Funding Workforce Development in the Infrastructure Bill

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In President Biden's proposal for an infrastructure bill – known as the American Jobs Plan (AJP) – $100 billion has been earmarked for workforce development spending over the next eight years.

Why Workforce Development?

Securing substantial new funds for workforce development is critical, considering the state of the current labor market and impacts of the COVID-19 pandemic. The proposed infrastructure, plus investments in "green" energy and housing, will likely create tens of thousands of new jobs for construction workers now in short supply. At the same time, the pandemic has left millions permanently laid off or out of the labor market; they need new skills and job search assistance to get well-paying jobs in construction or other "high-demand" sectors like health care, advanced manufacturing, IT and transportation/logistics.

In addition, training could be helpful to millions of less-educated workers who have remained employed in low-wage jobs and those who have entered a weak labor market. Effective workforce services could help raise US productivity and reduce inequality. And, since future automation will generate millions more displaced workers, we need robust workforce training options to help them too.

What New Spending is Proposed?

The proposed workforce development falls into three categories. First, AJP calls for $40 billion for dislocated workers and "sector-based" training programs, the high-quality approach that prepares workers for good jobs in "high-demand" fields. Second, the plan calls for $12 billion to be spent on subsidized jobs and other assistance for those facing major barriers to employment, like justice-involved adults and youth. Third, it calls for $48 billion to build institutional capacity to deliver apprenticeships, adult education and career pathways, and high-quality career and technical education in high schools and community colleges.

This proposed spending seems well-targeted to the groups with the lowest earnings even before the pandemic, and whose problems have been exacerbated by a downturn that hit them the hardest.

The Path Forward

The first question the Biden administration faces is whether to fund workforce development through new bipartisan legislation or to rely more narrowly on its 50 Democratic votes, plus the vice president, through reconciliation. While a bipartisan bill would require compromises and likely lower funding, reconciliation would force Democrats to spend the new money only through currently authorized bills like the Workforce Innovation and Opportunity Act (WIOA), the Trade Adjustment Assistance Act (TAA) and the Higher Education

Act (HEA).

However, the pathway to reconciliation is incredibly narrow, and may face significant obstacles. Senator Joe Manchin's recent announcement that he opposes the use of reconciliation to pass infrastructure legislation makes it much less likely, though not yet impossible, that such a path can be found. Given that, attention must turn to how Congress could amend existing legislation to pass elements of the workforce proposal or turn to new ones, within an infrastructure bill or separately.

The existing laws have serious limitations. Evaluation evidence shows that training dislocated workers in WIOA has generally not improved their earnings afterwards; and its training for disadvantaged adults has, at best, only moderately raised their earnings, perhaps because funding has been so limited.

Also, TAA focuses only on workers dislocated by imports rather than automation, and the former have likely declined in number in the past year relative to the latter. It would require a complete refashioning of this program to serve a broader dislocated population.

While HEA could potentially help scale existing sector-based certificate programs at community colleges, this law has traditionally not favored workforce development. Most community colleges would need time to develop these programs, plus technical assistance and labor market expertise to spend the funds effectively. In addition, important agenda items like subsidized jobs or individual "lifelong learning accounts" to fund future education and training have no obvious places in the current bills, and would likely need new legislation.

But the existing programs could still play some positive role. A reauthorized WIOA could help direct the building up of sector-based partnerships and other training capacity at community colleges, or with other providers, with appropriate oversight and technical assistance. WIOA could also subsidize more on-the-job training to prevent worker dislocation, especially when automation occur. A reauthorized HEA could then fund the training plus strong career guidance and other supports students need.

The Trade Adjustment Assistance Community College and Career Training (TAACCCT) grants authorized during the Obama years, to help community colleges and their regional partners build adult training capacity, could also be used again to do so, with both competitive and formula funding. And new legislation could then provide subsidized jobs or individual accounts, along with other needed services.

Some combination of reauthorizing existing laws and passing new ones could therefore deliver the major new workforce development services that AJP has proposed – and hopefully with major funding increases as well.

Conclusion

Whichever way Congress and the Biden administration choose to do this, they should prioritize the following elements of workforce development:

- Sector-based partnerships and training (mostly) at community colleges, with technical assistance and a gradual phase-in process, plus needed guidance and other support services (like child care) for students;

- On-the-job training to prevent worker dislocations when automation occurs and individual "lifelong learning" accounts to fund other forms of education and training;
- A new round of TAACCCT grants to help community colleges and their regional partners build capacity for adult worker training – perhaps with both formula and competitive funding;
- Subsidized jobs for the hardest to serve, and new career pathways at community colleges (in partnership with community-based organizations) to serve this population;
- Funding for states to expand pre-apprenticeship and apprenticeship programs, along with some streamlining of the federal registration process; and
- Rigorous evaluation of whatever is implemented.

These elements of workforce policy would most seriously address the needs of both disadvantaged and dislocated workers, and would hopefully do so cost-effectively.

Read more in Harry J. Holzer, After Covid-19 Building a More Coherent and Effective Workforce Development System in the United States, Brookings February 15, 2021.