



Harming Our Workforce, Harming Our Nation

Conservatives in Congress Fail to Invest in America's Workforce

Stephen Steigleder and Louis Soares April 2011

Introduction

The U.S. labor market's ongoing emergence out of the Great Recession raises a classic chicken-and-egg question for policymakers: What comes first, jobs or skilled workers? The difficult policy reality is that jobs and skilled workers emerge in a parallel fashion. Understanding this dynamic is critical for policymakers. They must reverse the misguided cuts to job training and postsecondary education programs in this fiscal year's recently passed federal budget and seek to develop a more effective "job growth" strategy in the fiscal year 2012 budget that begins in October.

Around our nation, regions with the most educated and skilled workers—places such as Austin, Minneapolis, and Raleigh—are proving the most resilient and adaptable, pulling out of the Great Recession with better job creation numbers. Following a well-established trajectory, the good jobs that are being created in these regions require postsecondary education—the bare minimum being one year with an occupational credential. Moreover, firms in manufacturing, health care, and clean energy are increasingly using workforce education metrics as part of their location decisions, seeking to create new jobs in clusters where they can benefit from workers with solid general education and industry specific skills.

Recognizing this intersection between job creation and worker skills, President Barack Obama two years ago outlined an ambitious agenda to return the United States to being the best educated and most economically competitive country in the world. The president's American Graduation Initiative included a goal of increasing the number of Americans with college degrees and certificates by an additional 5 million graduates by 2020, which would return the United States to its former position of having the highest proportion of college graduates in the world. We are currently ranked at an embarrassing 12th in the world for degree attainment among 25-to-34 year olds.

To reach that goal, President Obama proposed to spend an additional \$12 billion over the ensuing 10 years to reform and strengthen our community college system. It was a very promising start. Unfortunately, the president's ambitious agenda to improve

America's competitiveness soon fell victim to deficit-cutting pressures and the administration was forced to drastically scale back its initiative to \$2 billion over four years.

In contrast, in the recently passed FY 2011 budget, Republicans in the House of Representatives pushed to cut job training and community college programs in their shortsighted effort to reduce our nation's investment in working Americans.

This issue brief will explain precisely why these cuts in FY 2011 are misguided assaults on needed investments in our workforce competitiveness in an increasingly cut-throat global economic arena. We will then present the reasons why specific programs need to be funded at higher levels in the FY 2012 budget now being crafted by Congress. The Obama administration and Congress must not lose sight of the fact that job creation and worker training have a symbiotic relationship as they seek to use taxpayer funds wisely.

Cuts to job training and postsecondary education programs

The recently announced compromise for the fiscal year 2011 budget slashes federal investment in job training by approximately \$850 million. The agreement reduces—and, in many instances, completely eliminates—funding for programs that enable low-skill adults, unemployed workers, and at-risk youth to enroll in postsecondary education or job training programs that lead to associate's degrees, vocational certificates, and industry-recognized credentials. (see Table 1)

TABLE 1
Harming our nation's human capital

Percentage change in funding for select federal workforce development programs, 2010 and 2011

Programs (\$ in millions)	FY 2010	FY 2011*	\$ Change	% Change
Department of Labor				
WIA state grants	2,969.4	2,662.4	-307.0	-10.3%
WIA national emergency grants	229.2	224.2	-5.0	-2.2%
Career Pathways	125.0	-125.0	-250.0	-200.0%
Green jobs	40.0	0	-40.0	-100.0%
Transitional jobs	45.0	0	-45.0	-100.0%
Reintegration of ex-offenders	93.5	85.6	-7.9	-8.5%
YouthBuild	102.5	80.0	-22.5	-22.0%
Department of Education				
Career and Technical Education	1,217.7	1,133.7	-138.0	-10.9%
Adult Education	639.6	608.6	-31.0	-4.8%
Total	5,515.7	4,669.2	-846.4	-15.3%

* Note: FY 2011 figures are calculated prior to the across-the-board rescission of 0.2 percent.

Source: Authors' calculations based on the FY 2010 Consolidated Appropriations Act (P.L. 111 – 117) and the House and Senate-passed FY 2011 Full-Year Continuing Appropriations Act (H.R. 1473).

These job-training programs at the Department of Labor, which are funded through the Workforce Investment Act, the Green Jobs Innovation Fund, and Career Pathways Innovation Fund, among others, provide thousands of American workers with the skills they need to find good careers and succeed in the knowledge-based global economy. So, too, do the Department of Education's Career, Technical, and Adult Education programs. So let's examine each of these programs in turn to understand just how critical they are to building the highly skilled workforce that is integral to national competitiveness and economic opportunity.

Workforce Investment Act state grants

The largest single cut to job training programs in the just passed FY 2011 budget was directed at the Department of Labor's WIA state grants, which were reduced by \$307 million. Conservatively speaking, the funding cuts could deny more than 50,000 working adults the opportunity to go back to school and earn a degree, certificate, or credential. Over a decade that funding cut—if reversed and allocated to effective training and education programs—could lead to an additional 500,000 workers completing a postsecondary education, which represents 10 percent of President Obama's ambitious goal for increasing college completion by 2020.

Fortunately, Congress slightly offset its ill-conceived cuts by targeting the reductions to statewide workforce activities funded through a WIA set-aside—a statutory provision allowing governors to reserve up to 15 percent of WIA state grant funding for discretionary activities—rather than cutting funds from local workforce investment boards. This is important because the majority of WIA-funded programs to boost postsecondary attainment are funded through workforce investment boards, as opposed to funds controlled by governors. While it is important to set aside funding for rapid response activities and discretionary statewide projects, CAP has consistently advocated for changing WIA performance measures to focus on increasing the number of working learners achieving postsecondary degrees and industry-recognized credentials. Increasing the percentage of WIA state grants funding that flows to workforce investment boards is consistent with this approach.

The FY 2011 budget shortsightedly reduces WIA state grants funding by 10 percent. Local workforce investment boards are intended to be held harmless in the new budget, but statewide workforce activities funded through the WIA set-aside are cut by a massive 70 percent.

Overall, the maintenance of local workforce investment board funding is somewhat laudable. But any annual reduction in WIA funding for statewide activities should be redirected to these local boards to enroll additional working learners in educational programs that yield degrees, certificates, and credentials in demand in the labor market. In FY 2012 these programs should be given *additional* resources to reflect our national challenge to develop a better educated and more economically competitive workforce.

TABLE 2

Workforce Investment Act funding slashed

Percentage change in funding for Workforce Investment Act and workforce investment boards, 2010 and 2011

WIA state grants – Total				
DOL programs (\$ in millions)	FY 2010	FY 2011*	\$ Change	% Change
WIA adult	861.5	771.0	-90.5	-10.5%
WIA youth	924.1	827.6	-96.5	-10.4%
WIA dislocated workers	1,183.8	1,063.8	-120.0	-10.1%
Total	2,969.4	2,662.4	-307.0	-10.3%
WIA state grants – WIB funding				
DOL programs (\$ in millions)	FY 2010	FY 2011*	\$ Increase	% Change
WIA adult	732.3	732.5	0.2	0.0%
WIA youth	785.5	786.2	0.7	0.1%
WIA dislocated workers	1,006.1	1,010.5	4.4	0.4%
Total	2,523.9	2,529.1	5.3	0.2%
WIA state grants – Set-aside for statewide workforce activities				
DOL programs (\$ in millions)	FY 2010	FY 2011*	\$ Change	% Change
WIA adult	129.2	38.5	-90.7	-70.2%
WIA youth	138.6	41.4	-97.2	-70.1%
WIA dislocated workers	177.6	53.2	-124.4	-70.0%
Total	445.4	133.1	-312.3	-70.1%

* Note: FY 2011 figures do not include an across-the-board rescission of 0.2 percent.

Source: Authors' calculations based on the FY 2010 Consolidated Appropriations Act (P.L. 111 – 117) and the House and Senate-passed FY 2011 Full-Year Continuing Appropriations Act (H.R. 1473).

Of course, we also believe there is significant room for improvement in the WIA system. Over the past few years, CAP proposed numerous ideas for [WIA reauthorization](#) and we continue to advocate for reform and modernization. But reform cannot simply focus on cost-savings and efficiencies. We need a comprehensive transformation of our WIA system that includes sustained and stable investment in building a skilled workforce.

One positive sign in the FY 2011 budget is the establishment of a Workforce Innovation Fund, which was funded at \$125 million. The new fund is a competitive grant competition to develop new and innovative job training strategies or else replicate proven strategies in new locations. While we certainly applaud its inclusion, we would prefer a focus on innovation that *at least* matches the size of cuts to other job training programs.

Reducing our federal investment in job training puts the United States in an economically disadvantaged position against foreign competitors with highly skilled workers. That's why in fiscal year 2012 we recommend that funding for WIA state grants should be restored to fiscal year 2010 levels and reinvested in job training programs or a more ambitious Workforce Innovation Fund. These funds should be dedicated to helping more than 500,000 American workers complete a postsecondary education in the coming decade.

Career Pathways and Green jobs programs

The FY 2011 budget not only eliminates the Career Pathways Innovation Fund but also rescinds the \$125 million from last year's allocation. Career Pathways focuses on training in high-demand and emerging occupations, and typically lead participants to an associate's degree. Programs are implemented by community colleges in close partnership with a local employer or industry sector. That's why the rescission of FY 2010 funding is particularly unfortunate.

The Department of Labor had already closed its competitive grant solicitation for FY 2010—which is still underway because training programs are funded on a July–June program year funding cycle—and was in the processing of reviewing proposals from community colleges. Per earlier congressional designation, at least \$65 million was being set aside for much-needed job training in the burgeoning health care sector. The department would have selected grantees in the next 60 days, and as many as 40 to 50 innovative programs would have begun receiving funds this summer. The department estimated that 27,000 students would earn a degree, certificate, or credential. (see Table 3)

In addition, the FY 2011 budget completely eliminates the Green Jobs Innovation Fund. President Obama had requested an increase to \$85 million in FY 2011, more than double its \$40 million funding level in FY 2010. Although a relatively small program, the Green Jobs Innovation Fund focuses on training American workers for high-demand and emerging careers in renewable energy and energy conservation industries. As our country moves away from carbon-based energy and our addiction to foreign oil, it is important to build a skilled workforce capable of supporting a green economy. Eliminating the Green Jobs Innovation Fund is shortsighted and will cede ground to foreign countries in the competition for emerging green markets.

At minimum, Congress should reestablish the Green Jobs Innovation Fund in FY 2012 at a funding level of \$60 million. That level of funding is sufficient to train approximately 10,000 workers for careers in the newly emerging and highly competitive green economy. As Germany and China continue to develop these industries, we abdicate leadership at our economic peril. Committing to sustained investment in green industries will be crucial for maintaining our economic competitiveness in the coming decades.

TABLE 3
Not investing in the future

Percentage change in funding for key 21st century jobs training programs

DOL programs (\$ in millions)	FY 2010	FY 2011*	\$ Change	% Change
Career Pathways	125.0	-125.0	-250.0	-200.0%
Green jobs	40.0	0.0	-40.0	-100.0%
Total	165.0	-125.0	-290.0	-175.8%

* Note: FY 2011 figures are calculated prior to the across-the-board rescission of 0.2 percent.

Source: Authors' calculations based on the FY 2010 Consolidated Appropriations Act (P.L. 111 – 117) and the House and Senate-passed FY 2011 Full-Year Continuing Appropriations Act (H.R. 1473).

Career, Technical, and Adult Education programs

The FY 2011 budget cuts the Department of Education's Career, Technical, and Adult Education programs by \$169 million—almost 9 percent below last year—and completely eliminates the Tech-Prep program, which helps build course and credit bridges between high schools and community colleges in technical fields. Eliminating the Tech-Prep program could be justified if those funds were reinvested in state Career and Technical Education grants, which fund technical education at the high-school level. In fact, more than half of states already consolidate the two funding streams. Yet the FY 2011 budget also cuts state Career and Technical Education grants by 10 percent. This will impede the nation's ability to develop workers that integrate science, technology, engineering, and mathematics skills necessary for middle-income technical jobs in the innovation economy.

Further, as noted earlier, the United States ranks 12th in the world for degree attainment so it is counterproductive to slash funding for programs that prepare thousands of low-income students for associate's degrees, vocational certificates, and industry-recognized credentials. Indeed, since data show that U.S. population growth will occur precisely among these low-income groups, we need to be doubling down our efforts so they can get the knowledge and skills necessary for the innovation economy.

Adult Education fared a little better in the FY 2011 budget. This is important because so many workers require remedial education, literacy, and numeracy to be prepared for the more advanced occupational and academic work required to obtain postsecondary credentials with labor market value. Funds used in Adult Education build a foundation for success in further education for working learners. (see Table 4)

Career and Technical Education and Adult Education should be revisited in the FY 2012 budget with an eye toward restoring FY 2010 funding levels. Career and Technical Education is critical to the development of a tech-savvy workforce while Adult Education provides the gateway to college for most working learners who need to upgrade literacy, numeracy, English language, and computer skills.

TABLE 4
Not investing enough in future skills or foundations for college

Percentage change in investments in Career and Technical Education and Adult Education programs, 2010 and 2011

Education programs	FY 2010	FY 2011*	\$ Change	% Change
Career and Technical Education	1,271.7	1,133.7	-138.0	-10.9%
Adult Education	639.6	608.6	-31.0	-4.8%
Total	1,911.3	1,742.3	-169.0	-8.8%

* Note: FY 2011 figures are calculated prior to the across-the-board rescission of 0.2 percent.

Source: Authors' calculations based on the FY 2010 Consolidated Appropriations Act (P.L. 111 – 117) and the House and Senate-passed FY 2011 Full-Year Continuing Appropriations Act (H.R. 1473).

Conclusion

In the technology-driven and global economy of the 21st century, human capital is the key to national competitiveness and economic opportunity. Employers need an educated and skilled workforce to grow their businesses, and workers need additional education and skills to fill the professional jobs being created by emerging industries. Increasingly, these complementary needs are being met through our community college and job training systems.

One way to support this symbiotic relationship would be to fulfill President Obama's original goal of increasing the number of Americans with college degrees and certificates by an additional 5 million graduates by 2020. At minimum, President Obama and Congress should commit to funding the Trade Adjustment Assistance Community College and Career Training grant program through 2020. Current funding of \$500 million per year is only guaranteed through 2014. We recommend increasing funding levels to \$1 billion annually from 2015 through 2020.

In addition, Congress should reauthorize WIA with an increased focus on the long-term development of human capital through postsecondary education and job training with appropriate supports for career guidance. And congressional appropriators should restore annual funding to fiscal year 2010 levels to reflect the strategic importance of workforce development to economic growth. Shortchanging our nation's workers in an attempt to create short-term savings is misguided and will hurt our nation's long-term competitiveness.

Unfortunately, Republicans in Congress are moving in the opposite direction, scaling back our nation's investment in community colleges and job training in FY 2011 and giving every indication that more of the same is on the agenda for FY 2012. That's a mistake. Trying to prioritize deficit reduction over national competitiveness is a false choice.

The reality is this—developing the best educated and most competitive workforce in the world will lead to faster economic growth, and consequently to deficit reduction as federal revenues grow apace. Future budgets should prioritize national competitiveness and economic growth by committing to a sustained national investment in postsecondary education and job training programs. That effort must begin now as Congress takes up FY 2012 budget considerations in the coming months.

*Louis Soares is the Director of the Postsecondary Education Program at American Progress.
Stephen Steigleder is a Policy Analyst with the Postsecondary Education Program at the Center.*