

Latest German model: Apprenticeships

In South Carolina, programs are providing training for thousands

BY NELSON D. SCHWARTZ

For Joerg Klisch, hiring the first 60 workers to build heavy engines at his company's new factory in South Carolina was easy. Finding the next 60 was not so simple.

"It seemed like we had sucked up everybody who knew about diesel engines," said Mr. Klisch, vice president for North American operations of Tognum America. "It wasn't working as we had planned."

So Mr. Klisch did what he would have done back home in Germany: He set out to train them himself. Working with five local high schools and a career center in Aiken County, S.C. — and a curriculum nearly identical to the one at the company's headquarters in Friedrichshafen — Tognum now has nine juniors and seniors enrolled in its apprenticeship program.

Inspired by a partnership between schools and industry that is seen as a key to Germany's advanced industrial capability and relatively low unemployment rate, projects like the one at Tognum are practically unheard-of in the United States.

But experts in government and academia, along with those inside companies like BMW, which has its only American factory in South Carolina, say apprenticeships are a desperately needed option for younger workers who want decent-paying jobs, or increasingly, any job at all. Without more programs like the one at Tognum, they maintain, the nascent recovery in American manufacturing will run out of steam for lack of qualified workers.

"South Carolina offers a fantastic model for what we can do nationally," said Ben Olinsky, co-author of a forthcoming report by the Center for American Progress, a liberal Washington research organization, recommending a vast expansion in apprenticeships.

Despite South Carolina's progress and the public support for apprenticeships from President Obama, who cited the German model in his last State of the Union address, these positions are becoming harder to find in other states. Since 2008, the number of apprentices has fallen nearly 40 percent, according to the Center for American Progress study.

"As a nation, over the course of the last couple of decades, we have regretfully and mistakenly devalued apprenticeships and training," said Thomas E. Perez, the United States secretary of labor. "We need to change that, and you

will hear the president talk a lot about it in the weeks and months ahead."

In November, the White House announced a new \$100 million grant program aimed at advancing technical training in high schools. But veteran apprenticeship advocates say the Obama administration has been slow to act.

"The results have not matched the rhetoric in terms of direct funding for apprenticeships so far," said Robert Lerman, a professor of economics at American University in Washington. "I'm hoping for a new push."

In Germany, apprentices divide their time between classroom training in a public vocational school and practical training at a company or small firm. About 330 types of apprenticeships are accredited by the government in Berlin, including such jobs as hairdresser, roofer and automobile electronics specialist. About 60 percent of German high school students go through some kind of apprenticeship program, which leads to a formal certificate in the chosen skill and often a permanent job at the company where the young person trained.

If there is a downside to the German system, it is that it can be inflexible, because a person trained in a specific skill may find it difficult to switch vocations if demand shifts.

In South Carolina, apprenticeships are mainly financed by employers, but the state introduced a four-year, annual tax credit of \$1,000 per position in 2007 that proved to be a boon for small to midsize

companies. The Center for American Progress report recommends a similar credit nationwide that would rise to \$2,000 for apprentices under age 25.

The emphasis on job training has also been a major calling card overseas for South Carolina officials, who lured BMW here two decades ago and more recently persuaded France's Michelin and Germany's Continental Tire to expand in the state.

"The European influence is huge," said Brad Neese, director of Apprenticeship Carolina, which links the state's technical college system with private companies to help create specialized programs. "They are our strongest partners."

European companies are major employers in the state, with more than 28,000 workers for German companies alone. The influx has helped stanch much of the bleeding caused by the decades-long erosion of jobs in the textile industry, once the economic bulwark of the state.

Of course, there are other reasons foreign companies have moved to South Carolina. For starters, wages are lower than the national average. Even more important for many manufacturers, un-

ions have made few inroads in the state.

Still, the close cooperation between employers and the state educational system is unusual, and despite initial skepticism on both sides, apprenticeship opportunities are rapidly expanding both for high-school age students and for older workers.

Apprenticeship Carolina started in 2007 with 777 students at 90 companies. It now has 4,500 students at more than 600 companies in the state, with the typical apprentice in his or her late 20s. Mr. Neese's goal is to have 2,000 companies by 2020.

To help develop his program, Mr. Neese has traveled to Germany, Austria and Switzerland, where apprenticeships are thriving, youth unemployment is relatively low and blue-collar jobs are still prized. That contrasts with the United States, where the economic fortunes of younger people with just a high school diploma have plummeted, and the unemployment rate among workers age 16 to 19 stands at more than 20 percent.

"This generation has taken a huge hit from the economic crisis," said Alexander Gelber, an economist at the University of California in Berkeley and a former United States Treasury official. "Apprenticeships offer people the possibility of building skills when they often don't have many other options."

So why have they not caught on in the United States like in Germany, which has 1.8 million apprentices with less than one-third the population?

Besides a longstanding stigma attached to vocational education, opposition from entrenched interests on both the left and the right has hobbled past efforts to promote apprenticeships, including under President Clinton in the 1990s.

Mr. Klisch discovered this firsthand when he started seeking support for the program in 2011.

School officials were wary of allowing a private company to dictate the curriculum. Meanwhile, among employers, "there seems to be a perception that apprenticeship means unions," Mr. Klisch said. "It doesn't, but we have to overcome this hurdle."

In Greer, where more than 7,000 employees produce more than 300,000 S.U.V.s and other luxury cars a year in a sprawling, ultramodern BMW factory, Richard Morris, vice president for assembly and logistics, identifies one of the company's biggest problems: a serious shortage of medium-skilled workers who specialize in mechatronics, or repairing robots and metal presses when they break down, and operating the computers that dot the paint shop, body shop and assembly shop. Not only



do these jobs pay better than typical assembly-line positions, they also open up avenues for advancement.

Werner Eikenbusch, manager of work force development for BMW in the Americas, is himself the product of an apprenticeship program in Germany who later went back to school and earned a master's degree in engineering. He helped create the BMW Scholars program in 2011, he said, "to build the skills from the ground up."

The BMW Scholars are older than Tognum's apprentices — mostly in their 20s and 30s — and they study full-time at local technical colleges for two years while also working in the BMW factory for 20 hours a week.

"It is a struggle, but if you know how to manage the time, it is not hard," said Benjamin Peoples, a 27-year-old BMW Scholar who dropped out of Clemson University a few years ago because he could no longer afford it. "I wanted to work with my hands and with machines, but I didn't have experience with robots."

Mr. Eikenbusch has been pitching the program to European parts suppliers in the area, as well as to executives at Boeing, which began building sections of the new 787 Dreamliner in Charleston in 2011. He hopes they will follow BMW's lead.

"We need to find a way to establish two-year training programs on a broader scale," he said. "Everybody who I hire is someone who is not available for our suppliers to hire."

Jack Ewing contributed reporting from Frankfurt.