

# Fact Sheet: Better Training for Better Jobs

## Today's Presidential Action

- **President Bush has an agenda for creating more jobs for America's workers and ensuring that workers have the training and education they need to compete for the best-paying, highest-growth jobs.** Today, he traveled to Charlotte, North Carolina to announce a new initiative to provide America's workers with better training for better jobs.
- **America's growing economy is a changing economy, and some workers need new skills to succeed.** Today's economy is an innovation economy. Two-thirds of America's economic growth in the 1990s resulted from the introduction of new technologies – and 60% of the new jobs of the 21<sup>st</sup> century require post-secondary education held by only one-third of America's workforce. We need to close the skills gap in America. Not enough workers are being trained quickly enough to take advantage of many of the new jobs that are being created. The Federal government provides state and local governments over \$4 billion through the Workforce Investment Act (WIA), but only 206,000 adults were trained through these programs last year.
- **President Bush proposed significant reforms to Federal worker training programs to double the number of workers receiving job training, to ensure those programs work better for America's workers, and to close the skills gap so we fill every high growth job with a well-trained American worker.** The President proposed:
  - Providing \$4 billion in Federal job training funds to the nation's Governors with less federal red tape and more flexibility;
  - Putting strict limits on overhead in major Federal job training programs by closing loopholes and enforcing limits to ensure tax dollars support training for workers who need it – reducing overhead costs by an additional \$300 million; and
  - Giving workers more choices about their job training by increasing the use of personal job training accounts called Innovation Training Accounts (ITAs); and
  - Training an additional 200,000 people for high-growth jobs through programs run by community colleges, unions, and businesses.

## Background: Making Federal Job Training Work Better for America's Workers

- **The Problem:** Currently, the Federal government spends almost \$23 billion for more than 30 programs spread across 9 departments and agencies. The result is a confusing hodgepodge of programs, some of which have remained fundamentally unchanged for decades, and administrative costs that prevent too many dollars from getting to the workers who need training the most.
  - **Bureaucracy:** Although many good people work in the job training system, the programs in place to train workers are overlapping and sometimes ineffective. Too often, red tape and administrative costs eat up job training money before it even gets to workers. For example, the Department of Labor found that several local areas had no one participating in training. Too much of the funds went to administrative costs—not training workers. *President Bush believes that every dollar spent on unnecessary bureaucracy is a dollar taken out of the pocket of a worker who needs job training.*

- Complexity: Job training programs are set up with so many rules that many workers, potential employers, and local community colleges do not participate. For example, 30 states have been granted temporary relief from these requirements so they don't lose their link with community colleges. However, there are limits to what we can do under the current Federal law. *President Bush recognizes that the best training is not filling out forms – it is learning on the job or at a community college.*
- Limited Accountability: Currently, there is no clear standard or benchmark to measure the effectiveness of federal job training programs. Federal grants to states for job training have 17 measurements of accountability. *President Bush proposes to refocus these programs on the end results that matter most to America's workers -- Did you get a job? How long did you keep it? And how much are you being paid?*
- Failure to teach skills in demand: Many job training programs do not address the skills that are most in demand by employers in the worker's community. Instead, workers are churned through the system without developing the skills they need for success over the long term. *President Bush believes we should be training workers for jobs in sectors of the economy that are most likely to grow.*

➤ **The President's Solution:**

- **Less Red Tape and More Help for Workers:** The President's goal is to double the number of workers receiving job training by maximizing the available Federal dollars going to workers and eliminating unnecessary overhead costs by an additional \$300 million. The President's plan establishes a clear goal that the vast majority of job training dollars should go to the workers who need them – rather than to bureaucratic overhead. Currently, administrative expenses are capped at 15%, but regulatory loopholes allow too many of our training dollars to be spent on bureaucracy and other non-training services. As part of reducing red tape, the President's plan consolidates 4 major training and employment grant programs totaling \$4 billion into a single grant to Governors, eliminating unnecessary overhead costs and making Federal support more effective and efficient.
- **Increased Innovation Training Accounts (ITAs):** The President proposes to increase the use of Innovation Training Accounts to provide workers with more flexible and responsive assistance. Workers would have more job training choices – they would be able to use community colleges, private-sector training providers, local businesses, or community organizations – to get the help they need in the most effective and efficient way possible. These ITAs would allow workers considerable flexibility to tailor training programs to meet their needs.
- **More Accountability:** Under the President's plan, Governors would be given more flexibility to design their own workforce training programs. But they would also be required to set clear goals and outcomes focused on the number of workers placed in jobs, the duration of the job placement, and the earnings of the job. The President proposes consolidating the number of state performance goals of the Federal job training system from 17 to 3. Under the new goals, accountability will be determined by asking these questions: *How many people are finding work? How much are workers earning in their new jobs? How long are they staying in these jobs?*
- **Jobs for the 21<sup>st</sup> Century Initiative:** The President's Jobs for the 21<sup>st</sup> Century Initiative, announced in the State of the Union Address, includes a \$250 million proposal to help America's community colleges train 100,000 additional workers for the industries that are creating the most new jobs. This expands the Department of Labor's successful High Growth Job Training Initiative, launched under President Bush in 2001, which has provided \$71 million in 38 partnerships nationwide between community colleges, public workforce agencies, and employers. These initiatives help community colleges produce graduates with the skills most in demand by local employers.
- **Personal Reemployment Accounts:** The President has also proposed \$50 million for a pilot program of accounts of up to \$3,000 for those unemployed workers who have the most difficulty finding jobs to use toward job training, transportation, childcare, or other assistance in obtaining a new job. Workers who found a job quickly would be able to keep the balance of the account as a reemployment bonus.