

# Investing in America's Workforce

A national imperative for the 21st Century

In today's economy, we need to invest in our workforce more than ever. Businesses continue to struggle with job openings and workers don't have access to training and education necessary to access good jobs. As our workforce faces the impending impact of technology, automation and AI, reports suggest more than 60 percent of jobs will significantly change in the next decade and a smaller, but still significant, portion will be eliminated – meaning more than 90 million workers will need skills training to continue working.

Our nation's workforce development and technical education systems are designed to address these challenges, helping workers develop the skills necessary to fill job openings today and the jobs of the 21<sup>st</sup> century. The U.S. has not lived up to its commitment to businesses or workers, however, by investing in these programs at necessary levels.

There is overwhelming support for public investments in training and education for jobs at the backbone of our economy – those that require some postsecondary education, but not a four-year degree. Nearly 80 percent of leaders of small or mid-size companies support new, public investments in skills. More than three quarters of these business leaders say greater investment in skills training would help their business – making it nearly as helpful as reducing regulations (82 percent) and cutting taxes (87 percent). Among likely 2020 voters, 93 percent support new, public investments in skills. And voters are 50 percent more likely to vote for candidates who are strong on skills.<sup>1</sup>

Workforce programs train people, every day, for jobs at the backbone of our economy. These are jobs in growing industries like healthcare, medical technology, IT and software, and advanced

manufacturing – as well as jobs in the trades like plumbers and electricians. These programs have been effective for nearly a million computer support specialists, a million nurses, more than a million carpenters, 500,000 machinists and nearly 150,000 health technologists in the United States, all of whom relied on skills training to access and succeed in their careers.<sup>2</sup> And there is a growing research literature on the impact programs funded through federal workforce and technical education investments have on worker wages and job retention and on business' bottom line.<sup>3</sup>

**It's time for Congress to live up to its commitment to workers, businesses and communities and invest in America's workforce.**

**Business demand for investment in America's workforce:** Fifty three percent of jobs require more than high school education and less than a four year degree, but only 43 percent of workers are trained at that level. Of businesses that anticipate hiring 20 or more workers this year, 80 percent say it's difficult for them to find skilled workers.<sup>4</sup> Almost two thirds of businesses in the Association of Equipment Distributors say they haven't been able to fill customer orders because they cannot find workers with necessary skills. The Manufacturing Institute and Deloitte found that there will be 2.4 million unfilled manufacturing jobs by 2028. And a recent survey by Comptia found that eight out of ten tech companies are concerned about finding skilled workers.<sup>5</sup>

**Worker need for investment in America's workforce:** Current low unemployment levels mean that most workers with in-demand skills are already working. The public workforce system, during a tight labor market more than periods of higher unemployment, is tasked with serving workers with

the most significant barriers to employment and most immediate skills needs. In Program Year (PY) 2017, nearly three quarters of all Workforce Innovation and Opportunity Act participants have no post-secondary education and training and 43 percent are low-income.<sup>6</sup> That is a more than 20 percent increase in participants with no post-secondary education since PY 2014, when 57.7 percent of participants had no education past high school.

Historic unemployment levels<sup>7</sup> also mask near historically low labor market participation rates and difficulty workers face in reemployment. In June 2019, less than 63 percent of U.S. adults were employed, the lowest in our country's history except for during the 2008-2014 recession.<sup>8</sup> And of workers who are unemployed, 25 percent have been unemployed for more than six months, a proportion that has recently begun to increase for the first time since the 2008 recession.

**Congress has failed to meet its responsibility to workers, businesses and communities in a global 21<sup>st</sup> Century economy**

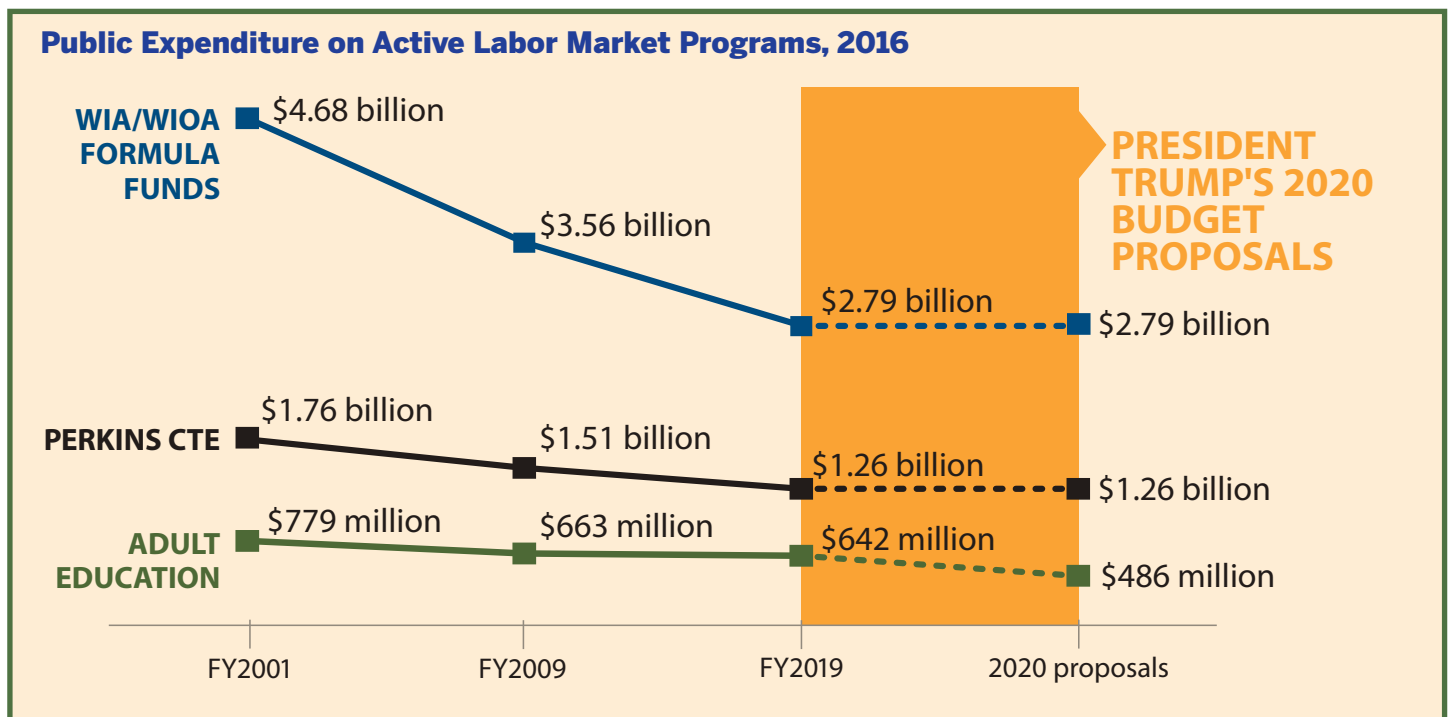
Investment in workforce and education programs is a crucial component of empowering workers to share in and contribute to our country's economic prosperity and helping businesses compete in a global economy. Current funding levels fall below those authorized in legislation, represent significant cuts from past levels, and pale in comparison to the investment other industrialized countries are making in their own workforces.

Congress should honor its commitment to workers and businesses, ensure U.S. can compete in a global economy, and rectify historic disinvestments by investing in America's workforce.

**Current Workforce Investments**

Congress has recently reauthorized two of the most significant bills that govern our public workforce and education systems – the Workforce Innovation and Opportunity Act (WIOA) and the Strengthening Career and Technical Education for the 21<sup>st</sup> Century Act (Perkins V). Both passed with overwhelming bipartisan support, but investment in these two systems has failed to reach authorized levels, worker need or business demand.

- **The Workforce Innovation and Opportunity Act (WIOA)** helps workers, especially those with barriers to employment, access training and supports necessary to find jobs and connects business and industry with workers necessary to meet demands. In Federal Year 2019, the federal government invested about \$2.8 billion to fund states' and local areas' workforce programming and another \$700 million in national programs that target needs of populations of workers or regions of the country.<sup>9</sup>
- **The Strengthening Career and Technical Education for the 21<sup>st</sup> Century Act (Perkins V)** supports programs offered at the secondary and postsecondary level that combine academic instruction and occupational skills training to prepare individuals for transition to higher



education and the workplace. The federal government invested about \$1.26 billion in FY2019 to fund this work.<sup>10</sup>

- **The Adult Education and Family Literacy Act (AEFLA), Title II of WIOA**, supports access to literacy and numeracy education for adults and immigrant learners. Adult basic education (ABE) programs that are linked to employment or postsecondary education can help low-skilled adult learners advance along a career path and improve their employment and earnings. The U.S. invested about \$650 million in FY2019 in adult basic education.<sup>11</sup>

**Workforce investments have declined sharply over the past two decades**

Since 2001 WIOA funding has been cut by 40 percent, Career and Technical Education funding by 29 percent and ABE funding by almost 15 percent.<sup>12</sup>

These cuts mean fewer workers have access to services necessary to find and keep good jobs and businesses continue to look for skilled workers. Far from being just about fewer workers getting services, the cuts have meant drastic limitations to the capacity of an already stretched system.<sup>13</sup> America Job Centers – the site at which WIOA partner programs share space to connect job seekers with training and businesses with ways to engage – have shuttered across the country or cut back on service hours, leaving millions of workers without access to any services. Local areas have hired fewer business

engagement staff, cut back on candidate screening, and reduced investments in on-the-job training and incumbent worker training, services that enable small and mid-size companies to match public investments and train their workers. And the innovation possible with the 2014 passage of WIOA has been stymied by reductions in funding, forcing local areas to restrict practices that could meet their dual customer needs – businesses and workers.

If Congress had funded WIOA at FY2018 authorized levels in FY2018, programs could have trained 150,000 more workers in 2018 alone. By comparison, if Congress had funded WIOA at 2001 levels in FY2018, programs could have trained 540,000 more workers in 2018.<sup>14</sup>

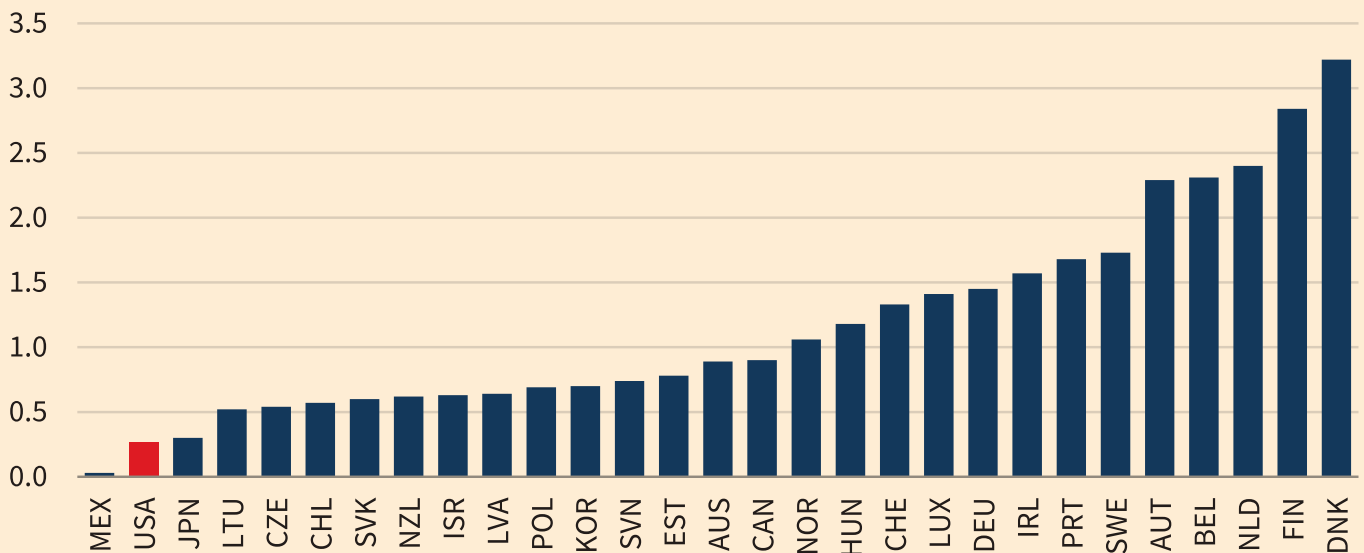
**The U.S. underinvests in workforce compared to international peers**

The U.S. invests just .1 percent of GDP on active labor market policies, less than any other industrialized country except for Mexico. Australia invests twenty-four times that amount, and Ireland invests forty-eight times that amount. At the same time, the U.S. has the largest economy in the world and more than 160 million workers in the workforce.<sup>15</sup>

A 2019 White House Council of Economic Advisers’ report found that the U.S. would need to invest \$80 billion more a year just to reach the median level of investment in workforce development of other industrialized nations.<sup>16</sup>

**Despite this need and historic disinvestment, the administration’s proposals fail to call for increased investment**

Percent of GDP



Source: Organization for Economic Co-operation and Development Statistics<sup>23</sup>

This annual investment would mean the U.S. could invest \$10,000 annually in each of the six million unemployed workers in the U.S. today and still have enough to invest \$550 in each of the thirty-six million workers with basic literacy and numeracy needs who are already in the workplace.<sup>17</sup>

### The time for investment is today

The U.S. must make critical – and increased – public investments above current spending levels to respond to challenges faced by workers and businesses today and in response to impending shifts coming in the near future. If Congress met the challenge of our international peers and invested at median levels of other Organization for Economic Co-operation and Development countries, we'd invest \$80 billion more annually. Even if Congress extended that timeline and just lived up to its commitment to the American workforce made in WIOA and Perkins reauthorizations, funding these programs at levels we have in the past would be \$80 billion more than current funding levels over the next decade.<sup>18</sup>

### Investing \$80 billion in America's Workforce over the next 10 years would mean

- More than four million more workers could earn industry recognized credentials each year;<sup>19</sup>
- Seven million more workers would receive intensive reemployment services each year<sup>20</sup>;
- The adult basic education system could provide contextualized literacy and numeracy training to ten times the number of workers they're currently serving;<sup>21</sup>
- These services could have increased business engagement with the workforce system and reached <sup>22</sup> 374,000 more businesses across the country.

As we look toward the significant impact technology and automation will have on our workforce, prepare for future cyclical downturns in our economy and address workforce challenges businesses and workers face now, investing in America's workforce is an economic imperative.

### Endnotes

<sup>1</sup> <https://www.voicesforskills.org/mission>

<sup>2</sup> <https://www.bls.gov/ooh/>

<sup>3</sup> See <https://ppv.issuefab.org/resources/5101/5101.pdf>; <https://www.yearup.org/wp-content/uploads/2018/06/Year-Up-PACF-Full-Report-2018.pdf>; [https://research.upjohn.org/up\\_technicalreports/33/](https://research.upjohn.org/up_technicalreports/33/); <https://www.mdrc.org/news/press-release/new-findings-show-work-advance-sectoral-training-and-advancement-program-boosts>; <http://jhr.uwpress.org/content/early/2018/04/02/jhr.54.4.1015.7449R2.abstract>

<sup>4</sup> <https://www.voicesforskills.org/mission>

<sup>5</sup> [https://channels.sungardas.com/files/Research\\_Report-CompTIA\\_IT\\_Skills\\_Gap.pdf](https://channels.sungardas.com/files/Research_Report-CompTIA_IT_Skills_Gap.pdf)

<sup>6</sup> [https://www.doleta.gov/Performance/Results/AnnualReports/PY2019/WIOA-PY2017-Performance-Narrative-3\\_15\\_19-RE-VISED-3\\_25\\_19.pdf](https://www.doleta.gov/Performance/Results/AnnualReports/PY2019/WIOA-PY2017-Performance-Narrative-3_15_19-RE-VISED-3_25_19.pdf)

<sup>7</sup> <https://www.doleta.gov/performance/Charts/PY2014/>

<sup>8</sup> [https://www.bls.gov/web/empsit/cps\\_charts.pdf](https://www.bls.gov/web/empsit/cps_charts.pdf)

<sup>9</sup> Public Law No: 115-245

<sup>10</sup> Public Law No: 115-245

<sup>11</sup> Public Law No: 115-245

<sup>12</sup> Author calculation <https://www.congress.gov/bill/106th-congress/house-bill/4577>; <https://www.congress.gov/bill/115th-congress/house-bill/6157>

<sup>13</sup> <http://www.nationalskillscoalition.org/assets/reports-/undoing-success.pdf>

<sup>14</sup> Author calculation based on average cost of training per participant. See [https://www.doleta.gov/performance/pfdocs/ETA-9173\\_Program\\_Performance\\_Report\\_Templates\\_and\\_Specification.pdf](https://www.doleta.gov/performance/pfdocs/ETA-9173_Program_Performance_Report_Templates_and_Specification.pdf)

<sup>15</sup> <http://www.oecd.org/employment/activation.htm>

<sup>16</sup> <https://www.whitehouse.gov/wp-content/uploads/2018/07/Addressing-Americas-Reskilling-Challenge.pdf>

<sup>17</sup> The Trade Adjustment Act provides eligible workers – those who have been certified to have lost their jobs due to trade, largely manufacturing workers – with significant skills training and education, income support, health care and other services. In Program Year 2018, the average cost of training completed by participants was \$13,743. This calculation would use a conservative – and round number – estimate of \$10,000 per participant. <https://www.doleta.gov/tradeact/docs/AnnualReport18.pdf>

<sup>18</sup> At 2001 levels for WIOA and at 2004 levels for Perkins V

<sup>19</sup> Author calculation based on credentials received under WIOA Title I Adult Formula grants for PY 2018 Q3 and current funding levels. [https://www.doleta.gov/performance/results/Quarterly\\_Report/2018/Q3/WIOA\\_Adult3\\_31\\_2019Rolling\\_4\\_QuartersNQR.pdf](https://www.doleta.gov/performance/results/Quarterly_Report/2018/Q3/WIOA_Adult3_31_2019Rolling_4_QuartersNQR.pdf)

<sup>20</sup> Author calculations based on current funding levels and participants served in PY 2018 Q3. [https://www.doleta.gov/performance/results/Quarterly\\_Report/2018/Q3/Wagner-Peyser3\\_31\\_2019Rolling\\_4\\_QuartersNQR.pdf](https://www.doleta.gov/performance/results/Quarterly_Report/2018/Q3/Wagner-Peyser3_31_2019Rolling_4_QuartersNQR.pdf)

<sup>21</sup> Author calculations based on current funding levels and participants served in PY 2018 Q3. [https://www.doleta.gov/performance/results/#wioa\\_databook](https://www.doleta.gov/performance/results/#wioa_databook)

<sup>22</sup> Based on market penetration in California state report, scaled from 1.6 million businesses in California (largest state allocation) to 5.6 million in US, at 4 percent penetration rate with current funding levels.

<sup>23</sup> [https://www.doleta.gov/performance/pfdocs/ETA-9173\\_Program\\_Performance\\_Report\\_Templates\\_and\\_Specification.pdf](https://www.doleta.gov/performance/pfdocs/ETA-9173_Program_Performance_Report_Templates_and_Specification.pdf)

