

H.R. 5567, The Education and Workforce Training Innovation Act

Background:

Across America employers are struggling to find the right talent, skills, and educational background to meet demand and move their businesses and the American economy forward. According to the Organization for Economic Cooperation and Development (OECD)¹ the skill level of the American labor force is not merely slipping in comparison to its peers in other countries, it has fallen dangerously behind.

America can do better. First, we have to commit to closing the skills gap and better prepare American workers to compete in a 21st century economy. The Education Workforce Training and Innovation Act provides American workers the tools they need to succeed by leveraging private sector resources, incentivizing education in technical fields, and implementing a results-oriented approach to close the skills gap. This will ensure that government resources are used efficiently, students and workers are trained properly, and private companies are adequately staffed with highly skilled, hardworking Americans.

Goals of the Bill:

- Incentivize private companies to collaborate with community colleges, technical colleges, and other trade schools to develop comprehensive programs and curricula that provide job skills and training for students that can be directly applied in the workforce.
- Leverage the pay-for-success model to spur investment in improving the rate of apprenticeships and trade certifications for careers in advanced manufacturing, industrial trades, and skilled labor.

Bill Overview:

- Community Workforce Training Grants Pilot Program
 - This pilot program will direct \$50 million in federal resources towards technical schools and community colleges that are building new and innovative pathways for students to train and get the skills necessary to compete in the new “blue tech” economy
 - Pilot program will be authorized for five years and will match federal grants with educational programs established between qualified institutions (community colleges, technical schools, etc.) and high demand/high growth industries.
 - Grant money may be allocated toward overhead costs, program design, expanding access, and tuition subsidies.
 - Programs and curricula will be designed by industry working hand-in-hand with educational institutions. The programs must provide customized training, a stable and predictable job pipeline, and a proven model of success.
- Financing a Skilled 21st Century Workforce Bonds Pilot Program
 - This five year pilot program will leverage the efficiency, creativity, and resources of the private sector to help close the skills gap in America.
 - Authorizes the Department of Education, Treasury Department and an advisory panel of business representatives to create a pay-for-performance pilot program with the goal of increasing apprenticeships and trade certifications in a designated area
 - Private sector businesses bear the up-front costs and risks of creating these apprenticeship programs and must meet well-defined performance metrics in order to receive a return on their investment
 - Should the program meet the predetermined goals to increase apprenticeships and trade certifications, the Treasury will award a success payment from a \$75 million fund to the investors. If the social policy goals are not met, the investors will lose their money and the government will not need to make any repayment.

¹A 2013 OECD Skills Outlook report presented the initial results of the Survey of Adult Skills (PIAAC), which evaluated the skills of adults in 24 countries. It provided insights into the availability of some of the key skills and how they are used at work and at home. The United States had proportionately more people with weak skills than other countries and fewer people with strong skills. http://skills.oecd.org/documents/Survey_of_Adult_Skills_US.pdf