



December 22, 2008

The Honorable Barack Obama
President-elect
The United States of America

Dear President-elect Obama:

The Workforce Alliance (TWA)—a national coalition of business, labor, colleges, community-based organizations and public officials—is seeking your leadership to ensure that the emerging Economic Recovery Plan includes essential investments in the skills of the millions of U.S. workers needed to get our economy back on track. To that end, **we are recommending a \$12.5 billion investment over two years** to ensure our nation’s workforce is ready to help rebuild America—on our roads and bridges, in its schools and libraries, in its hospitals and nursing homes, and in other sectors waiting to hire skilled workers.

Investing in People as Part of an Economic Recovery Strategy

As you know, our nation is facing its worst economic crisis since the Great Depression. In response, Congress and your administration are developing an Economic Recovery Plan that will include major new federal investments in infrastructure, including highways and bridges, mass transit, energy efficiency, broadband deployment, and school modernization. These investments are expected to create as many as 3 million new jobs—*the workforce equivalent of more than 140 new Hoover Dams*—within the next two years.

The Workforce Alliance applauds these bold public investments in bricks and mortar, but we caution that they must be coupled with significant new *investments in people* as well, particularly through expanded federal support for workforce development. While some of these jobs can be filled by displaced workers already in the affected sectors, many more will be filled by workers dislocated from other sectors, as well as young persons entering the labor market for the first time and disadvantaged individuals who previously lacked the skills and opportunities for such good-paying jobs. We cannot expect such workers to simply show up at a worksite “shovel ready.”

Most, if not all, of these emerging job opportunities are middle-skill jobs—requiring education and training beyond high school but less than a 4-year college degree—and even experienced incumbent workers within affected sectors will need to upgrade their skills to master new technologies and techniques. Investing in a skilled workforce will help the federal government and the States realize a greater return on their investments in infrastructure and other high-demand industries, by minimizing waste, shortening time to completion, and ensuring high quality work. However, it will not come cheap: the

Department of Labor (DOL) estimates that it costs nearly \$4000 on average to provide training and employment services for a dislocated worker; *preparing as many as 3 million workers to fill these newly created jobs will likely approach \$12 billion.*

Unfortunately, deep funding cuts over the past eight years to federal programs under the Workforce Investment Act (WIA) and the Wagner-Peyser Employment Services (ES)—totaling some \$9 billion (in constant dollars) since 2001—have reduced the capacity of our national workforce system to respond even to normal levels of demand for skilled workers. With more than 2.7 million workers added to the unemployment rolls in the last 12 months, these systems face collapse at a time when we need them the most. The job creation strategies proposed under the Economic Recovery Plan cannot succeed if we do not rebuild the systems that will ultimately connect workers to training and the new jobs created by these sizeable new federal investments.

Therefore, we urge Congress and your administration to include in an Economic Recovery Plan \$12.5 billion in workforce development funding over the next two years:

- **Double Funding for WIA and the ES:** Doubling funding for WIA and the ES each year for two years will provide just under \$3.8 billion per year—for a *total investment of about \$7.5 billion* over two years—in new formula funding for job training programs and employment services funded under Title I of WIA and the ES. This funding would be in addition to the \$3.8 billion in annual funding currently available to these programs, and would significantly expand their collective capacity across a deep and potentially lengthy recession. We would further propose that 70 percent of these additional funds be designated specifically for training and related services for workers, rather than for administrative and structural costs, and that local workforce areas be given greater flexibility to contract for training for multiple workers in addition to using individual training accounts to pay for services. This additional funding and flexibility would help workers locate employment opportunities and access individualized skills training, and would help states and localities better serve individuals who have lost employment.
- **Increase Ability of DOL to Expand or Create Training Capacity:** Invest \$2.5 billion per year for two years—for a *total investment of \$5 billion*—in funding (under existing authority) to be allocated by the Secretary to rapidly create additional capacity for job training and related worker services for infrastructure projects funded in a recovery bill, as well as other high-growth, high-demand industries like health care or green energy. Eligible entities and programs for such funding should include state and local workforce agencies, apprenticeship and pre-apprenticeship programs, on-the-job training (OJT) programs, sector partnerships, labor-management partnerships, community-based training providers, and community colleges, among others. Creating or expanding capacity across a wide range of training programs, the Department can help ensure that a diversity of workers across all skill levels will benefit from these federal job creation investments.

TWA looks forward to working with you on the details of this proposal, to ensure that the diversity of our entire workforce has the skills to participate in our nation's economic recovery, and that every individual—whatever their current skill level—is seen as part of the solution. We again applaud you for the tremendous leadership you have shown during this time of national crisis.

Sincerely,

A handwritten signature in black ink, appearing to read "Andy Van Kleunen". The signature is fluid and cursive, with a horizontal line extending to the right.

Andy Van Kleunen
Executive Director
The Workforce Alliance