

Testimony of Frank Manzo IV
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Illinois House of Representatives
Illinois General Assembly

At a Hearing Titled “Workforce Development, Reducing Unemployment and Improving the Economy”

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Introduction

Good morning, Mr. Chairman and Members of the Committee. My name is Frank Manzo IV. I am the Policy Director of the Illinois Economic Policy Institute (ILEPI), a nonprofit research organization that provides candid and dynamic analyses on major subjects affecting the economies of Illinois and the Midwest. ILEPI focuses on high-road economic development policies that promote public investments and sustainable, broad-based economic growth.

My testimony today addresses two key points. First, I discuss the research on public policies that are proven to grow state economies. Second, I present findings on the value of registered apprenticeship programs to the people of Illinois.

Investments in Education and Infrastructure Boost Employment and Grow the Economy

Economic and social science research finds that investing in infrastructure and investing in education are the most effective public policies at boosting employment and growing the economy. For every dollar increase in infrastructure spending, the U.S. economy improves by \$1.57, a larger impact than nearly all other public policies ([Zandi, 2010](#)). In Illinois, research has found that every \$1 billion invested in highway, street, and bridge infrastructure creates nearly 11,000 jobs, including more than 6,000 directly for construction workers ([Craighead & Manzo, 2017](#)).

However, perhaps the most successful function of government in fostering economic development has been to educate the public. An extra year of education increases individual earnings by 7 to 10 percent and boosts economic growth ([Stevens & Weale, 2003](#); [Barro, 1997](#)). In addition, a 10 percent increase in spending on public education statistically improves the future wages of students by 7 percent and reduces their chances of living in poverty once they hit adulthood by 4 percent ([Jackson et al., 2015](#)). A well-educated workforce builds the foundation for shared economic prosperity ([Berger & Fisher, 2013](#)).

Two reports by the Illinois Economic Policy Institute and the Project for Middle Class Renewal at the University of Illinois at Urbana-Champaign corroborate these conclusions. In an analysis of 24 different policies and economic phenomena, just four public policies were found to directly support employment: improving the share of the population with a bachelor’s degree, increasing the number of three and four year olds in early childhood education programs, improving and expanding highways, bridges, and railways, and reducing the average travel time commuting to work ([Bruno & Manzo, 2015](#)). Each of these policies statistically increases the working-age employment rate by enhancing productivity. Likewise, the policies that statistically reduce the African-American unemployment rate in urban counties include boosting public sector employment, investing in public transportation, investing in education, reducing the costs of

homeownership, and enforcing prohibitions against racial discrimination in employment practices (Manzo et al., 2017).

Economic Research on the Value of Registered Apprenticeship Programs

However, additional education through four-year college degrees is not always the right path for everyone. In fact, for many young people, enrolling in a registered apprenticeship program is a better option than attending college or a university. Since 2011, the number of active apprentices has increased by 74 percent nationally and 34 percent here in Illinois (DOLETA, 2018).

Registered apprenticeships are training programs that help businesses in Illinois find skilled workers in high demand. Sponsored by employers, joint labor-management groups, and unions, registered apprenticeship programs offer both on-the-job training and certified classroom instruction. Participating apprentices get the opportunity to “earn while they learn” with minimal or no out-of-pocket costs. In return for this significant investment, employers have access to a pool of skilled and productive workers tailored to meet their needs.

Economic research finds that registered apprenticeship programs have positive economic impacts. Countries that have more widespread usage of apprenticeship programs are more successful at transitioning young workers into stable jobs, resulting in lower youth unemployment rates (Bertschy et al., 2009; Ryan, 2000; Ryan, 1998). In Germany, where they are prevalent, apprenticeships have been found to increase a worker’s wages by 8 percent per year (Clark & Fahr, 2002).

In the United States, participants in registered apprenticeship programs earn about \$124,000 more in wages and fringe benefits over their careers than similar non-participants. Apprenticeship training also reduces a construction worker’s chances of suffering a spell of long-term unemployment, saving government entities thousands of dollars on social safety net costs per apprentice (Reed et al., 2012).

Apprenticeship training is particularly important to the construction industry in America. Through registered apprenticeship programs, “construction operates the largest privately-financed system of higher education in the country” (Philips, 2014). Nearly all of this investment, however, comes from joint labor-management programs funded by labor unions and signatory employers. Joint labor-management programs account for 98 percent of all active construction apprentices in Illinois, 95 percent in Wisconsin, 94 percent in Indiana, 93 percent in Minnesota, and 79 percent in Kentucky (Bruno & Manzo, 2016; Philips, 2015a; Philips, 2015b; Manzo & Duncan, 2018; Duncan & Manzo, 2016).

The Significant Impact of Registered Apprenticeship Programs in Illinois

A 2016 study by the Illinois Economic Policy Institute and the Project for Middle Class Renewal at the University of Illinois at Urbana-Champaign finds that, if all registered apprenticeship programs for construction were combined, they would be one of the largest private post-secondary educational institutions in Illinois (Bruno & Manzo, 2016).

Registered apprenticeship programs provide significant value to Illinois. The programs directly create nearly 5,000 total jobs in Illinois, including almost 3,000 jobs for instructors and program staff. The programs boost the Illinois economy by more than \$1.2 billion, resulting in an \$11 return per dollar invested in the state. In addition, the average income gain from participating in a registered apprenticeship program is nearly \$3,500 per year, which is greater than the impact of an associate’s degree and many bachelor’s degrees, such as degrees in social work, psychology, and

English literature. University education pays, but so does a registered apprenticeship program (Bruno & Manzo, 2016).

It is worth noting, however, that there are important differences between construction apprenticeship programs that are jointly sponsored by labor and management and those that are funded solely by employers. Notably, joint labor-management programs train 98 percent of all active construction apprentices in Illinois. In 2015, the joint programs also trained nearly 3,300 women and people of color for careers in the building trades while non-joint programs trained fewer than 50. As a result, 31 percent of all active apprentices in union-affiliated apprenticeship programs were women and people of color, compared to just 28 percent for nonunion programs (Bruno & Manzo, 2016). While efforts must be made to further diversify the construction workforce, registered apprenticeship programs are a proven way to lift all blue-collar workers out of poverty and into the middle class.

Infrastructure, Education, and Apprenticeship Programs Improve Illinois' Economy

The research is clear and consistent. Investing in education and investing in infrastructure are the two most effective ways to boost employment and economic growth. However, not all people are able or willing to earn a bachelor's degree or more. For many young workers, the path to the middle class is through a registered apprenticeship program. Registered apprenticeship programs enhance worker skills, improve productivity and safety, raise wages, reduce unemployment spells, and grow the Illinois economy.

I thank you for allowing me the opportunity to submit my testimony.

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