

Commentary/Op-Ed - August 2013

Op-ed: Building the American workforce

The U.S. economy faces a big problem that ought to be ripe for a bipartisan solution: too many Americans can't find jobs, and too many employers can't find the right person to hire.

by Tom Hilliard

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The U.S. economy faces a big problem that ought to be ripe for a bipartisan solution: too many Americans can't find jobs,and too many employers can't find the right person to hire.

As President Obama said in his Chattanooga speech earlier this month, we are failing to "arm our workers with the skills that a global economy demands." When Congress returns after the August recess, it needs to come together to overhaul federal job training programs to help willing workers acquire the skills that eager employers need.

Four years after the end of the recession, almost 12 million adults remain unemployed, more than one-third for longer than six months. The occupations that employed many of these workers, from production line assembly to graphic design to medical record clerks, aren't coming back.

At the same time, American employers are unhappy with their pick of job applicants. In two national surveys, more than half of the respondents said they face a challenge in recruiting non-managerial employees with the needed skills, training and education. According to a recent McKinsey study, 86 percent of U.S. employers would pay more for a job candidate with the right training and hands-on experience—a higher percentage than any of the other eight countries they surveyed.

The problem is that our country's system for training and reskilling workers is disjointed, underfunded, and still designed for the high-growth era of the late 1990s. The biggest shortcomings are not in any one law, but in the cumulative impact of multiple federal laws that impose conflicting goals, shortsighted performance standards and outdated notions of what a human capital program should do. As a result, many of the federally funded agencies serving the unemployed ignore clients with low literacy or other barriers to employment for fear that taking a "hard case" will cause them to fall short of meeting federally mandated job placement standards. Providers who serve the most disadvantaged clients may be financially penalized. Engagement with employers, who are the ones with actual jobs to offer, remains inconsistent and mostly concerned with short-term job placement rather than longer-term job stability and career development.

Federal agencies support a myriad of programs, such as workforce development, youth development, adult education, public assistance, vocational rehab and community colleges. Most dollars flow through state and local government agencies, which in turn contract with providers who serve the actual clients. The lack of any broader federal vision about what these multiple programs should accomplish—along with conflicting outcome performance standards and fragmented state and local implementation—wastes federal funding and allows many unemployed to fall into the cracks between programs.

Years of budget cuts have made the problems worse. The Workforce Investment Act's main funding stream fell by 59percent between 2000 and 2010, even as the number of unemployed Americans doubled; the sequester has cut still deeper. Agencies have a hard time helping the unemployed when most of their budget goes to keeping the lights on. Other developed countries devote far more to workforce development systems than the United States. In 2010, the average developed nation spent about 0.7 percent of GDP on active labor market policies while the United States spent only 0.1 percent of GDP. Congress should restore funding at least to the levels of a decade ago. But in return, Congress should require federal agencies to establish performance standards that actually hold providers accountable for ensuring that Americans obtain the skills they need to make our employers competitive in the global economy.

There is some danger that Congress may wash its hands of the issue entirely. Many in the House of Representatives favor block grants to state and local governments as an all-purpose solution. While this is certainly simpler, it would leave the federal government powerless to scale up the most promising local innovations or to identify disadvantaged populations who need special support. As a result, job retraining would likely become even worse than it is today.

Skilling up the American workforce should not be a partisan issue. Mitt Romney (R) called for "retraining our workers for the jobs of tomorrow," and some of the most important breakthroughs have taken place in ruby-red states like Kentucky, Tennessee and Utah. Providing American companies with the workforce they need and preparing Americans for the jobs those companies offer is a goal that both parties in Congress should readily embrace.

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