



Redefining Public Education for the 21st Century: Toward a Federal Guarantee of Education and Training for America's Workers

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The Workforce Alliance 1701 K Street NW, Suite 750 Washington DC 20006 202.470.0178 sfremstad@gmail.com 202.223.8991 andyvk@workforcealliance.org he idea that Americans should have opportunities to better themselves and provide a better life for their families has deep historical roots in the United States. In *Democracy in America*, a classic study of our national government and character, Alexis de Tocqueville wrote that "the notion of advancement suggests itself to every mind in America" and "the desire to rise swells in every heart." Today advancement remains "the promise that lies at the heart of the American dream."

In the early years of the twentieth century, the concern with advancement was an animating force behind the high school movement—a movement that brought universal public secondary education to the United States long before it was adopted by most other Western nations. As a result, by 1940 the United States had the most educated workforce in the world. Similarly, in the latter half of the

¹ALEXIS DE TOCQUEVILLE, DEMOCRACY IN AMERICA 780 (Bantam Classic ed. 2000).

²Janny Scott and David Leonhardt, *Class in America: Shadowy Lines that Still Divide*, New York Times, May 15, 2005, at A1, available at www.nytimes.com/2005/05/15/national/class/OVERVIEW-FINAL.html?ex=1143435600&en=a15220b7c6

³See Claudia Goldin, *The Human Capital Century and American Leadership: Virtues of the Past*, 61 JOURNAL OF ECONOMIC HISTORY 263 (2001).



twentieth century, the entire nation supported and benefited from the GI Bill and the federal financial aid provisions of the Higher Education Act. These reforms enabled millions of Americans to go to college and helped fuel the postwar economic boom that created a broad middle class.

If anything, Americans see education as even more fundamental to advancement in the twenty-first century than they did in earlier eras. A good education, according to some 85 percent of Americans in a recent survey, is essential or very important to getting ahead. About nine out of every ten of them believe that advancement in today's economy requires education and training beyond high school.5 In this century, however, we have yet to see the emergence of a broad-based national movement dedicated to bringing about an updated version of the previous century's epochal changes in education and training.

A new education and training movement would help ensure that all Americans—including low-wage workers and adults who were not well-served as children in subpar K-12 schools—are provided with a basic guarantee of two years of education and training after the age of 18. Access to different education and training options should be available as part of this guarantee; such options include education at a public college or university, education or training that leads to an industry-approved occupational certificate, and access to individual course-

work or "chunks" of training to upgrade skills throughout a person's life.

All Americans would benefit from a movement to ensure lifelong education and training, although those Americans stuck in low-wage jobs or outside the labor market altogether would have the most to gain. Research sponsored by the U.S. Department of Health and Human Services (HHS) shows that obtaining an associate's degree or higher is as likely a "trigger event" for exiting poverty as obtaining employment.⁶ Studies now show that job training and other postsecondary education can produce substantial employment and gains in earnings, even for those with lower skills, if basic education and training are closely linked.?

Education is no *guarantee* of advancement beyond low-wage work, especially when one in four jobs in the United States is low-paid. Education and training, however, improve the odds of advancement for low-wage workers and are an absolutely necessary part of a larger strategy to ensure that we have an economy that works for all.9

Neither movements nor expansive federal guarantees are born overnight, but the goal of a basic guarantee of lifelong education and training is not without precedent. The state of Georgia's Hope grant program effectively provides two years of free postsecondary education and training at public two-year colleges and technical schools to all Georgia residents. O Moreover, some nations competing with the United States for the best

⁴ Higher Education Act of 1965, Pub. L. No. 89-329, 79 Stat. 1219, as amended. Codified at 20 U.S.C. §§ 1001 et seq.

⁵New York Times poll conducted from March 9 to 14, 2005, available at www.nytimes.com/packages/html/nation-al/20050515 CLASS GRAPHIC/index 04.html.

⁶SIGNE-MARY MCKERNAN & CAROLINE RATCLIFFE, URBAN INSTITUTE, TRANSITION EVENTS IN THE DYNAMICS OF POVERTY (2002), available at http://aspe.hhs.gov/hsp/poverty-transitions02/.

⁷See, e.g., Nan Poppe et al., *Whose Job Is It? Creating Opportunities for Advancement*, in Workforce Intermediaries for the Twenty-First Century 41–47 (Robert P. Giloth ed., 2004).

⁸About one in four workers in the United States earns "poverty-level" wages—wages that are equal to or below the hourly wage that a full-time, year-round worker must receive to support a family of four at the poverty level. LAWRENCE MISHEL ET AL., ECONOMIC POLICY INSTITUTE, THE STATE OF WORKING AMERICA 2004/2005, at 128 (2005).

⁹One example of such a larger strategy is Beth Shulman's call for a "compact for working Americans." BETH SHULMAN, THE BETRAYAL OF WORK: HOW LOW-WAGE JOBS FAIL 30 MILLION AMERICANS 149–82 (2003).

¹⁰Under the program, all Georgia residents may receive a Hope grant to obtain a technical certificate or diploma at a Georgia public institution. The grant covers the cost of tuition, approved mandatory fees, and up to \$300 a year for books. See SANDRA S. VENNER ET AL., INSTITUTE ON ASSETS AND SOCIAL POLICY, INNOVATIVE STATE POLICIES TO REDUCE POVERTY AND EXPAND THE MIDDLE CLASS 20–21 (2005), available at www.assetinstitute.org/pdfs/innovative_state_policies.pdf.



jobs in the global economy already provide a universal guarantee of postsecondary education and training. ¹¹ Growing concern about the loss of our position in the world economy as the "best educated" should make the issue a subject of increasing political attention.

We should keep in mind the larger-scale goal of providing all adults with two years of education and training after the age of 18, but there also are short-term and admittedly smaller-scale steps that we could take as a nation to move us toward this goal.

In this article we discuss some of the short-term steps—increased investments and policy reforms to the Workforce Investment Act, Temporary Assistance for Needy Families (TANF), Pell Grants, and the Hope scholarship and Lifelong Learning Tax Credits—that would be particularly beneficial to lowwage workers and those adults who have been largely shut out of the labor market. Before discussing these improvements, we review some of the reasons why a "two years for all" goal should not be limited to two years of college.

Why College Shouldn't Be the Only Path to Advancement

Almost everyone needs some education and training beyond high school in order to have a decent shot at getting ahead in the current economy. However, a college degree is not for everyone the *only* path to advancement or the best "first step" down that path.

Much necessary attention has been paid to a growing number of new job openings now requiring a bachelor's degree or higher. Between 2004 and 2014, the Bureau of Labor Statistics projects that about 29 percent of job openings—some sixteen million hires for new jobs and for jobs that open up through retirement or

turnover—will generally require a bachelor's degree or higher. ¹² But much less attention has been paid to the fact that an almost equivalent 26 percent of openings over the same period—fourteen million jobs—will generally require some postsecondary education but not a bachelor's degree.

Many of the jobs that require some postsecondary training are jobs with wages that put them in the top half of the earnings distribution for wage and salary workers. For example, among the thirty occupations projected to have the largest job growth between 2004 and 2014, five occupations—registered nurses, truck drivers (heavy and tractor trailer), general maintenance and repair workers, carpenters, and general maintenance and repair workers—do not require a college degree and pay in the top half of the earnings distribution for wage and salary workers.¹³

Jobs requiring a four-year college degree pay significantly better on average than jobs requiring less education. For this reason alone, a college degree should be made an attainable goal for anyone with the inclination and basic skills to complete a bachelor's degree program, regardless of their financial situation. But college is not necessarily the best first step down a career path for everyone. As the sociologist James Rosenbaum explains,

age and experience may give [students older than 24] the experience to make better course choices, the maturity to be more disciplined students, skills that will help them pass some courses, and perhaps even employer-paid tuition benefits. ... high school graduates with low grades who are unprepared for college have an 86 percent chance of dropping out (often with zero credits). For these students, postponing col-

¹¹E.g., within the last decade, Ireland made college "basically free" as part of a successful national strategy to increase economic growth and competitiveness in a global economy. See Thomas Friedman, *The End of the Rainbow*, New York TIMES, June 29, 2005, at A23, available at www.nytimes.com/2005/06/29/opinion/29friedman.html?ex=1277697600&en=a3f1a 208e2617871&ei=5088&partner=rssnyt&emc=rss.

¹²Daniel E. Hecker, Occupational Employment Projections to 2014, Monthly Labor Review, Nov. 2005, at 80 (Table 6).

¹³ Id. at 77 (Table 3).



lege might improve their chances of benefiting from it later. 14

As a policy matter, this means that adults need to have choices of more than one path toward advancement, and these choices need to be available to them throughout their lives. Available paths should include taking time off from work to go to college full-time; obtaining high-quality education and training provided through community colleges, community-based organizations, or local labor unions working with local industries, or receiving intensive onthe-job or customized training through one's employer.

Indeed, the places where a worker might go to receive a quality-occupation-specific education for an immediate job opening and future industry needs have multiplied in recent years. This is in part because the business community has increased the demand for such programs to meet recent shortages of skilled workers in particular U.S. industries. 15 Moreover, a range of new and highly effective "workforce intermediaries" has developed in recent years. These new entities include sector-specific initiatives rooted in local growth industries. They fulfill different functions—preemployment and on-the-job training, job matching, integration of funding streams, and development of industrywide job retention strategies—that transcend those of traditional job-training programs in the 1970s. 16

A related positive development has been reforms made by many community colleges to do a better job of meeting the education and training needs of working adults. Over the years, community col-

leges have learned that most working adults—particularly those with low-paying jobs—cannot take two years off work to obtain an associate's degree. To meet the needs of working adults and employers better, many community colleges have created new shorter-term "module" programs that piece a few courses together at a time in order to create training for "career pathways." ¹⁷

In summary, there is much that is new and promising to be seen in today's workforce development programs. Job training is no longer a field characterized by "certificate mills" that leave hopeful workers all dressed up with no place to go after getting training for outdated skills and nonexistent jobs. As a nation, we should expand college access for all. But a simultaneous promotion of job training and related advancement strategies should not be eschewed in favor of a single-minded focus on access to four-year degrees that may not be the preferred path for many adults.

Invest Enough to Make Two Years a Realizable Goal for More Workers

According to former Republican Cong. Steve Gunderson, "America, more than any nation in history or on earth, has the resources with which to educate and train the most competent workforce imaginable ... [but] we have lacked ... the will to invest what it will take to do the job." Financial data support Gunderson's claim. Over a decade ago, the United States ranked thirteenth behind other industrialized nations for how much we spent, on average, on the education of adult workers. ¹⁹ Federal investments in workforce education and

¹⁴ James Rosenbaum, Beyond College for All 268 (2001).

¹⁵See Manufacturing Institute Center for Workforce Success & Deloitte Consulting, 2005 Skills Gap Report, A Survey of the American Manufacturing Workforce (2005), www.nam.org/s_nam/bin.asp?CID=89&DID=235731&DOC=FILE.PDF.

¹⁶See, e.g., Workforce Intermediaries for the Twenty-first Century (Robert P. Giloth ed., 2004); Peggy Clark & Steven L. Dawson, Aspen Institute, Jobs and the Urban Poor: Privately Initiated Sector Strategies (1995), available at www.aspenwsi.org/publications/95-OP11.pdf.

¹⁷For a description of the "Career-Pathway" approach, see Julian ALSID ET AL., WORKFORCE STRATEGY CENTER, BUILDING A CAREER PATHWAYS SYSTEM: PROMISING PRACTICES IN COMMUNITY COLLEGE—CENTERED WORKFORCE DEVELOPMENT 4–8 (2002), available at www.workforcestrategy.org/publications/Career_Pathways.pdf.

¹⁸Steve Gunderson et al., The Jobs Revolution: Changing How America Works 25 (2004).

¹⁹National Center on Education and the Economy, America's Choice: High Skills or Low Wages! 64 (1990).



training have been declining for many years. For example, funding for workforce development programs administered by the U.S. Department of Labor declined, after adjusting for inflation, by 29 percent between 1985 and 2003.²⁰

Workforce Investment Act. The lack of the "will to invest" that Gunderson describes is nowhere more evident than in the Workforce Investment Act and related federal employment and training programs for adults. 21 The Act currently provides states with about \$2.3 billion in federal funding to assist adult workers (including low-income and laid-off workers), and less than half of those funds are spent on skills training.²². States receive an additional \$700 million a year under the Wagner-Peyser Act to maintain the nationwide Employment Service, a network of local offices which provide employmentrelated labor exchange services, including job search assistance and job referrals, to unemployment insurance claimants. To put the number in perspective, the roughly \$3 billion a year we currently invest in employment services and training for adults through the Workforce Investment Act and Employment Service is less than \$20 per American worker each year. This is less than what the average American spent on bottled water in 2004.²³

For the Workforce Investment Act to widen adults' access to at least two years of lifetime education and training, funding will need to be increased by a considerable amount. In his most recent budget, President Bush called for tripling the number of individuals who receive

training under the Act. Unfortunately the president failed to back up his proposal with the funding needed to meet this goal. In fact, his proposal would actually cut the Act and related programs by 13 percent. ²⁴

The Bush administration is right to call for a substantial increase in the number of people trained under the Act and for states to allocate a greater portion of their dollars under the Act to the actual training of workers. But a more serious first step toward those goals would involve increasing investments in the Act. Indeed, if we were to triple the funding for adult and dislocated workers and Employment Service, the total would come to about \$6 billion a year.

This is not a particularly large increase in funding when compared to other recently established education initiatives. By comparison, the Hope and Lifelong Learning Tax Credits for postsecondary education, both established in 1997, now cost a similar amount, and there has been no question about whether the increase in funding was too much.

Pell Grant Program. A much larger source of potential support for adult workforce education is the Pell Grant program. ²⁵ Students who enroll in college or other postsecondary study receive \$13 billion a year in needs-based Pell Grants each year. Unlike assistance for training under the Workforce Investment Act, the Pell Grant Program provides a national guarantee of assistance to all students who qualify.

²⁰Robin Spence & Brendan Kiel, Workforce Alliance, Skilling the American Workforce "On the Cheap": Ongoing Shortfalls in Federal Funding for Workforce Development (2003).

²¹Workforce Investment Act of 1998, Pub. L. No. 105-220, 112 Stat. 1095 (1998).

²²Funding for employment and training services for youth is similarly limited—Workforce Investment Act funding for youth was about \$950 million in 2006 and funding for the Job Corps was about \$1.6 billion.

²³See Julia Moskin, *Must Be Something in the Water*, New York TIMES, Feb. 15, 2006, available at www.nytimes.com/2006/02/15/dining/15water.html?ex=1297659600&en=7b3d1f3ea219c00e&ei=5090&partner=rssus erland&emc=rss (noting that Americans spent more than \$9 billion on bottled water in 2004 according to the Beverage Marking Corporation).

²⁴ Workforce Alliance, Bush Administration Releases FY2007 Budget: Theme of "Competiveness" Frames Education and Labor Funding Requests, Yet Budget Cuts Investments in Training for Current U.S. Workforce (2006), www.workforcealliance.org/policy/TWA_FY2007_Budget_Analysis_2-06.pdf.

²⁵20 U.S.C. § 1070a.



However, Pell covers only a portion of the costs of attending a postsecondary institution. The maximum Pell Grant of \$4,050 covers only 36 percent of the average price of tuition, fees, and room and board at a public four-year college or university. ²⁶ Even at much less expensive community colleges, the maximum Pell Grant covers less than two-thirds of the costs of attendance.

The maximum Pell Grant was last increased in 2003–2004, by only \$50, and its "purchasing power" has declined significantly since then. Funding for Pell should be increased to close more of the gap between costs and resources. Since, as we explain below, many adults working in low-wage jobs are currently excluded from Pell, funding also should be increased to extend Pell assistance to more of them.

Hope Scholarship and Lifetime Learning Credits. Current tax subsidies for lifelong education and training similarly could be reformed to direct more assistance to low-wage workers. Two of these subsidies, the Hope Scholarship and Lifetime Learning Credits, provide about \$6 billion a year in support for education and training.²⁷ But because the credits are not refundable—that is, the amount of education or training assistance that one can get through the credits is capped at the amount of one's federal income tax liability—they do relatively little to help low-wage workers and students from working-class families. In fact, less than 5 percent of funding for the credits goes to students in tax units with incomes of less than \$20,000, and more than half of the funding goes to students in families with incomes above \$50,000.²⁸ Making both Hope and Lifetime Learning Credits fully refundable, in the same manner as the hugely successful earned income tax credit, would increase access to education and training for low-wage workers.

Increases in the size of the credit, particularly the Lifetime Learning Credits, also would help low-wage workers who want to return to school. Currently the credit equals 20 percent of the first \$10,000 of net tuition and fees, up to a total credit of \$2,000 per year. The maximum credit for a \$1,000 course is only \$200. Victoria Choitz and her colleagues from Futureworks, a consulting and policy development firm that promotes skill-based regional economic growth, recommend increasing the Lifetime Learning Credits to 50 percent of educational expenses (and leaving the credit capped at \$2,000).29 Similarly, Gene Sperling, who headed the National Economic Council in the Clinton administration, has recommended replacing the Lifetime Learning Credits with a Flexible Education Accounts that provide a 50 percent credit on all qualified education or training, up to a total credit of \$15,000 per decade.³⁰

Remove Legal and Regulatory Barriers to Training

If we want more low-wage workers to have access to a minimum of two years of education and training, we need to take immediate steps—in addition to providing for adequate funding—to remove existing legal and regulatory barriers to training in programs such as the Workforce Investment Act, TANF, and Pell.

In the Pell Grant program this means reducing assistance barriers faced by working adults. Under current rules, any income that an independent student

²⁶COLLEGE BOARD, TRENDS IN STUDENT AID 2005 17 (2005), available at www.collegeboard.com/prod_downloads/press/cost05/trends_aid_05.pdf.

²⁷I.R.C. § 25A (2005).

²⁸ Leonard E. Burman et al., Urban-Brookings Tax Policy Center, The Distributional Consequences of Federal Assistance for Higher Education: The Intersection of Tax and Spending Programs vi (2005), available at www.urban.org/UploadedPDF/311210_TPC_DiscussionPaper_26.pdf.

²⁹Victoria Choitz et al., FutureWorks, Getting Serious About Lifelong Learning: Improving the Use and Value of the Hope and Lifelong Learning Tax Credits for Working Adult Students (2004), available at www.futureworks-web.com/pdf/Getting_Serious_brief.pdf.

 $^{^{30}}$ Gene Sperling, The Pro-Growth Progressive: An Economic Strategy for Shared Prosperity 74–75 (2005).



without dependents earns and that exceeds \$6,050 a year—about 66 percent of the federal poverty line—is taken into account in determining their eligibility and grant award. This work penalty should be reduced so that independent students can at least earn poverty-level wages before being penalized. Another helpful change would be to make Pell Grants available year-round for working adults whose need for training is determined by the real-world schedule of the marketplace instead of the fall and spring semester schedule of traditional liberal arts institutions.

The Workforce Investment Act and TANF also should be rid of anachronistic barriers to lifelong education and training. The Act should be amended to ensure that adults who can benefit from training do not have to jump through bureaucratic hoops to get it. A key step would be to eliminate provisions that many states interpret as requiring adults to go through a series of job search and counseling services—"core" and "intensive" services in the Act's vernacularand potentially a series of failed employment experiences before they are considered deficient enough in employable skills to warrant some Act-funded training. 32 Such skill needs are obvious upon an initial assessment of workers applying for services under the Act. Agencies under the Act should be able, based on a thorough assessment, to let workers have immediate access to training without having to force them to jump through further unnecessary hoops.

TANF is a much larger program than the Workforce Investment Act. Combined

federal and state funding for TANF is about \$27 billion a year, but the program has done extraordinarily little to date to support training and career advancement. In 2004 only about one of every twenty parents who received TANF income supplements—some 59,000 parents—was participating in vocational educational training on an average monthly basis. ³³ In the same year states spent only \$207 million in TANF block grant funds—about 2 percent of total TANF spending that year—on education and training. ³⁴

TANF needs to be reformed to make it work as part of a larger career advancement system to ensure that adults have access to the lifelong education and training needed to move ahead. As a starting point, TANF's anachronistic participation rates should be scrapped and replaced with a modern performance-measurement system that is based on meaningful outcomes such as successful completion of a certified training or education program, placement in opportunity jobs—jobs that pay a living wage or at least offer some clear prospects of advancement—and gains in earnings over time. The Workforce Investment Act's performance-measurement system provides a starting point for such a system.

Congress may be unwilling to adopt such a change for all of TANF before its current authorization expires in 2010, but it could at least authorize demonstrations in some states to test the change. Neither should Congress wait to reform elements of TANF's participation rate structure that puts up—much like the Workforce

³¹See 20 U.S.C. § 1087pp(b)(1)(A)(iv), as amended by Section 8017 of the Deficit Reduction Act of 2005, Pub. L. No. 109-171(2006).

³²According to the U.S. Department of Labor, "many states and local areas have misinterpreted the 'sequence of service' strategy (how a participant moves from core to intensive to training services), often interpreting it to require individuals to spend a specific amount of time in one tier of service before moving onto the next." In some circumstances "this has resulted in individuals being placed in low-paying jobs before they have access to the additional services they need in order to succeed in today's competitive economy." Testimony of Emily Stover DeRocco, Assistant Secretary of Labor, Before the Committee on Education and the Workforce Subcommittee on 21st Century Competitiveness, U.S. House of Representatives, March 11, 2003, available at www.doleta.gov/WHATSNEW/Derocco_speeches/Speech_mar11_03.cfm.

³³U. S. Department of Health and Human Services (HHS), Table 6A: Average Monthly Number of Adults with Hours of Participation in Work Activities, Including Waivers, Fiscal Year 2004, www.acf.hhs.gov/programs/ofa/particip/2004/table06a.htm.

³⁴Shawn Fremstad and Andy Van Kleunen's analysis of Fiscal Year 2004 TANF Financial Data, www.acf.hhs.gov/pro-grams/ofs/data/tanf_2004.html.



Investment Act's sequential-eligibility rules—barriers to lifelong education and training. Most notable, the current limitations on counting vocational educational as participation for more than twelve months—and for more than 30 percent of adults who count as participating—should be lifted.

Even in the absence of federal changes, states can do much more to increase the number of parents who are allowed access to training through TANF. To encourage this, HHS should set the same goal for TANF as the Labor Department has set for the Workforce Investment Act—to triple the number of adults trained. HHS also should issue guidance that reaffirms states' flexibility to define which TANF activities count toward participation rates.

Such a goal and guidance are particularly crucial in light of the recent federal changes in TANF. As part of budget legislation enacted in February 2006, Congress reauthorized TANF through 2010 and made changes that will require states to increase substantially the number of families who are placed in work and training. ³⁶ These changes provide

an impetus for states to upgrade their programs in ways that increase access to training. However, some states may be tempted to rely on a "low-road" strategy that involves helping *fewer* families through TANF. An explicit endorsement of a high-road approach by HHS would help boost TANF opportunities for low-wage workers.

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All Americans should have opportunities for education and training beyond high school and throughout their lives. A broad-based "lifelong education and training" movement is needed to ensure that federal law provides all Americans with a basic guarantee of access to two years of education and training after they turn 18. One way to reach this goal is to expand and reform the existing set of federal workforce and education proincluding the Workforce grams, Investment Act, TANF, the Pell Grant program, and the Hope and Lifelong Learning Tax Credits. Low-wage workers and jobless individuals have the most to gain if such a goal becomes a reality.

³⁵One argument that may be made against such a recommendation is that Temporary Assistance for Needy Families (TANF) primarily serves a "welfare poor" population that has little connection to the labor market and will not benefit from training or education without first obtaining work experience. This argument is not supported by facts. According to HHS data, 60 percent of individuals who received TANF in 2002 lived in a family with at least one person in the labor force. U.S. Department of Health and Human Services, Indicators of Welfare Dependence: Annual Report to Congress 2005, at II-9 (Figure IND 2), available at http://aspe.hhs.gov/hsp/indicators05/index.htm. Moreover, a recent of study of parents receiving TANF in six states finds that almost four out of every five have worked more than half their adult years. Susan Hauan & Sarah Douglas, U.S. Department of Health and Human Services, Potential Employment Liabilities Among TANF Recipients: A Synthesis of Data from Six State TANF Caseload Studies, at 8 (2004) (Figure 1).

³⁶For a summary of the changes and recommendations on how states should meet higher participation standards, see Shawn Fremstad & Jason Walsh, Workforce Alliance, Taking the High Road: How States Should Meet TANF's New Participation Standards (2006), www.workforcealliance.org/policy/TANF/TWA-TANF_High_Road-FINAL.pdf.