



United States Senate Committee on

Homeland Security & Governmental Affairs

U.S. Senator Gary Peters | Ranking Member

Getting the Most Bang for Our Buck

**Making Smart Federal Investments in
Workforce and Skills Training**

A HSGAC Minority Staff Report

Executive Summary

Americans need the right skills and education to thrive in today's global economy. More and more jobs require advanced degrees, and the U.S. manufacturing sector — previously a place where individuals without a higher degree could earn a good living — increasingly demands workers with higher skills certificates or degrees to fill advanced manufacturing jobs.¹

The federal government has long encouraged, and financially supported, students attending 4-year institutions of higher education, largely through financial assistance provided by the Departments of Education and Veterans Affairs. Given the costs of attending such institutions — \$37,548 per year for 4-year colleges and universities, on average — and the fact that a significant proportion of students do not graduate with degrees, it is critical to examine all ways in which the federal government provides assistance to prepare Americans for their careers. The government's approach to funding, promoting, and prioritizing skills and technical training programs needs to be appropriately aligned to help individuals attain the skills needed for today's higher paying jobs at a cost they can afford.²

Currently, the government uses a very piecemeal approach to provide workforce and skills training support to individuals, with programs scattered across different federal agencies. Some training is provided through temporary pilot programs which are not permanently authorized.³ Additionally, the unfolding impacts from the COVID-19 pandemic have exposed problems with attempts to conduct virtual on-the-job training and registered apprenticeships, given the difficulty of administering these types of programs through online platforms. While not directly within the scope of this report, many organized labor groups are already bridging the gap in skills training through millions in spending on self-funded registered apprenticeship programs. The federal government, however, needs to better identify and support these efforts in its current approach to workforce and skills training.

At the direction of U.S. Senator Gary Peters, Ranking Member of the Homeland Security and Governmental Affairs Committee, minority staff investigated the impact of federal government spending on higher education — 4-year, 2-year, and non-degree-granting institutions — as well as workforce training programs. The purpose of Senator Peters' inquiry is to determine whether the government's investments are aligned with its priorities. The report evaluates whether federal spending on higher education and skills training is yielding sufficient opportunities to prepare Americans to be competitive and get the good paying jobs companies are creating and need to fill in today's economy.

¹ Government Accountability Office, *U.S. Manufacturing: Federal Programs Reported Providing Support and Addressing Trends*, GAO-17-240 (Washington, D.C.: March 28, 2017).

² Average total cost of attending a 4-year college or university in the 2017-2018 academic year, across all types (public, private non-profit, and private for-profit), per Department of Education data from the Integrated Post-Secondary Education Data System (IPEDS). According to the most recent data available from the Department of Education, only 56 percent of undergraduates at a 4-year college who began their studies in 2010 had graduated within 5 years. See U.S. Department of Education, National Center for Education Statistics (2018). *Digest of Education Statistics, 2017* (NCES 2018-070), [Table 326.10](#).

³ GAO has also found that the federal government faces challenges—funding shortfalls, lack of information, and the need to keep training up to date and in line with current workforce requirements—in helping workers develop appropriate skills. See GAO-17-240.

The report finds that while the federal government provides roughly the same amount of support on average per student to students attending 4-year institutions and those pursuing skills and technical training certificates at non-degree-granting institutions, the federal government spends vastly more money overall on higher education than on workforce training programs. This amounts to approximately ten times the amount of federal spending in support of those students pursuing 4-year degrees over those seeking skills and technical training certificates. The report also finds that this disproportionate spending has resulted in dramatic underinvestment in workforce training, and as a result, the U.S. is potentially losing out on valuable skill/technical training workforces of the future.

The federal government's disproportionate spending and its scattered approach to planning and implementing workforce and skills training programs has resulted in dramatic underinvestment in workforce training and a potentially disadvantaged workforce as the U.S. is forced to compete with other industrialized nations. To remedy these shortcomings and ensure that Americans are supported and prepared to obtain the high paying skilled jobs of the future, the federal government needs to adequately invest in workforce training and technical skills development programs and ensure that students are aware of this available financial assistance.

Findings of Fact and Recommendations

Findings of Fact

- 1. The federal government spends nearly \$100 billion per year on students and institutions of higher education, and only about one-tenth of that amount on workforce and skills training.** In fiscal year 2018, the government provided more than \$65 billion to students through grants, loans, and tax incentives and more than \$30 billion to institutions through research funding and general appropriations. The government provided only \$11 billion in funding to a patchwork of workforce training programs in the same fiscal year.
- 2. Most students in the United States attend 4-year colleges and universities.** In the 2017-2018 academic year, there were 6,603 institutions of higher education in the country accredited by the Department of Education, with a total of just under 18 million enrolled undergraduates.⁴ Forty-four percent of these institutions offered 4-year degrees and 63 percent of students attended them.
- 3. All institutions of higher education are increasingly expensive.** While 4-year institutions were most expensive, costing \$37,548 on average for tuition, fees, room, board, books, and supplies for the 2017-2018 academic year, two-year institutions cost

⁴ Numbers of schools and students are from the Department of Education's IPEDS. In this report, the term "undergraduates" refers to the students enrolled in 4-year, 2-year and non-degree-granting institutions who are defined as such in the IPEDS Student Financial Aid survey. It includes all students attending 2-year and non-degree-granting institutions, as well as students at 4-year institutions who are not engaged in graduate level study. To the extent possible, graduate students are excluded from the analysis in this report.

\$28,308 on average and less than 2-year institutions cost \$24,557. Private non-profit and private for-profit institutions were more expensive than public institutions.

- 4. The pandemic has adversely impacted students' ability to obtain financial assistance for post-secondary education.** The number of federal financial aid applications has decreased during the pandemic, and schools are partially attributing the decrease to students' inability to access guidance counselors who typically shepherd them through the complex application process.
- 5. Students who are not attending 4-year schools receive equitable amounts of federal financial support.** While most of the federal money helping students — Pell Grants, Direct Loans, and Veterans Education Benefits — goes to those at 4-year colleges and universities based on the numbers of students attending, the average amount of aid for students attending 2-year and non-degree-granting institutions is roughly equivalent to individuals at 4-year colleges and universities. Students pursuing certifications or other credentials at less than 2-year institutions who received Pell Grants and Direct Loans were awarded, on average, \$4,142 and \$6,487, respectively. Aid recipients at 4-year colleges and universities received, on average, \$4,363 in Pell Grants and \$7,469 in Direct Loans.
- 6. Federal workforce and skills training programs are scattered and not sufficiently resourced to reach workers who need them.** Skills training programs are provided by multiple federal agencies, including the Departments of Labor, Education, Veterans Affairs, Housing and Urban Development, and Health and Human Services. These programs suffer from lack of coordination and overall strategy, funding shortfalls, lack of information, and challenges in keeping training aligned with current information and workforce demand. Some programs are not permanently authorized, which means they lack dedicated funding streams.

Recommendations

- 1. Create a National Institute of Manufacturing to centralize manufacturing policy and ensure robust federal investment.** Congress should pass S. 4194, the National Institute of Manufacturing Act, sponsored by Senator Peters. The federal government's role in supporting Americans who wish to attend a college or university is unquestionable; but ensuring that workers and others that do not plan to attend an institution of higher education have the skills needed to support the American economy should also be an economic and national security priority. Congress should take immediate action to pass the *National Institute of Manufacturing Act* to ensure that American workers have the skills necessary to thrive.
- 2. Protect veterans' workforce training programs to ensure veterans training isn't derailed by the pandemic.** Congress should pass S. 4373, sponsored by Senator Peters and Senator Lisa Murkowski, which modifies certain educational assistance programs of the Department of Veterans Affairs. Apprenticeships and On-the-Job Training programs, critical career pathways for veterans and transitioning service members, have been

disproportionately affected by the pandemic as they are harder to move to a virtual environment. Many registered apprenticeships have been cut short or ended, resulting in veterans facing a reduction or suspension in their housing allowance due to not meeting minimum work hour requirements. Congress has already taken action to address similar issues for veterans attending institutions of higher education, and should act here to ensure that veterans in these workforce training programs are not shortchanged.

- 3. Codify the U.S. Department of Labor’s Reentry Employment Opportunities (REO) Program.** Congress should pass S. 4387, the *Reentry Employment Opportunities Act*, sponsored by Senator Peters and Senator Rob Portman. Currently, the REO program, one of the Department of Labor’s workforce training programs, exists as a pilot program authorized under the *Workforce Innovation and Opportunity Act (WIOA)*. As such, the program does not have a dedicated funding stream and is funded through a piecemeal approach. The legislation would codify into law the REO program and provide it greater stability for the future.
- 4. Increase funding for workforce training programs.** Congress should stop under-investing in the American workforce and greatly increase the amount of funding for workforce training programs, through reauthorization of the *Workforce Innovation and Opportunity Act (WIOA)*. Additional funding will help keep training programs aligned with current information and workforce demands and will allow the programs to serve more Americans.
- 5. Ensure students are aware of the availability of federal financial assistance to attend 2-year and non-degree-granting institutions.** Students need to have access to information on post-secondary schooling paths beyond attending a 4-year college or university. This is especially critical during the COVID-19 pandemic, where students don’t always have physical access to their guidance counselors. Senator Peters’ *Supporting Useful Career Counseling in Elementary and Secondary Schools (SUCCESS) Act*, and the elements of the Act that were included in the 2018 Perkins reauthorization, bolsters the ability of counselors to provide students information on alternative post-secondary paths, including information on obtaining financial assistance. Congress should provide additional support to ensure that these gains are not lost due to the pandemic.