



Not Ready to Compete

Declining federal investment
in a skilled, competitive U.S. workforce
2002-2007

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Introduction

The United States faces many challenges as it confronts a rapidly restructuring and increasingly competitive global economy.

Increasing numbers of U.S. workers are stuck in unskilled jobs that cannot support a family. Many others are now at risk of being laid off from a decent-paying job without being offered the time, new skills or income support necessary to transition to a new career. Yet many American businesses report they cannot find enough U.S. workers with the right skills to fill specific positions - a challenge that could intensify with the emergence of new industries with new skill demands and a shrinking U.S. labor pool in the decades ahead.

So what are we as a nation doing to respond? Comparatively little. Indeed, other countries are outpacing the U.S. in the development of highly skilled workers who can command the global economy's best jobs-contributing to the outsourcing of skilled jobs overseas, as well as to the increasing recruitment of skilled workers trained in other countries to work here in the U.S. Yet our federal government, along with most state governments, seems unwilling to respond with a set of policy initiatives equal in scale to these new economic challenges for U.S. workers and businesses.

In 2003, The Workforce Alliance released a study that looked at federal workforce funding trends from the late 1980s through 2002. "Skilling the American Workforce On The Cheap: Ongoing Shortfalls in Federal Funding for Workforce Development" found that Labor Department funding for programs like the Job Training Partnership Act and the Workforce Investment Act had seen a 33 percent decline over the preceding 15 years. These cuts came despite the fact that the U.S. workforce was continuing to grow and diversify, and that skill demands were rising at all levels in the labor market. That was a disheartening story.

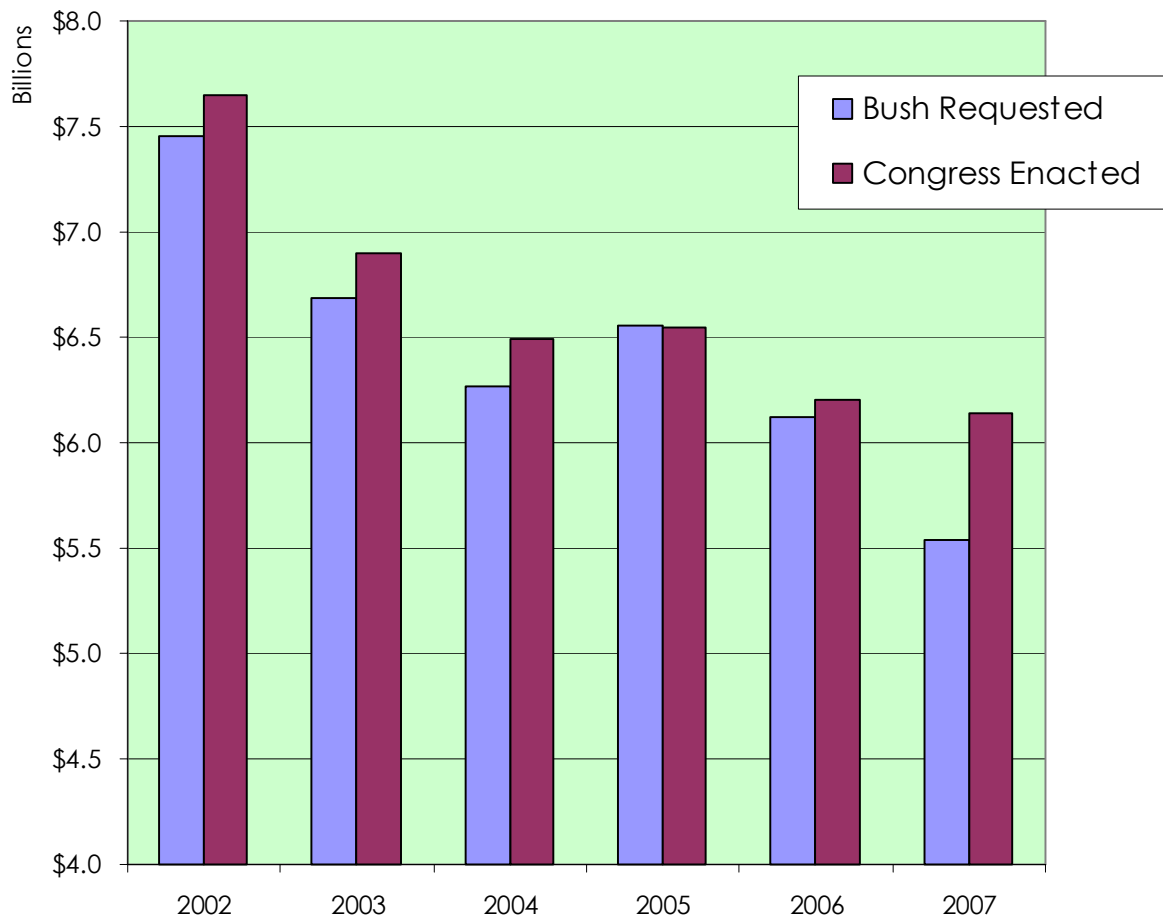
This analysis provides the sequel. In just the five years since 2002, some of those same Labor programs have been slated for even greater cuts. That is, if the Administration's proposals had been enacted, the U.S. would have lost almost as much funding for employment and training programs in the last five years as it had given up in the preceding 15 years. Even though Congress has pushed back against the Administration's proposals, overall funding for federal programs that create a skilled workforce has fallen over the last five years.

"Not Ready to Compete" shows a five-year trend in the President's spending plans, which have cumulatively sought \$3.6 billion in cuts to such programs. Since 2002, the President has proposed a cumulative \$2.17 billion (28%) in cuts for Labor Department employment and training programs. For Education Department adult and vocational education programs, proposed cuts have totaled \$1.48 billion (72%). (Figures adjusted for inflation.) Unless this trend reverses, the U.S. will not be able to produce the skilled workforce that will keep our nation competitive in a changing global economy.

Training & Employment Programs

Department of Labor

Bush vs. Congress
(In Constant 2006 Dollars)



Key job training and employment programs under the Department of Labor's Employment and Training Administration (ETA) have seen ongoing cuts during the Bush Administration, particularly since his FY02 budget, which coincided with the start of the U.S. recession. Since 2002, the President has proposed a cumulative \$2.17 billion (28%) in cuts to key programs.

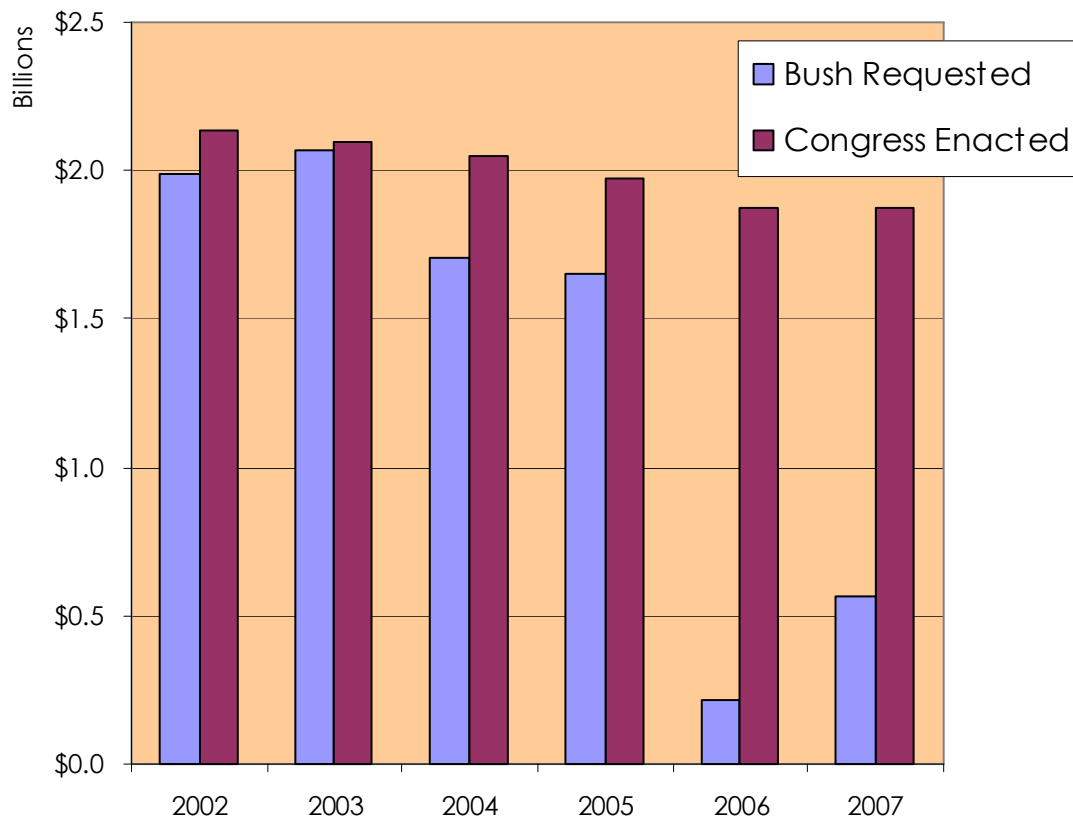
Repeated calls by the Administration to eliminate the Workforce Investment Act (WIA) programs, or to consolidate them into smaller initiatives, have been part of a several-year effort to cut training programs.

Congress has pushed back despite intense budgetary and political pressure, by approving higher appropriations than those proposed by the President. However, Congress's levels have still lead to a decrease in federal investment in the skills of the U.S. workforce.

Adult & Vocational Education

Department of Education

Bush vs. Congress
(In Constant 2006 Dollars)



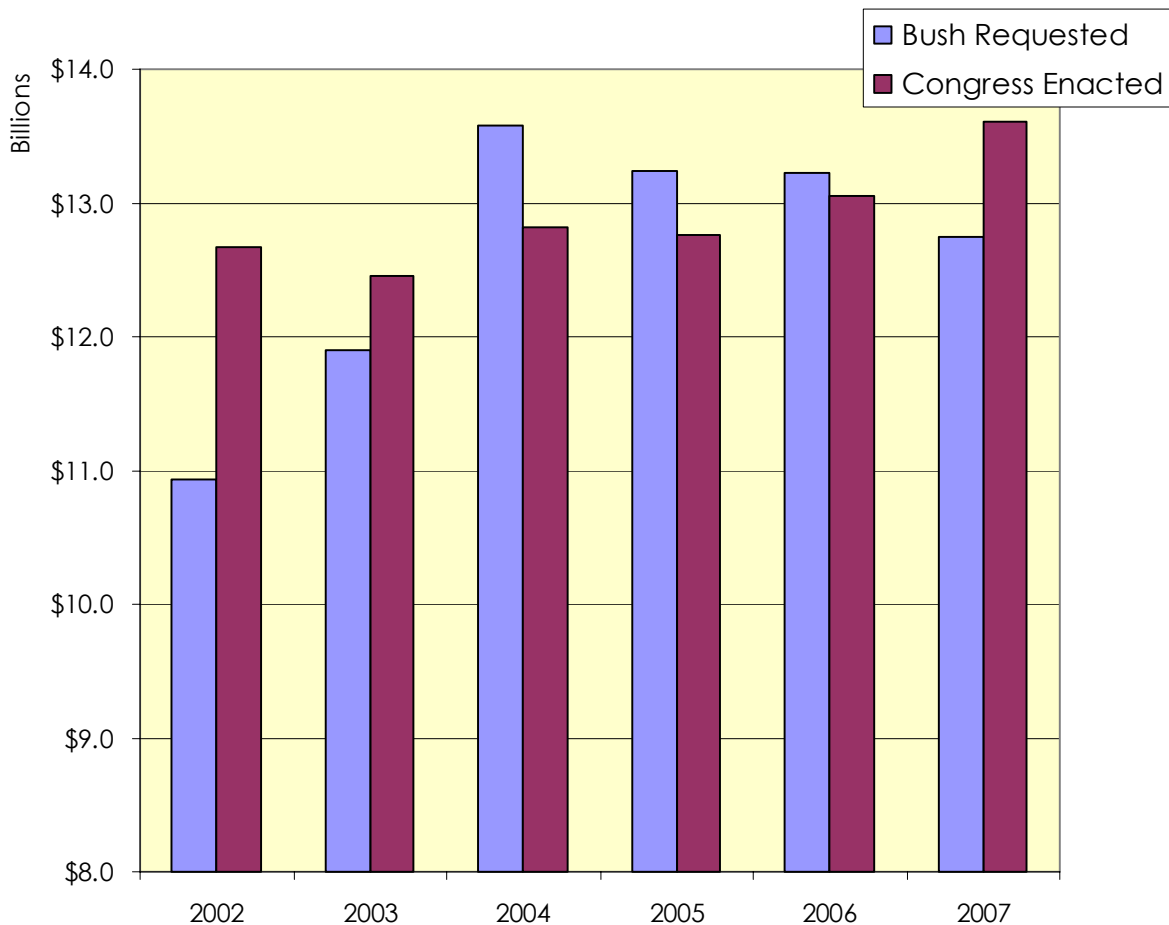
Federal funding for adult literacy and vocational education programs under the Department of Education (DOE) saw marginal increases in funding for a few years following 2002, though that funding has leveled off and actually decreased in recent years. Proposed cuts to the Perkins Vocational & Technical Education Program and the Adult Education & Family Literacy Program have totaled \$1.48 billion (72%).

The Administration's budget proposals in the last two years have included drastic reductions in these DOE programs that far outweighed proposed increases in Pell Grants. Congress has resisted attempts by the Bush Administration to cut adult basic education programs and to eliminate the nation's primary vocational education program, the Perkins Vocational and Technical Education program.

Pell Grant Program

Department of Education

Bush V. Congress
(In Constant 2006 Dollars)



The federal Pell Grant program has seen consistent support for increases by both the Bush Administration and Congress. Rising student demand for Pell Grants (an entitlement for all qualifying students) has been far outstripping annual appropriations for the program.

Because the program has run a deficit in recent years, increasing portions of newly appropriated funds have gone not toward new grants, but toward paying off shortfalls from previous years. As such, the average amount of new Pell Grants given to individual students has either been flat or gone down in recent years.

While Pell is a popular program on both sides of the aisle, past Administration proposals to increase Pell have accompanied simultaneous proposals to slash more than 40 other Education Department programs – many of which complement Pell by helping to prepare new and current workers for high-demand careers. Nor has the Administration attempted to increase Pell sufficiently to keep pace with rising college costs.

Notes

About the Numbers

- FY03 Enacted includes across-the-board .65% reduction noted in DOL documents.
- FY04 Enacted reflects 0.59 percent across-the-board cuts in the Omnibus Appropriations bill for DOL programs.
- FY05 President's Budget Request includes a \$100 million rescission of H-1B Training Program funding.
- FY05 Enacted column includes a .8% across the board rescission.
- FY06 Enacted column includes a 1% across the board rescission.
- FY07 Enacted numbers are based on recently introduced Continuing Resolution that has passed in the House but not yet the Senate.

About the Programs

The following is a list of key programs tracked over time by The Workforce Alliance. They are not inclusive of all programs funded under the Employment and Training Administration (ETA) at the Dept. of Labor, nor of those under either the Office of Vocational and Adult Education (OVAE) or the Office of Post-Secondary Education (OSPE) at the Dept. of Education.

This analysis includes key Department of Labor training and employment programs:

- Workforce Investment Act (WIA) Adult Formula to States
- WIA Dislocated Worker Formula Grants to States
- WIA Dislocated Worker National Reserve
- WIA Youth Formula and Competitive Grants
- Wagner-Peyser/Employment Service
- USDOL Block-Grant (in lieu of WIA/WP programs)
- Community-Based Job Training (Community College Initiative)
- H-1B Training / USDOL Grants (Hi-Growth, WIRED)
- Trade Adjustment Act Training (including NAFTA Training)
- Job Corps
- Youthful Offender / Prisoner Re-Entry Initiative
- ETA National Activities - Pilots & Demonstrations
- ETA Native Americans
- ETA Migrant and Seasonal Farm Workers

This analysis includes key Department of Education adult and vocational education programs:

- Perkins Vocational & Technical Education Program
- Adult Education & Family Literacy Program

About The Workforce Alliance

TWA's mission is to advocate for public policies that invest in the skills of America's workers, so they can better support their families and help American businesses better compete in today's economy. TWA is a coalition of community-based training organizations, community colleges, unions, business leaders, local officials, and leading technical assistance and research organizations from the field of workforce development. This alliance of stakeholders, who have not previously come together, ensures that our efforts are not in the self interest of a particular group, but are instead in the broader public interest of the nation. For more information, visit www.workforcealliance.org.



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