

## **Why Funding for Job Training Matters**

**By Nisha Patel**

Recent proposals to cap or reduce Workforce Investment Act (WIA) funding come at a time when already limited WIA resources are unable to keep pace with the demands of businesses and local communities for skilled workers and the needs of workers for access to training. The following data support why Congress should increase, not cap or reduce, resources for job training.

**Employers increasingly demand workers with training beyond high school, yet there is expected to be a sharp slow down in the growth of workers with these skills.** According to the Bureau of Labor Statistics, occupations requiring post-secondary training, which accounted for 29% of all jobs in 2000, will account for 42% of total job growth between 2000 and 2010.<sup>i</sup> Yet there will be far less growth in the number of workers with post-secondary training over the next 20 years than there was over previous decades—just a 19% increase as compared to a 138% increase from 1980-2000.<sup>ii</sup>

**According to the National League of Cities, 87% of municipalities using job training to assist low-income working families find it an effective strategy.**<sup>iii</sup> Further, a National Association of Manufacturers survey found that, even at the onset of the recent recession, over 80% of manufacturers reported a shortage of highly qualified applicants with specific educational backgrounds and skills.<sup>iv</sup>

**Despite employers' and local economies' demands for skilled workers, according to a recent Bush Administration report, only 206,000 individuals received training under WIA during Program Year 2002.**<sup>v</sup> The President has proposed doubling the number of workers trained under WIA, without any increase in adult or dislocated worker funding levels. It is difficult to conceive how the workforce system would be able to double the number of people trained without increased resources or significant policy changes.

**The number of workers trained under WIA has declined significantly as compared to under the predecessor program, JTPA.** When comparing the most recent WIA data to that of JTPA Program Year 1998, 34% fewer individuals received training in Program Year 2002.<sup>vi</sup> Given the demands on the system to develop and maintain a one-stop system infrastructure and provide core services to a universal population, new resources will be required in order to significantly increase the number of individuals receiving WIA-funded training.

**Research shows that training can increase low-skilled workers' earnings exponentially, putting their families on the road to self-sufficiency and helping to reduce welfare dependency.** For example, a recent study of welfare recipients who attended California community colleges found that by the second year out of school, median annual earnings of women with Associate degrees increased by 403% compared to earnings prior to entering training (rising from \$3,916 to \$19,690).<sup>vii</sup>

<sup>i</sup> Hecker, D.E. (November 2002). Occupational Employment Projections to 2010. *Monthly Labor Review*, 24 (11).

<sup>ii</sup> The Aspen Institute. *Grow Faster Together or Grow Slowly Apart*. (2002). Washington, DC: Author.

<sup>iii</sup> Katz, C., Hoene, E., & Nicole de Kervor, D. (2004). *Strengthening Families in America's Cities: Family Economic Security*. Washington, DC: National League of Cities.

<sup>iv</sup> National Association of Manufacturers. (2003). *Keeping America Competitive*. Washington, DC: Author.

<sup>v</sup> The White House. (April 2004). *A New Generation of American Innovation*. Washington, DC: Author.

<sup>vi</sup> CLASP comparison of PY1998 SPIR data and PY2002 WIASRD data.

<sup>vii</sup> Mathur, A. et al. (May 2004). *From Jobs to Careers: How California Community College Credentials Pay Off for Welfare Participants*. Washington, DC: Center for Law and Social Policy.