



The Daily Dish

# Federal Training Programs

DOUGLAS HOLTZ-EAKIN | SEPTEMBER 18, 2019

## Eakinomics: Federal Training Programs

It is September 18, which everyone knows is both the Air Force's birthday and National Cheeseburger Day. But fewer people realize that is also National Self-Promotion Day, so let me take this occasion to point out the new AAF [research](#) on federal training programs by Tom Lee and, uh, me. A persistent feature of the recent labor market is that job openings vastly exceed job hires, with the gap exceeding the number of unemployed. One reason for this gap is a lack of skilled workers, and employers in affected industries are noticing this skilled-worker shortage. A recent survey by the National Association of Manufacturers found that 69 percent of its members [cite](#) the lack of skilled workers as their main concern for the future.

Prior [AAF research](#) found the United States as a whole may face a significant skills gap in the coming decade, especially in terms of skills associated with post-secondary education. While two-year and four-year degrees are essential for filling the gap, more concrete forms of career and skills training — whether by the private sector, states, or the federal government — can be valuable tools. The private sector [spent](#) about \$87.6 billion on worker training in 2018. In contrast, the federal government [spent](#) about \$18 billion on employment programs in 2018.

There is a range of federal worker training programs, with some targeting specific populations and others aimed more generally. We focus on two general worker-training programs along with federal apprenticeship programs, examining their impact and [effectiveness](#). As it turns out, a key issue is the kind of training the participants receive. Those who receive only career counseling are slightly less likely to be employed and ultimately earn less than those who participate in skills training. Unfortunately, four out of five participants in these programs participate in career counseling only.

Even more troubling, participants in both federal worker-training programs and apprenticeships are concentrated in industry sectors that are not projected to have the bulk of job growth over the next 5 years. In this way, federal programs are misaligned with the future demands for skills in the economy. These programs are largely effective now, but as the economy shifts, federal job-training programs could increasingly become less effective and obsolete.