

Job-Training Programs: More Politics Than Promise?

By Tom Harmon

Summary: House Republicans want to increase funds for job training, as President Bush proposed during his reelection campaign. Unions should be pleased, but they see little benefit for their pet programs. Some conservatives wonder why fund job-training at all?

How's this for bipartisanship? Democrats and their labor union supporters want more job-training programs, and so do President George W. Bush and the Republicans. After a close presidential election coming on the heels of a recession, job-training programs are on everyone's public policy agenda for 2005. Both parties say they are for job-training and support having Congress reauthorize the 1998 Workforce Investment Act this year.

But the devil is in the details. There are significant partisan differences over how to fund federal job-training assistance. More importantly, many policy experts, conservative and liberal, question whether job training programs are even worthy of taxpayer funding.

David Muhlhausen, a senior policy analyst at the Heritage Foundation, cites evidence showing that most job-training pro-



Feature Photo Service

In 1998, then-Gov. Tommy Thompson of Wisconsin inspects a Milwaukee center to train unemployed residents with the skills needed in today's job market. Are such programs outdated—or were they ever truly successful?

grams fail. In particular, he recommends that Congress eliminate the Job Corps, a legacy of Lyndon Johnson's "Great Society" domestic policy, calling it a "wasteful and unproductive program."

Gordon Lafer, a pro-union University of Oregon economist, agrees that job-training programs are ineffective. The author of *The Job Training Charade*, Lafer dismisses the job-training solution as "highly symbolic. It's cheap. It's never highly funded. ... Its function is to get the public off the politicians' and businesses' backs."

The argument in favor of job-training is that thousands of Americans are actively looking for employment but need specific

skills to match the available jobs. Proponents claim that older displaced workers can be helped if they receive training for new and developing fields. They also say young people can be trained for skills that will promote vital emerging industries.

But what if job-training programs don't successfully match workers to full-time jobs? Are they worth the effort and expense? And should taxpayers foot the bill?

Angry Unions

Last summer the Department of Labor put those questions front-and-center when it made a decision to discontinue its job-training grants to two AFL-CIO affili-

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ates: the Appalachian Council and the Working for American Institute. Labor Department officials cited changed priorities and the programs' poor performance as the reason for their cuts.

The leaders of twelve AFL-CIO state federations in the Appalachian Mountain region direct the Appalachian Council. For more than 35 years the Council has gotten federal support for participants in the Job Corps. Breaking with tradition, the Bush Administration declined to authorize a \$3.9 million contract to provide vocational training and transitional support for Job Corps trainees. Appalachian Council director Gary Darlington told the *Washington Post* that the program's placement rates exceed the national average for training programs. But the Labor Department countered that the Council's program performance was "unsatisfactory" because its placement of workers in jobs at "sustainable wages" was in decline.

The Labor Department also rejected a \$1.5 million grant request from the AFL-CIO's Working for America Institute. That grant would have trained more than 1,300 union representatives who serve on the state and local "workforce investment boards" that oversee job-training programs. Thomas Dowd, deputy assistant secretary of labor for employment and training, explained the grant rejection in euphemistic and bureaucratic terms: He found that the Institute's "type of general capacity building" and emphasis on "developing organizational 'relationships' to promote workforce development" did

not match the Department's priorities for making job-training grants. But the Labor Department's real message was unmistakable: the federal government was not in the business of funding training for union lobbyists for more federal job-training programs.

The AFL-CIO immediately cried foul. Appalachian Council chairman William George, who is also president of the Pennsylvania AFL-CIO, alleged that Secretary of Labor Elaine Chao exhibited "prejudice" against labor unions. He perceived "some concerted effort at the Labor Department

get beyond the acrimony by supporting the reauthorization of the Workforce Investment Act and expanding federal support for job-training programs. However, the large federal deficit and other constraints on the budget have forced Republicans in Congress to endorse paying for expanded job training by cutting out grants to programs they consider ineffective or to union-supported initiatives that do not directly increase the number of trainees. Senate Democrats are stalling the Republicans' reform proposals and promise more of the same as long as unions

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to terminate all partnerships with labor unions and the organizations established to connect labor unions to DOL programs."

In Congress, union-friendly Republicans joined Democrats in rallying to the AFL-CIO cause. Sixteen House Republicans called on the Bush administration to reverse its decisions and provide the grants. In a July 6 letter, they urged Chao to "maintain what has been beholder support for this important stakeholder in the public workforce system." In the Senate, Pennsylvania Republican Arlen Specter went a step further. Presiding over a hearing of the Subcommittee on Labor, Health and Human Services, and Education, he forced the Labor Department's Dowd to publicly defend the grant denials. Specter, who held the purse strings for the Labor Department budget, repeatedly suggested that Department officials were singling out organized labor for harsh treatment.

Despite the badgering, the Department's decision stood, adding to the labor federation's list of election-year grievances against the Bush Administration.

Bush's Proposal

This year the Administration hopes to

oppose change.

In January, House Education and the Workforce Committee leaders, including chairman Rep. John Boehner (R-OH) and Rep. Howard McKeon (R-CA), introduced the Job Training Improvement Act. It would eliminate program duplication and wasteful spending, involve faith-based organizations in job-training, and establish "personal reemployment accounts." The latter is an innovation proposed by Rep. Jon Porter (R-NV) to provide up to \$3,000 to help unemployed workers meet their own needs according to their own priorities, including support for job training, child care, housing and transportation.

Interestingly, although the bill coincides with many of President Bush's goals, it *does not* include his proposal for more federal job training. (The bill's sponsors pledge to incorporate it later.) In April—perhaps to counter Democrat Sen. John Kerry's promises to create 10 million new jobs if he were elected president—President Bush announced that he wanted to double the number of workers in job-training programs from 200,000 to 400,000 as part of his \$500 million "Jobs for the 21st Century" initiative. The cornerstone of this initiative was previously announced in January 2004 during the President's

Editor: Patrick J. Reilly
Publisher: Terrence Scanlon
Address: 1513 16th Street, NW
Washington, DC 20036-1480
Phone: (202) 483-6900
Email: preilly@capitalresearch.org
Website: www.capitalresearch.org

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State of the Union Address. Bush proposed a \$250 million grant program to fund public- and private-sector partnerships with community colleges to train 100,000 workers. He also proposed a \$33 million increase in Pell grants to low-income students.

However, the President also wants to cut the costs of job training programs. During a January 14 speech at Florida Community College in Jacksonville, Florida, Bush talked vaguely about imposing fewer mandates on states that receive job-training grants, thus enabling them to devote more funding to training and expanded services. Few details were offered. Labor Secretary Chao told the *Washington Post* that cuts would be accomplished by “reducing overhead costs by \$300 million and allowing states to use the federal funds for more training instead of bureaucracy.”

Not surprisingly, liberal critics are skeptical that increasing community college funding by \$250 million while decreasing Labor Department job-training funds by \$300 million will make things better. The president’s initiatives are important, counters Chao, because past initiatives have rarely given workers the skills they need.

“In too many cases today, workers are simply processed through the system, instead of developing valuable new skills that will help them succeed in the long term,” Chao said. “This is why the president has also proposed increasing the amount of money we spend to help America’s community colleges train workers for jobs in fast-growing industries.”

Last year Bush told educators at Mesa Community College in Phoenix that he was focusing on the community college system because “it’s flexible in its curriculum. . . . We’re going to train people for the jobs that actually exist, and that, therefore, requires a system that is flexible, a system willing to take input from the employers, a system that is willing to change curriculum, if need be, to meet the demands of the local workplace.”

Flexibility is important, contend Bush and Chao, because it allows government to target specific industries to train workers. The Labor Department’s Employment

and Training Administration has targeted 12 sectors under its High Growth Job-Training Initiative: automotive, advanced manufacturing, biotechnology, construction, energy, financial services, geospatial (mostly architecture & engineering), health care, hospitality, information technology, retail and transportation. To identify these sectors the Department used five

outsourcing. Ironically, these arguments challenge the effectiveness of job training no matter how much the federal government spends, an odd position for a union.

The American Federation of State, County and Municipal Employees (AFSCME) directly confronts the outsourcing issue by calling for a “Worker

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criteria:

1. they are projected to add substantial numbers of new jobs to the economy; or
2. they have a significant impact on the economy overall; or
3. they impact the growth of other industries; or
4. they are being transformed by technology and innovation requiring new skills sets for workers; or
5. they are new and emerging industries that are projected to grow.

Union Attacks on Bush Proposal

President Bush’s \$250 million job-training initiative doesn’t excite labor unions. The AFL-CIO calls the Bush budget proposal an example of “poll-tested, election-year goodies” that will “window-dress, rather than seriously address, major economic problems.” The labor federation claims Bush has cut total federal funding to help dislocated workers and provide skills development—by their count, the cuts amount to \$1 billion. Despite acknowledging that the Bush plan could help community colleges struggling with declining state subsidies, the AFL-CIO says the funding is inadequate.

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Retraining Trust Fund.” It would simply impose a fee on employers who transfer jobs abroad. It’s not at all surprising that AFSCME opposes the Bush plan: after all the Administration does not identify state and local government as a growth industry requiring more worker training,

Conservative Questions

Union attacks on the Bush plan appear motivated by political calculation and self-interest. More troubling, however, is conservative criticism of the Bush job-training proposal. It is based on practical doubts about the effectiveness of job-training programs and principled objections to federal government involvement.

Labor Watch asked Heritage Foundation senior policy analyst David Mulhausen to explain his concerns. Mulhausen works in Heritage’s Center for Data Analysis and has looked closely at job-training programs. He is the author of two Heritage policy analyses on the topic: “In the Dark on Job Training: Federal Job-Training Programs Have a Record of Failure” with Paul Kersey, Heritage Foundation Bradley Visiting Fellow in Labor Policy (July 2004), and “Congress Spends Billions on Ineffective Job-Training Programs” (October 2002).

LW: You’ve been pretty negative on job-training programs. Do any of them work?

DM: Well, I think the question is not whether any of them work, but rather, how well they work. In some cases, they work only a little bit. So, the question should be: When they work just a little bit, are they worth the resources that are poured into them?

For instance, Job Corps is touted as a very effective program by the President. But after a couple years of being out of Job Corps, a recent evaluation found, workers made less than twenty-five cents more per hour than people who didn't attend Job Corps. You have to ask, if they're making less than an additional quarter per hour, is the program really worth it? Job Corps is the most expensive job-training program per student that the federal government runs, and it's getting very little bang for the buck.

In other cases, there are individuals who participate in the Job Corps program who, after finishing and being out in the workforce, on average do not work a full work week. They do not even work, on average, fifty weeks a year. So, the question is, how effective are these programs if the workers that go through them are not gainfully employed throughout the year?

LW: Why do you think it is that they do not work a full week?

DM: Well, I think, actually, that one of the problems with a lot of these programs is that they are focused on people who have less initiative to solve their own problems. Most people don't need the federal government to give them training to get a job. So, I think a lot of these federal job-training programs are at a disadvantage to begin with, because they're dealing with a tough population that may not have a very strong work ethic to begin with.

LW: What do you think about the Bush campaign promise to double the number of workers in job-training programs?

DM: I think that would be a horrible thing to do. Americans do not need more job training. They don't need more federal programs to help them. What they

need is less government to place a burden on them. What they need is to have lower taxes and better paying jobs to get ahead. They don't need a federal hand-out.

Can I ask something that's even more relevant? You already have a federal job-training system that doesn't work very well. Increasing the amount of people who

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LW: There are genuine concerns about the outsourcing of jobs, Americans losing jobs overseas. If job-training programs aren't the answer, what do you think is the answer?

DM: What we need is a better-educated workforce. One of the things that Paul Kersey and I have pointed out is that a survey of manufacturers found that their new hires often lack the basic skills that you would expect of a high school graduate. So in some cases, it's not that people actually need to have certain job skills provided for them. What they need is a better basic education. Sometimes learning how to show up on time to work is more important than learning other skills, factors that may not be relevant to your job.

LW: Why do you think the unions are so interested in these job-training programs?

DM: What they really want is something called public service employment.

These used to be slush funds that went to the big cities to hire people to do various jobs. What unions want is to return to the time when the federal government would just give cities millions of dollars to employ people, and the new jobs would be union jobs. It didn't matter whether or not the job was necessary to achieve a municipal goal. Basically, it was a slush

fund. The GAO [General Accounting Office] inspectors-general looked at these programs in the 1960s, '70s and early '80s and found a lot of abuse.

These public service programs were abolished in the early 1980s after passage of the Job Training Partnership Act. Before that CETA, the Comprehensive Employment Training Act provided millions of dollars just to employ people. Partly, this was an attempt to avoid the "long, hot summer," the threat of violence in the inner cities when there weren't enough jobs. Partly, it was a payoff to some of the cities that prevented the riots that occurred in the 1960s. Basically big city mayors were given millions of dollars to hire people at their discretion. It was a patronage system. The mayors gave the money to their supporters. This practice has been out of favor for a while.

LW: Do you think the reason why job training is not working has something to do with the shape of the economy? It's increasingly high-tech instead of blue-collar?

DM: Yes, I think that's true. What we've found is that in federal job-training programs the work skills taught are basically the same as they were during the 1960s, '70s and '80s. Every few years

whenever the federal government wants to reform and improve its job-training programs it does a managerial fix, instead of changing what's actually taught. What they do is that they make the programs "more flexible" every time. They want to improve the delivery. Right now the Administration is talking about a seamless delivery of services and one-stop shopping centers. All these are really just buzzwords. There is very little that is changed in the substance of the actual training. Essentially, it's the same training that previous federal job-training programs provided.

LW: Job-training programs had their origin during the New Deal, right?

DM: Yes, that's right. A lot of them had their origins in the New Deal, but then they rapidly increased during the 1960s.

LW: Does the history of how they started have any bearing on what they are doing today?

DM: Well, I think that they're much less rooted in the New Deal, and much more in the Great Society. The federal government's effort to create the Great Society required an effort to provide services to the inner city. If you didn't have the skills to be employed, the federal government would give you the skills. We now know that that hasn't worked out too well.

LW: What do you think about President Bush's idea of relying on community college training rather than the more traditional approaches to job training?

DM: One of the things we've looked at is whether or not community colleges are appropriate to fulfill this purpose, and I think that community colleges need to stick to providing an associate's degree and not provide job training. Community colleges should really be a steppingstone to a four-year college. They should give people a boost to get to that next stage, and not be a vocational-technical school that you go to after you get your high school diploma.

LW: Why do you say that? Why should the purpose of a community college only be to provide the associate's degree?

DM: I think most institutions do a better job at performing a single task or a small number of related tasks. If you take an institution that's providing an associate's degree and have it also provide job training for people who don't aspire to college, aren't you diluting its mission? Mission creep can dilute an institution's effectiveness and jeopardize its original goals.

LW: The issue of job training lately has come up during presidential

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elections. How do you think things would be different if John Kerry had won in November?

DM: I think Kerry would have pushed for more job training and for budget increases even beyond what the Bush administration wants. I also would say that there would be an effort to bring back public services employment that unions desperately want.

LW: Do you think President Bush will follow through on his campaign proposals for job training?

DM: You may see him move toward it again during the debate on reforming the Workforce Investment Act. But I suspect that as long as the economy improves, there will not be much action on job-training programs. The Administration has not been able to pass a bill through Congress. They haven't been able to get it out of conference. I don't see anything changing politically to accomplish that.

LW: What's behind the Administration proposal?

DM: Unemployment has been higher than in previous years, and I think the Administration wanted to send a message that it cared. It was consistent with the call for a more compassionate conservatism. I think the President is serious about the proposal. But I think expanding job-training programs will not be high on the Administration's agenda when you look at what the president actually wants to accomplish in the next four years.

LW: The cornerstone of the Administration's "Jobs for the 21st Century" initiative is a \$250 million pledge to community colleges. But critics on the left charge the Administration with

sleight-of-hand because it also wants to cut \$300 million in "red tape." Do you think the Administration will follow through with the \$300 million in cuts?

DM: It's quite possible. Congress knows which programs are unsuccessful, but they haven't had the political will to do anything about it. We can't keep up the spending splurge the federal government has been on during the last four years. We can't keep running up a deficit. Some of these programs will have to be cut. So I would think we'll see a decrease over the next four years in job-training programs.

Tom Harmon is a freelance writer from Spokane, Washington.

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Labor Notes

AFSCME Tries to Force Rule Changes at SEC

Corporate opposition has thus far prevented the Securities and Exchange Commission from giving investors more say over electing corporate directors. But labor unions and union-affiliated pension funds are trying to force the SEC's hand by fighting company by company, all part of labor's increasing reliance on shareholder activism. (See *Labor Watch*, January 2005.) Gerald McEntee, president of the American Federation of State, County and Municipal Employees (AFSCME) and chairman of the union's pension plan, announced that the pension fund is targeting 19 companies, including American International Group and Eastman Kodak, with binding shareholder resolutions on nominating directors.

U.S. Airways Future Finally Depends on Unions

Industry analysts say U.S. Airways could successfully reorganize into a low-cost airline and emerge from bankruptcy protection, but labor unrest presents perhaps the greatest threat. As of publication, *Labor Watch* was uncertain of the result of the January 21 vote by the airline's machinists union on \$269 million in pay, benefit and job cuts—and a concurrent strike resolution. Earlier last month a U.S. Bankruptcy Court judge let U.S. Airways throw out its machinists union contract, asking, "Which is worse, that half of the mechanics lose their jobs or that all of the mechanics lose their jobs?" Standard & Poor's credit analyst Philip Baggaley told *The Washington Post* that union militancy, increased fuel prices and terrorism could thwart "good progress" at U.S. Airways. A fare war between Delta Airlines and American Airlines also could hurt struggling carriers.

United Struggles to Reach Accord With Unions

United Airlines is having mixed results in its effort to cut costs with the cooperation of its worker unions. UAL Corp., United's parent company, has already obtained \$2.5 billion in employee savings but needs \$725 million more. A deal with the pilots union that would have saved \$180 million was rejected last month by a bankruptcy court, which objected to the union's pledge not to oppose termination of its pension plan as long as other employee unions also consent. The judge said the agreement put undue pressure on other unions to give up their pension plans. UAL has reached a tentative deal with its mechanics union that requires court approval, and a judge has allowed UAL to cut pay 11.5 percent for baggage handlers and some other workers.

D.C. Hotel Union Threatens Strike During Bush Inauguration

With tens of thousands of visitors set to visit Washington, D.C., during President George W. Bush's presidential inauguration last month, the local hotel union threatened to strike if it did not have a new contract by January 15. The ploy worked, ending months of unrest since Unite HERE Local 25 said a strike was imminent in September. The 14 hotels affected by the negotiations abandoned plans to share health care costs with newly hired employees and increased hourly wages 50 cents retroactive to September 15. The union agreed to a relatively minor concession of a three-year contract instead of pursuing a nontraditional two-year agreement.

Hoffa Aide Suspended, Accused of Embezzlement

Teamsters president James P. Hoffa's chief of staff was suspended for 60 days by the union's court-appointed Independent Review Board after the employee returned \$69,500 allegedly stolen from the union. Carlow Scalf continued to receive a housing allowance for duties in Washington, D.C., for 34 months after he no longer resided in the city. Hoffa has not indicated whether Scalf will be allowed to return to his job after the suspension, the National Legal and Policy Center reports.