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Statement for the Record

Apprenticeships: Supporting a Promising Model

Preston Cooper

Senior Fellow, Higher Education Policy

The Foundation for Research on Equal Opportunity

Traditional four-year college is not working for everyone. High costs, low completion rates, and the abundance of degrees with little labor market relevance mean that many students who pursue a traditional college education end up worse off financially for having enrolled. My research at the Foundation for Research on Equal Opportunity (FREOPP) suggests that 28 percent of bachelor's degree programs do not pay off for the typical student.¹

Fortunately, many pathways to the middle class exist beyond the bachelor's degree, including apprenticeships, trade school, and workforce training. Many of these paths have demonstrated their capacity to deliver economic mobility. Unfortunately, the federal government has its thumb on the scales in favor of traditional colleges and universities. College alternatives have thus not been able to realize their full potential.

The promise of apprenticeship

The number of students pursuing traditional college dwarfs the number of students pursuing alternatives such as apprenticeship. But students who do choose the apprenticeship pathway have seen impressive outcomes.

An analysis of data from Florida shows that the median starting wages of registered apprentices in 2014 were \$48,000, compared to \$29,000 for graduates of associate degree programs and \$35,000 for graduates with four-year degrees. Some specialized apprenticeship fields, such as heavy equipment operation and elevator construction, delivered starting wages above \$80,000.²

In Kentucky, an analysis of the Federation for Advanced Manufacturing Education (FAME) apprenticeship compared apprentices who participated in FAME to a control group of demographically similar non-apprentices who entered the community college system. FAME apprentices completed their program at a rate of 80 percent, compared to just 29 percent for the control group. After graduation, FAME students earned a median starting salary of \$59,000, which grew to \$98,000 after five years. Control group graduates earned a median starting salary of just \$36,000.³

¹ <https://freopp.org/is-college-worth-it-a-comprehensive-return-on-investment-analysis-1b2ad17f84c8>

² <https://files.eric.ed.gov/fulltext/ED585878.pdf>

³ <https://opportunityamericaonline.org/wp-content/uploads/2020/10/KY-FAME-final-final.pdf>

There is plenty of room to grow. A 2017 Harvard Business School report estimated that three million job openings could plausibly be filled via apprenticeship.⁴ Given that the job vacancy rate has risen since then⁵, the potential of apprenticeship to match jobseekers to skilled occupations must be even greater today.

The U.S. is making progress: the Department of Labor reports that there are 608,000 registered apprentices today, up 106 percent from 2013.⁶ But the federal government could do more to ensure that alternatives to traditional college such as apprenticeships reach their full potential.

How federal policy can support apprenticeship

Federal funding streams to support postsecondary education and training place the government thumb on the scales in favor of the traditional four-year college degree. Students who choose the traditional college route enjoy access to Pell Grants, subsidized student loans, work-study, tuition tax credits, and more. Federal funding for the traditional college pathway totaled \$131 billion during the 2021-22 academic year.⁷

There is money available for college alternatives such as apprenticeship and workforce training, notably through the Workforce Innovation and Opportunity Act (WIOA). However, such funding streams are limited, irregular, and scattered across a confusing array of dozens of different programs. As a result, workers often use WIOA funding at traditional institutions of higher education, where it can supplement more generous funding sources such as Pell Grants. One study of WIOA's adult and dislocated worker programs found that 49 percent of the funded job-training programs were traditional college degrees or certificates. Just one percent were apprenticeships.⁸

Congress has options to better support apprenticeships and other workforce training programs. This does not require creating a large new government program for workforce training. Rather, policymakers can ensure that existing sources of federal funding allow college alternatives to operate on a level playing field with traditional colleges and universities.

First, Congress could allow students to use Pell Grants for short-term workforce training programs. (Currently, programs must last at least 600 clock hours to qualify for access to Pell Grants.) The Promoting Employment and Lifelong Learning Act, introduced by Representative Elise Stefanik, would allow programs as short as 150 clock hours to qualify for Pell Grants if they lead to high earnings for most students.⁹

⁴ <https://www.hbs.edu/managing-the-future-of-work/Documents/room-to-grow.pdf>

⁵ <https://www.bls.gov/charts/job-openings-and-labor-turnover/opening-hire-seps-rates.htm>

⁶ <https://www.apprenticeship.gov/data-and-statistics>

⁷ <https://research.collegeboard.org/media/pdf/trends-in-college-pricing-student-aid-2022.pdf>

⁸ <https://www.pw.hks.harvard.edu/post/publicjobtraining>

⁹ <https://stefanik.house.gov/2023/1/stefanik-colleagues-introduce-promoting-employment-and-lifelong-learning-act>

Second, Congress could allow apprentices to use Pell Grants to complete any classroom components of their apprenticeships. Currently, students can only use Pell Grants if they are seeking an approved degree or certificate offered by an accredited college. Apprentices, who may need to take individual courses as part of their training but not an entire degree sequence, are not well served by the current setup, as colleges often don't align their program offerings to apprentices' needs. But Congress could allow Department of Labor-registered apprenticeships to count as approved programs for the purposes of Pell Grant eligibility.

Third, Congress could enhance the federal work-study (FWS) program, which subsidizes the wages of students who work while enrolled in college. Currently, FWS funding is limited, skewed towards traditional incumbent four-year colleges, and rewards on-campus more than off-campus work. Policymakers could make registered apprenticeship programs eligible for FWS wage subsidies, and overhaul the FWS formula to reward participants on the basis of performance rather than incumbency.

As Congress deliberates policy changes to promote apprenticeship, it should ensure that any expanded support for college alternatives is tied to outcomes standards, such as participants' post-completion earnings. While federal funding can be a boon for innovative models, without guardrails it can also prop up low-quality or fraudulent providers.

A four-year college degree isn't necessary for everyone. Unfortunately, the federal government's funding priorities send the signal that it is. Policymakers should rethink the way the U.S. subsidizes access to opportunity. Students and workers seeking to enhance their earnings potential should have access to any program that produces results, whether that program resembles a traditional college education, an apprenticeship, or something entirely different.

More Resources

Is College Worth It? A Comprehensive Return on Investment Analysis (FREOPP, 2021)
<https://freopp.org/is-college-worth-it-a-comprehensive-return-on-investment-analysis-1b2ad17f84c8>

How Unnecessary College Degree Requirements Hurt the Working Class (FREOPP, 2023)
<https://freopp.org/how-unnecessary-college-degree-requirements-hurt-the-working-class-e1812b42a2f>

