BY JOHN MULLIN

The Many Lives of Federal Job Training

They've received enduring, yet tepid, bipartisan support since the 1960s

President John F. Kennedy signs the Manpower Development and Training Act on March 15, 1962.

Federal job training programs have long enjoyed bipartisan support. Yet their emphasis has varied greatly across the years. At times, they have been advocated primarily as a means of helping workers displaced by automation or international trade. At other times, the focus has been on creating opportunities for those from disadvantaged backgrounds. More recently, they have gained attention as a possible remedy for a perceived "skills mismatch" that many observers see reflected in record high job vacancy rates.

Despite their enduring political popularity, federal employment and training (E&T) programs in the United States have generally not been funded on a vast scale. After peaking as a share of GDP during the mid-to-late 1970s, at over 0.4 percent, their funding declined substantially in the 1980s and has been around 0.1 percent of GDP during the past decade. That figure positions the United States at the low end among advanced economies — close to Australia, Canada, and Japan, but well below the funding levels of many European countries, such as Denmark, Finland, and Germany. According to a 2019 report by the Government Accountability Office (GAO), federal E&T spending obligations came to \$13.9 billion in 2017, which amounted to \$87 per U.S. worker or \$2,112 per unemployed worker.

Federal E&T programs have been fragmented. The 2019 GAO report identified 43 programs spread among nine federal agencies, including the Department of Labor, the Department of Education, the Department of Health and Human Services, and the Department of the Interior. The report found considerable overlap among the programs, with 39 of the 43 providing employment counseling and assessment services, and 38 of the 43 providing job readiness training.

Much research has been devoted to assessing the programs' efficacy. Some of the more prominent academic studies have painted a mixed picture, suggesting that some programs have worked well while others have floundered. But assessment has been made more difficult by a variety of complications, including program fragmentation and the finding that program administrators have often manipulated their performance numbers.

FROM THE GREAT DEPRESSION TO THE GREAT SOCIETY

The federal government's first major forays into E&T took place during the Great Depression. The most enduring New Deal E&T initiative was the establishment of the U.S. Employment Service under the Wagner-Peyser Act of 1933. It established a nationwide system of employment offices to match workers with jobs, a service that remains in place today. Other major jobs programs created under the New Deal, such as the Works Progress Administration and the Civilian Conservations Corps, were discontinued during World War II, when millions of workers entered the armed forces.

The Great Depression had shaken confidence in the economy's ability to deliver full employment without government intervention. Reflecting these concerns, President Franklin Roosevelt had advanced the notion of an "Economic Bill of Rights" in 1944 that would have recognized the right of every individual to a paying job. The Employment Act of 1946, enacted under the Truman Administration, declared that the federal government had a responsibility to promote maximum employment.

Concerns about full employment were soon joined by concerns about the technical capabilities of the U.S. workforce. The Cold War — and the Soviet Union's 1957 launch of Sputnik, in particular

IMAGE: ABBIE ROWE, WHITE HOUSE PHOTOGRAPHS, JOHN F. KENNEDY PRESIDENTIAL LIBRARY AND MUSEUM, BOSTON.

Share this article: https://bit.ly/fed-job-training

— spawned anxiety about a perceived "missile gap" between the United States and the Soviets. It triggered the creation of NASA and an increased emphasis on scientific and technical education. In 1955 and 1960, hearings before the Joint Economic Committee of Congress demonstrated that policymakers also had concerns about the influence of automation on the U.S. economy.

Against this backdrop, the Manpower Development and Training Act (MDTA) was enacted under the Kennedy Administration in 1962. The law sought to train workers who were unemployed as a result of automation and technological change. Upon signing the bill, President Kennedy said the Act would live up to its name by "making possible the training of the hundreds of thousands of workers who are denied employment because they do not possess the skills required by our constantly changing economy." Under the program, eligible unemployed workers could expect up to 52 weeks of training followed by guidance through the U.S. Employment Service about the most suitable work. The MDTA required the Department of Labor to analyze labor market trends to identify occupations with impending skill shortages and to tailor training programs accordingly.

The MDTA program was managed by the federal government through the Department of Labor's 12 regional offices. Funds were allocated to communities based on population size and poverty rates. The program provided subsidies for vocational and technical training by private and public educational institutions, typically in classroom settings. Men were mostly trained for blue-collar jobs as machine shop workers, auto mechanics, and welders. Women were mostly trained for clerical occupations. In addition, the program funded on-the-job training, usually with private sector employers.

The goals of the MDTA program evolved during the 1960s. For one thing, the emphasis increasingly shifted away from mainly classroom training toward a combination of classroom training and on-the-job training, as policymakers came to believe that classroom training was not delivering the skills demanded by the marketplace. In addition, as the 1960s progressed and the U.S. unemployment rate declined to below 4 percent, the target of the programs increasingly shifted from displaced workers to those who were not ready for competitive employment.

The programs were not free from administrative problems. An Upjohn Institute study found, "Federal grants… occasionally were a duplication of effort" such that "the need for high-level coordination became painfully obvious." Another criticism of the MDTA was that it circumvented the authority of state and local political entities by having the federal government interact directly with local providers of job training services.

While the MDTA was the major E&T initiative of the 1960s, many additional programs were launched during the decade. The Trade Expansion Act of 1962 introduced the Trade Adjustment Assistance program to provide transitional help for workers displaced by import competition. The Economic Opportunity Act of 1964 established the Job Corps, which provides counseling, education, and training for low-income youths in a structured residential environment.

THE NIXON ADMINISTRATION: REVENUE SHARING

The MDTA was superseded in 1973 by the Comprehensive Employment and Training Act (CETA), which attempted to consolidate most federal E&T programs under one statute. Consistent with the Nixon Administration's advocacy of the "New Federalism" — which sought to move the administration of government programs to the state and local levels — the CETA brought the concept of "revenue sharing" to federal E&T programs. Under the policy, the federal government provided block grants to cities, counties, and local government consortia so that they could tailor and administer their own programs. Nevertheless, the federal government retained substantial control over how the money was spent. Local governments had to submit annual plans to the Department of Labor, and their ability to allocate funds across different demographic groups and program categories was restricted by various federal formulas.

The CETA further shifted the emphasis of federal E&T programs toward the unemployed and economically disadvantaged. To that end, the legislation took steps to mitigate the problem of "cream skimming"— a practice whereby program administrators attempted to make their programs look better by biasing their admissions toward those applicants most likely to do well after training, regardless of the training's effect on their skills. Special programs were created for groups with significant barriers, including Native Americans and migrant workers. Moreover, local program administrators were required to affirm in their annual plans that they would support those "most in need," including "low-income persons."

In a break from the MDTA, the CETA included a major public sector employment component, which eventually grew to be the largest part of the CETA. By the late 1970s, however, some observers had grown concerned that state and local governments were using CETA funds to pay for government positions, also known as "fiscal substitution." The CETA was amended in 1978 with measures designed to curtail the practice.

Total spending under the CETA peaked during the Carter Administration at levels well above those of the MDTA program of the 1960s. But CETA programs spent less money per "customer" than the 1960s programs, a change that reflected a policy shift toward making smaller expenditures per person on a larger group of low-income people. Local administrators emphasized shorter-duration programs and job search assistance — services designed to place people in jobs rather than to increase their skills.

THE REAGAN ADMINISTRATION: BUDGET CUTS

The CETA was supplanted by the Job Training Partnership Act (JTPA) of 1982, which cut the size and restricted the focus of U.S. employment and training programs. It eliminated many public sector employment programs, increasing the focus on training for hard-to-employ people.

Under the JTPA, federal training programs continued to operate under the federalist principles introduced by the Nixon Administration. To address concerns that government training programs were not providing the types of skills demanded of potential employers, however, the JTPA required each local training jurisdictions to establish and take direction from a private industry council consisting of local businesses, labor organizations, and political and community officials. (The councils had been authorized by a 1978 amendment to the CETA but were given much more authority by the JTPA.)

The JTPA further developed the system for measuring program performance that had evolved under the CETA. Local providers were to be judged by outcome-based measures, such as post-program employment and wage rates. Although the performance standards were meant to improve program performance, they increased the incentive for administrators to engage in cream skimming, which tended to undermine the JTPA's goal of concentrating on hard-to-employ people.

Yet despite the presence of this perverse incentive, JTPA programs appear to have largely succeeded in focusing on hard-to-employ people. In 1985, for example, 40 percent of program participants were receiving public assistance, 41 percent were high school dropouts, and 92 percent were from families in poverty.

The JTPA also provided job search and training services for displaced workers. Amendments under the Omnibus Trade and Competitiveness Act of 1988 reflected a desire by policymakers to shift away from providing low-cost job search and training services and toward providing more intensive job training. Further changes to the JTPA during the 1990s placed greater emphasis on training for displaced workers.

THE CLINTON ADMINISTRATION: ONE-STOP CAREER CENTERS

The JTPA was replaced by the Workforce Investment Act (WIA) of 1998, which attempted a renewed consolidation of federal and state training and employment programs. It increased states' flexibility to use federal money to develop their own employment and training plans. The federal government still retained some control; states were required to submit "training plans" for approval from the Department of Labor.

The WIA established "one-stop career centers" within local jurisdictions to streamline services. The WIA's one-stop centers were created with the goal of providing "universal access" across the income spectrum, which was somewhat in tension with the goal of providing service for those most in need. Other WIA innovations included individual training accounts, which acted as vouchers to give program participants greater choice among job training providers, such as community colleges and private nonprofit and for-profit schools. WIA also instituted new performance standards and mandated that local administrators monitor the performance of training providers and maintain "eligibility" lists of such providers.

WIA also sought to coordinate E&T programs with existing social services. This effort dovetailed with another significant Clinton Administration program, Temporary Assistance to Needy Families (TANF). Enacted in 1996, TANF replaced the welfare program known as Aid to Families with Dependent Children, which had offered cash assistance to families with children in poverty since 1935. TANF placed various work conditions on the receipt of aid and significantly reduced the number of families receiving cash assistance.

The WIA was supplanted by the Workforce Innovation and Opportunity Act (WIOA) of 2014. WIOA placed greater emphasis on aligning and integrating workforce programs. Among other things, the new law increased the emphasis on industry-recognized credentials. Despite these changes, however, some observers judge WIOA to have been largely a continuation of previous policies.

A MIXED PERFORMANCE RECORD

Federal job training and employment programs have been the subject of numerous evaluations. An interesting characteristic of the research is the frequent use of experiments. In no small part, experimental studies have proliferated as a response to the skepticism that nonexperimental studies on job training have received from academics and policymakers alike. The results of nonexperimental studies can be distorted in many ways, some of which stem from the strategic behavior of program administrators, who have been known to manipulate program admissions and report results to enhance their performance ratings.

"There's a lot of games that administrators play," says Gordon Lafer of the University of Oregon and author of the 2002 book *The Job Training Charade*. "For one, they don't count people as having completed the program unless they've gotten a job, in order to hide the number of people who have not been helped by the program."

Unfortunately, however, experimental methods in studies of job training come with their own problems. Some people who are randomly chosen for the "treatment" of job training turn out to be no-shows who do not actually receive the intended training, while some people who are chosen for the "control" group that is intended to forgo training nevertheless end up receiving training, one way or another.

"When two of my colleagues visited a community college in Corpus Christi that was part of an experiment, they found that a treatment group member and a control group member were enrolled in the same class," says Jeffrey Smith of the University of Wisconsin-Madison. "Maybe the control group member enrolled on his or her own dime, but the two people were getting the exact same training. These experiments are complicated in a way that policymakers and policy wonks don't necessarily want to hear about."

The fragmented nature of federal E&T programs makes the task of evaluating them even more difficult. "The total number of studies is large," says Smith, "but since there are so many different programs, the number of studies per program is not very large, so trying to gauge their combined effect is challenging, to say the least."

In a 2003 survey of the literature, Lalonde identified several patterns that had emerged from experimental and nonexperimental evaluations. He found that federal E&T programs had not had a substantial effect on poverty — a result that he attributed mostly to the programs' typically small investments, which generally amounted to much less than a year of formal schooling. Yet despite the modest investments, he found that E&T programs had consistently improved the employment prospects of economically disadvantaged adult women. In his view, these programs earned a high social rate of return that may well justify their expansion. By contrast, he found discouraging results for disadvantaged youths.

In a 2016 survey, Burt Barnow of George Washington University and Jeffrey Smith found that WIA programs had positive earnings effects for adult men and women — effects that appeared to pass cost-benefit tests under reasonable assumptions. By contrast, they found that WIA programs appeared to have been worse than useless for dislocated workers. The poor results of Trade Adjustment Assistance programs suggest, in their view, "that we should perhaps seek a more efficient way to compensate workers who suffer individually while the public benefits from reduced trade barriers."

WHERE DOES TRAINING GO FROM HERE?

Some conservative critics of federal E&T programs argue that they are a highly bureaucratic and costly means of providing services that are more effectively delivered by the private sector. "Today's problem is job vacancies," says Chris Edwards of the Cato Institute. "Companies will go to great lengths to hire the skilled workers they need, and they're probably doing a lot of training themselves." Moreover, Edwards believes some federal efforts have been redundant. "Just look at the federal Employment and Training Administration website. It seems like they are trying to duplicate what the private sector is already providing."

In Edwards' view, the government's efforts are best spent on providing information that the private sector is not well positioned to gather. "The government can help lubricate labor markets in its traditional manner by providing information based on broad surveys of the economy," he says. "The Department of Labor can provide valuable information on job opportunities and average salaries for different occupations."

Gordon Lafer, a critic of the programs, has argued that they are more a political strategy than an actual effort to help workers. In his view, the existence of the programs allows politicians to claim they are doing something, without having to spend a lot of money. The political strategy, in Lafer's view, puts the onus for low wages and unemployment on workers. Lafer favors strengthening unions and taking other measures to increase workers' political and market power.

Nevertheless, federal job training programs continue to enjoy some measure of bipartisan support. With U.S job vacancies at 10.9 million, near their record high, many observers are concerned that the economy may not have a sufficient supply of skilled labor to implement the major infrastructure plan recently enacted by Congress. (See "After the Infrastructure Bill," p. 3.) To address the perceived skills mismatch, legislators have introduced training proposals, including the Jumpstart Our Businesses by Supporting Students (JOBS) Act, which would expand the federal Pell Grant program to fund educational programs of shorter duration than are currently allowed for students pursuing certificates and licenses. (See "Pell Grants and Workforce Development," Policy Briefing, August 2021.) The continuing support for such programs suggests that the federal government's long-standing role in job training is likely to endure. **EF**

READINGS

Barnow, Burt S. and Jeffrey Smith. "Employment and Training Programs." In *Means-Tested Transfer Programs in the United States, Volume 2,* ed. Robert A. Moffitt, Chicago: University of Chicago Press, 2016.

Lafer, Gordon. *The Job Training Charade*. Ithaca, N.Y.: Cornell University Press, 2002.

LaLonde, Robert J. "Employment and Training Programs." In *Means-Tested Transfer Programs in the United States, Volume 1,* ed. Robert A. Moffitt, Chicago: University of Chicago Press, 2003.