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Apprenticeships, Not College, Can Help Reduce Unemployment

A flexible, industry-driven alternative for workforce education has a proven record of success.

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A student works on the wiring of an electrical outlet in Albuquerque, N.M. May, 26, 2021. PHOTO: ADOLPHE PIERRE-LOUIS/JOURNAL/ZUMA PRESS

At the World Economic Forum in January, Treasury Secretary Janet Yellen called for a “modern supply-side approach” to maximize America’s economic potential. She said the U.S. must adopt policies that will increase the supply and productivity of workers. She’s right about the goal but wrong about the policies.

An accurate diagnosis of what is affecting the labor market requires careful attention to chronic and acute problems. One chronic problem is that the share of adults working or looking for work has been generally falling for the past 20 years. Most of this decline has been driven by baby boomers’ entering retirement, but that doesn’t explain it all. Another significant factor is that men of prime working age, 25 to 54, are less likely to work today than those of previous generations.

The economic consequences of the pandemic and the response have profoundly and disproportionately affected young people. Between 2010 and 2020, younger people were becoming more likely to participate in the labor market. That trend has now reversed.

We estimate that the entirety of our current employment gap is driven by people without children under 18 at home and most predominantly by young adults. While total employment is down 0.28% since the start of the pandemic, employment among 20- to 24-year-olds is down 3.7%.

It’s not that they’re in school. College enrollment has also fallen significantly. According to the National Student Clearinghouse Research Center, enrollment fell in the last year by about 5% for 18- to 24-year-olds, with the

highest decreases in community-college enrollment.

These effects shouldn't surprise us. As the pandemic hit, many highly educated workers with established jobs were able to shift to more remote work. These included parents of young children. In a recent paper, economist Claudia Goldin found that while the pandemic was extremely difficult for caregivers, many muscled through. "The real story," Ms. Goldin writes, is that "employed women . . . were stressed because they were in the labor force, not because they left." We find the parents with young children have experienced the most *increases* in employment since February 2020.

Yet the Biden administration claims that the decline in work is the result of insufficient child care. The White House has proposed subsidies that would make it "easier for working-age parents to participate in the labor market," as Ms. Yellen put it. Instead, policy makers should focus on younger workers. This is also where the private sector can take the lead, with all the more success if lawmakers can remove unnecessary restrictions.

Employers are addressing gaps by investing in practical workforce education. When Mazda Toyota Manufacturing established a plant in Huntsville, Ala., the company educated thousands of new workers in advanced automotive manufacturing. Bank of America has a career development program called Pathways. Tech companies such as Google, Amazon and IBM have created their own certificate and training programs for employees to acquire high-demand skills.

Apprenticeships have also proved a successful alternative. A 2017 study from researchers at Burning Glass Technologies and Harvard Business School estimated the "true scope or potential for apprenticeships in the U.S." They found that the number of occupations commonly filled through these programs could nearly triple (to 74 from 27); the number of job openings filled could expand eightfold (to 3.2 million) and the occupations ripe for apprenticeship expansion would offer 20% higher wages than traditional apprenticeship occupations.

The Trump administration recognized this potential and in March 2017 initiated Industry-Recognized Apprenticeship Programs, which created a new pathway for more flexible, industry-driven alternatives. This quickly led to more than 130 new apprenticeship programs predominantly in high-demand fields with worker shortages, such as nursing. Shortly after coming into office, however, President Biden canceled the initiative and directed the Labor Department to revert to the government-monopoly apprenticeship model that has failed to expand beyond male-dominated manual-labor trades.

Congress should immediately revive the IRAP model, which is perfectly tailored to what ails our workforce today. Indeed, the strong labor market and opportunistic environment for employer- and industry-led education alternatives makes this the ideal time to pursue more-effective alternatives to college at lower or no cost.

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