Does Retraining Help?

by Mike Collins

In manufacturing, the people losing their jobs are mostly skilled workers, some of whom are highly skilled. Their worry is whether they can find a comparable job that approximates their current income and benefits in the event of a lay-off. The big question is: Are the retraining programs sponsored by state and federal governments going to provide comparable jobs, or are they focused on finding any type of job that is available?

An Attempt

There are four different government programs that offer training and re-training:

The Workforce Investment Act (WIA): The Workforce Investment Act is the program with the biggest budget for training (approximately $7 billion per year), and was passed in 1998. Its objective was to give new skills to current and future employees. The results of this act are mixed because there are good results in some states and none in others.

The Department of Labor funnels the money for training through workforce investment boards in each state. In looking at their website and the budgets shown on the Federal Register, it appears that most of the money is for youth activities, adult activities, dislocated workers, employment services, workforce information grants, and work opportunity tax credits.

Critics cite a “social worker mentality” that is not focused on meeting employer needs, and insufficient money to really build a long-term skills program or keep current employees up to date on new technology.

Community and Technical Colleges (CTC) Worker Retraining Act: The CTC Worker Retraining Act has introduced several programs that are helping manufacturers. The first one is called the CTC Act. The government funds the community colleges and technical colleges to teach remedial subjects like writing, reading, science, etc. The budget is about $125 million per year.

The critics say that these subjects should be learned in high school and we are throwing money at the problem after the fact. However, the fact is that some high school students do not learn these subjects until they have a job opportunity and a good reason to study.

The High Growth Job Training Initiative (HGJTI): This targets 14 industries with the potential for high growth. It is a strategic effort to prepare workers to take advantage of new and increasing job opportunities in the high growth and high demand industries in the U.S. economy such as advanced manufacturing, aerospace, automotive, and construction. However, if you go to the Department of Labor website at *www.doleta.gov/BRG/HGJTIGrantees* you will find that this initiative also issues grants to retail, hospitality, financial services and other non-manufacturing sectors. Manufacturers need to get more involved to make sure that they get their share of this training money and make sure the institutions who are supposed to do the training focus on manufacturing skills.

I found a list of $75 million in grants issued under the Advanced Manufacturing part of the HGJTI. This act is supposed to “help workers find good jobs with good wages and promising career pathways in the advanced manufacturing industry.” These grants are from $750,000 to $1.5 million. You can find out about the grants at www.doleta.gov/BRG/Indprof/Manufacturing.cfm *[1]*.

The Trade Adjustment Assistance (TAA) program is designed to help trade-affected workers who have lost their jobs as a result of increased imports or shifts in production out of the United States. Certified individuals may be eligible to receive one or more program benefits and services, depending on what is needed to return them to employment.

An example of the Trade Adjustment Assistance is the Freightliner Corporation in my own town of Portland Oregon, who is moving their heavy truck manufacturing to Mexico. In 2007 they terminated 700 blue collar jobs. In January, 2009 they terminated an additional 200 workers, and the rest of the workers (800) will be terminated by July, 2010. These are good union jobs (International Machinists Association), with good hourly pay and benefits.

To the company’s credit, they have called in a number of agencies to help the laid off employees. The union applied for assistance from the Trade Adjustment Act, which has certified workers to get employment services, job search allowances, relocation allowances, health coverage, and tax credits. But the two most important services included are a two-year program of unemployment compensation and occupational training.

It is important to know that occupational training must be approved by the Trade

Adjustment Agency (not the worker). In 2007, when the first 700 people were terminated, approximately 320 employees applied and were approved for training in 89 different occupations. The programs varied from body massage and hair design to information technology and mechanical engineering.

In addition, the Oregon Employment Division counseled the workers on the realities of the Oregon job market. They made it clear that workers should not expect to get a job that would pay the same as Freightliner, and the agency offered training on how to budget their new incomes to live on less—emphasizing the point that it's very hard to go from a union manufacturing job to a new job without taking a serious cut in pay.

Who's To Blame?

This is not the fault of government agencies, but rather leadership. The past several administrations have given lip service to saving American manufacturing. They all say it is important but nobody seems to want to balance our trade deficit, stop China from manipulating their currencies, or give the large companies more incentives to keep manufacturing in the U.S. Perhaps the new administration will walk their talk and elevate the importance of manufacturing jobs and the re-training of manufacturing workers to provide the skilled workers needed to replace 10 million retirees in the next 10 years.

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