

Workforce Management

Bush Retraining Plan Leaves Displaced Workers on Their Own

President Bush wants to cut \$1 billion in job training programs and proposes giving displaced workers education and training vouchers of \$3,000 annually for two years. Some critics say the policy is misguided, slashing funds and leaving workers to navigate the training maze on their own.

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When it comes to worker training programs, the Bush administration takes with one hand and gives with another, creating a duality that draws both criticism and praise.

Policy aside, the key challenge for government is to convince corporate America that federal initiatives can be viable sources of talent.

In his fiscal year 2008 budget, President Bush seeks to cut job training programs by about \$1 billion. He is proposing vouchers, or “career advancement accounts,” for displaced workers that would give them \$3,000 annually for two years to spend on education and training.

The goal is to provide more flexibility and choice for more people than is currently allowed in the federal training structure, according to the administration.

“In the past, we’ve had duplicative systems that have arisen over time,” Labor Secretary Elaine Chao said at a press briefing in February. “I’m challenging the system to do better because people who are out of work are depending on us.”

The career accounts—as well as the Labor Department budget—would have to be approved by Congress. House hearings on the legislation that encompasses training programs, the Workforce Investment Act, may take place in late March or April.

The Senate approved workforce legislation last year, but the full Congress has not passed a bill that formally reauthorizes the 1998 law. For the past three years, Congress has appropriated money to programs established under the original legislation.

While Congress dallies, the administration approach to workforce training is taking fire. The Bush policy is misguided because it would cut funds and require individuals to find their own way through the training maze, according to Tom Kochan, co-director of the Institute for Work and Employment Research at the Massachusetts Institute of Technology.

A better idea, he says, is to link funding to industries and institutions that can leverage private-sector investment and give workers general skills that enable them to plug into existing job demand.

“These people have to be embedded in networks,” Kochan says. “We’re not investing [enough] and we’re not spending our money wisely on everything we know [that] works in employment and training programs.”

Like many other experts and practitioners, however, Kochan endorses the Workforce Innovation in Regional Economic Development Initiative, known by the acronym WIRED. The program is a major Labor Department effort to foster regional economic development by bringing together local government, business and academia to train workers for emerging industries. During the past year, WIRED has invested \$260 million in 26 regions throughout the country.

Kochan advocates linking funding for community colleges and universities to their willingness to work with businesses and government.

“That is the kind of networks we need,” Kochan says. “We should be doing this in all our localities.”

Before the practice becomes ubiquitous, businesses have to look to the federal workforce system as a reliable supplier of talent—something that has not happened widely in part because government programs are perceived to be cumbersome and targeted at low-skill workers.

“To effectively engage employers, we need to be able to address their training and hiring needs at all levels and eliminate the bureaucracy they face when they try to access training programs,” says Julian Alssid, executive director of the Workforce Strategy Center.

With local workforce boards, politics sometimes goes along with the training. Appointed by local officials, they tend to protect their turf. For that reason, it would be impossible to merge boards from multiple counties, according to Ross Jackson, a research associate at the University of Memphis and a member of the National Association of Workforce Boards.

He says it’s too early to tell whether WIRED works, but he supports providing incentives for cooperation.

“That will work because economic development today is regional and employment is regional,” he says.

Companies, however, don’t care about local political machinations.

“All they want to know is that people are trained to their standards,” Alssid says.

One place where that is happening is in southeast Michigan. The regional Chamber of Commerce is encouraging auto manufacturers and suppliers to partner with community colleges and government agencies under a WIRED grant to spur economic revival.

Traditional workforce investment involves using federal money to hire a single training vendor. The WIRED prescription encourages teamwork.

“It has been very progressive,” says Jim Jacobs, director of the Center for Workforce Development and Policy at Macomb Community College in Warren, Michigan. “Everyone can win or play a role.”

Some of the biggest entities on the stage are community colleges. With their emphasis on adult education and connections to local business, they have become the primary source of training in a country that lacks a workforce strategy, Jacobs says.

“Community colleges are the national workforce institutions,” he says. “They are on the front lines.”

Local workforce boards also are trying to assert themselves in nurturing talent by demonstrating that they can save businesses money on recruiting and retention.

John Krackowski, director of business services for the Workforce Development Board of the Treasure Coast in Port St. Lucie, Florida, says that his organization is adept at plugging into local firms to determine their talent needs.

It won an innovation award from the National Association of Workforce Boards for putting a one-stop federal employment center on the premises of Aegis Communications Group, a local telemarketing firm that employs 700 people.

In the partnership, Aegis provides office space and a receptionist while the workforce system supplies an on-site career counselor and recruitment resources.

The arrangement saved Aegis \$750,000 in recruiting costs in its first year of operation, according to Krackowski, while reducing turnover by half. The government center has reduced its cost per placement by 67 percent.

“Everyone’s won from it,” Krackowski says. “Workforce boards are excellent at having relationships with businesses in the community.”

On a wider playing field, creating similar kinds of business engagement is crucial for the WIRED program. The Labor Department wants the private sector to view cooperation with government and academia as an avenue for finding talent.

“All of us have been striving to expand and enhance the relevance of this system to the regional economy and the larger economy in globalization,” says Emily Stover DeRocco, assistant secretary of labor for employment and training.

Progress is being made, albeit sometimes slowly.

“For all of us, it’s been a journey of learning, which is continuing,” DeRocco says.

“Reforms coupled with these investments can get us there.”

—*Mark Schoeff Jr.*