurs and small-business owners to create businesses to employ those workers. It is also a major economic opportunity for individuals who have successfully learned a skilled trade to start their own business as a career pathway.

More small businesses are needed across the country to propel economic growth, and many of the skilled trades are necessary for communities across the country that need these businesses. According to "The New Map of Economic Growth and Recovery,” a 2016 report from the Economic Innovation Group, there were very few new businesses created in the latest economic recovery compared with previous recoveries (Figure 3).

Even more striking is how concentrated new business formation was in the recovery period from 2010-2014. Only 20 counties accounted for over half of all new small-business formations. In comparison, during the economic recovery from 1992-1996, 125 counties accounted for half of all small businesses created (Figure 4).

Markets and population growth are certainly major factors in determining where businesses grow, but the location of the workforce that is necessary to grow or open a small business has become increasingly important as well.

The 2015 Federal Reserve Small Business Credit Survey identified hiring and/or retaining qualified staff as the No. 1 issue for growing small businesses. It’s very challenging to create a successful enterprise if the workforce is not prepared or adequate to meet the demand. Better career training not only helps businesses grow, it can also help to create more small businesses when entrepreneurship is paired with on-the-job training, apprenticeship, and increasing entrepreneurial and business skills as part of the career pathways pipeline.

Overall outcomes that many workforce development professionals want to achieve will not occur in stand-alone programs. Offering multiple career pathways throughout a worker’s career, using a myriad of different opportunities and transferable skills, will achieve greater outcomes. Much opportunity exists for employment opportunities and quality jobs in the skilled trades in America’s smaller and/or rural areas and even in our larger cities. Improving incomes and creating jobs by connecting individuals who are skilled in the trades with entrepreneurial skills could...
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take these opportunities to another level, generating the workforce and businesses needed to support a growing U.S. economy.

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