



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

TABLE OF CONTENTS

EXECUTIVE SUMMARY.....	2
Findings of Fact and Recommendations.....	3
I. THE FEDERAL GOVERNMENT SPENDS VASTLY MORE ON HIGHER EDUCATION SUPPORT THAN WORKFORCE AND SKILLS TRAINING.....	6
A. The federal government spent about \$100 billion supporting higher education through student financial assistance, institutional aid, and individual tax incentives in Fiscal Year 2018.....	6
B. The federal government spent about \$11 billion supporting workforce and skills training programs in Fiscal Year 2018.....	8
II. 4-YEAR COLLEGES AND UNIVERSITIES—ATTENDED BY A MAJORITY OF STUDENTS—HAVE THE HIGHEST COST, BUT ATTENDING ANY U.S. INSTITUTION OF HIGHER EDUCATION IS EXPENSIVE.....	9
A. Most students in the United States attend 4-year colleges and universities.....	9
B. Attending any type of institution of higher education is expensive.....	11
C. Awareness of the federal financial aid process is critical to making college affordable, but the pandemic is impacting aid applications.....	12
III. STUDENTS PURSUING SKILLS TRAINING AND TECHNICAL CERTIFICATIONS AT INSTITUTIONS OF HIGHER EDUCATION RECEIVE EQUITABLE SUPPORT FROM THE FEDERAL GOVERNMENT TO MEET THE HIGH COST OF ATTENDANCE.....	13
A. Most Pell Grant, Direct Loan, and Veterans education funding assists students at 4-year colleges and universities because this is the largest student group.....	13
B. However, on a per-student basis, students at community colleges and skills training institutions receive equitable funding as compared to students at colleges and universities.....	15
IV. WORKFORCE AND SKILLS TRAINING PROGRAMS ARE FRAGMENTED ACROSS THE FEDERAL GOVERNMENT.....	17
CONCLUSION.....	18

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

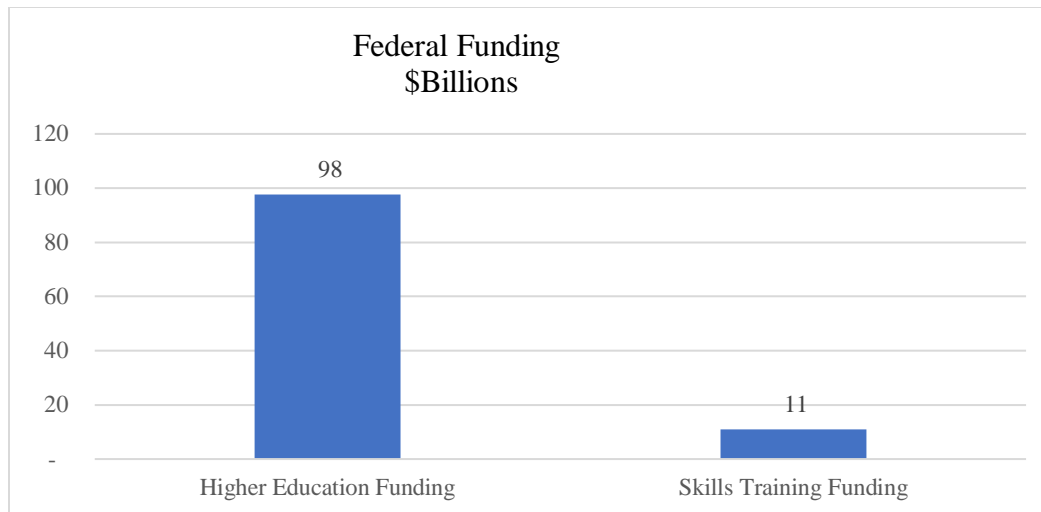
disproportionately affected by the pandemic as they are harder to move to a virtual environment. Many registered apprenticeships have been cut short or ended, resulting in veterans facing a reduction or suspension in their housing allowance due to not meeting minimum work hour requirements. Congress 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.

I. THE FEDERAL GOVERNMENT SPENDS VASTLY MORE ON HIGHER EDUCATION SUPPORT THAN WORKFORCE AND SKILLS TRAINING

The total amount of money the federal government spends on supporting students and institutions of higher education — about \$100 billion in fiscal year 2018 — vastly exceeds the amount of money spent on workforce and skills training outside of higher education, which, at approximately \$11 billion, is only about a tenth of spending on higher education (see figure 1).

Figure 1: Federal Funding for Higher Education and Skills Training, Fiscal Year 2018



Source: See tables 1 and 2 below.

A. The federal government spent about \$100 billion supporting higher education through student financial assistance, institutional aid, and individual tax incentives in Fiscal Year 2018

The federal government supports higher education by providing financial assistance to students and their parents to make education more affordable, by making available certain tax incentives, and by providing funding to institutions. The 1965 passage of the *Higher Education Act* authorized the federal government's major student financial aid programs, which subsequent to its creation in 1979, have been administered through the Department of Education, including need-based grants, loans, and work-study.⁵ These programs cost the government about \$32.8 billion in fiscal year 2018.⁶

⁵ Congressional Research Service, *The Higher Education Act (HEA): A Primer* (R45551, October 24, 2018).

⁶ Data are from Department of Education, Federal Student Aid, *Fiscal Year 2018 Annual Report* (November 15, 2018), available at <https://www2.ed.gov/about/reports/annual/2018report/fsa-report.pdf>. The federal grant funding includes Pell Grants and Federal Supplemental Education Opportunity Grants. Loan data represents the loan subsidy amount—the cost to the taxpayer—for all Direct Loans for fiscal year 2018. According to the Department of Education, the estimation process used to determine the amount of subsidy expense for each fiscal year is subject to various internal and external risk factors which often show strong interdependence with one another. This analysis does not include the federal government's exemption of interest income earned on bonds issued by state, local, and tribal governments for a "public" purpose from federal income tax (26 U.S.C. §1030), including bonds issued to support institutions of higher education

Another source of federal financial aid for higher education students is the Department of Veterans Affairs, which provides education benefits to veterans and their family members through a variety of programs. The largest program, the Post-9/11 GI bill, cost the government about \$10.6 billion in fiscal year 2018.⁷ Lastly, the Department of Health and Human Services has several assistance programs for students pursuing health-related careers, and the government spent about \$3.5 billion on these programs in fiscal year 2018.⁸

Tax incentives, such as the American Opportunity Tax Credit (AOTC) and Lifetime Learning Credit (LLC), the two largest such incentives, cost the U.S. government about \$18.3 billion in fiscal year 2019, according to estimates by the Joint Committee on Taxation.⁹ The AOTC allows a maximum \$2,500 per student credit for tuition and required enrollment fees, as well as course-related books, supplies, and equipment.¹⁰ The LLC allows a maximum \$2,000 per tax return non-refundable credit for tuition and required fees.¹¹

The main types of federal funding provided to institutions are research grants to universities and general appropriations. In fiscal year 2018, the government obligated about \$29 billion for research and development to 4-year colleges and universities as well as university-administered federally funded research and development centers.¹² The same year, the government provided about \$2.6 billion in federal appropriations for operating expenses at selected schools — military academies, historically black colleges and universities, land grant institutions, and other specialized institutions. Michigan-based institutions receiving these federal appropriations included Albion College and Spring Arbor University, two private, non-profit 4-year colleges associated with Methodist religious institutions; Specs Howard School of Media Arts, a private, for-profit institution offering programs in Broadcast Media Arts, Digital Media Arts, and Graphic Design; and Michigan Career and Technical Institute, a public vocational school for adults with disabilities.

In total, the federal government spent almost \$100 billion assisting students and institutions in fiscal year 2018 (see table 1).

⁷ Department of Veterans Affairs, *Veterans Affairs Benefits Report, Fiscal Year 2018*. VA does not publish the total amount of Post-9/11 GI funding provided in support of higher education; this number represents Post-9/11 GI bill payments to institutions of higher education for tuition and fees (\$4.7 billion) plus the estimated share of room and board, books, and supplies for those veterans, and it includes assistance provided to both undergraduate and graduate students.

⁸ Department of Health and Humans Services, *Health and Human Services Congressional Budget Justification, Fiscal year 2018*; data includes National Institute of Health grants and training awards, Chafee education and training vouchers, Indian Health professions, and Health Resources and Service Administration programs and represents a Committee estimate of the funding spent on Department higher education programs.

⁹ Congressional Research Service, *Higher Education Tax Benefits: Brief Overview and Budgetary Effects* (R41967, July 20, 2020).

¹⁰ The AOTC is partially refundable (up to \$1,000), is phased out at higher income levels, and is available only during the first four years of postsecondary education.

¹¹ The LLC can be claimed for graduate or undergraduate studies, or for courses to acquire or improve job skills, and it is also phased out at higher income levels.

¹² National Science Foundation, National Center for Science and Engineering Statistics, *Survey of Federal Funds for Research and Development, Fiscal Year 2018*.

Table 1: Federal Government Expenditures on Students and Institutions of Higher Education, Fiscal Year 2018

Expenditure Type	Amount (\$ Billions)
Department of Education Title IV Assistance	
Grants	\$27.4
Loans	\$4.4
Work Study	\$1.0
Department of Veterans Affairs	
Post 9-11 GI Bill Education Assistance – Higher Ed Benefits	\$10.6
Department of Health and Human Services	
Various Educational Programs	\$3.5
Tax Incentives	
American Opportunity Tax Credit & Lifetime Learning Credit	\$19.0
Students (Subtotal)	\$65.9
Research & Development Funding	
Federal Obligations for Research and Development	\$29.2
General Purpose Appropriations	
Operating Expenses for Selected Institutions	\$2.6
Institutions (Subtotal)	\$31.8
Total	\$97.7 billion

Sources: Department of Education, Federal Student Aid, *Fiscal Year 2018 Annual Report* (November 15, 2018), available at <https://www2.ed.gov/about/reports/annual/2018report/fsa-report.pdf>; Department of Veterans Affairs, *Veterans Affairs Benefits Report, Fiscal Year 2018*; Department of Health and Human Services, *Health and Human Services Congressional Budget Justification, Fiscal year 2018*; Congressional Research Service, *Higher Education Tax Benefits: Brief Overview and Budgetary Effects* (R41967, July 20, 2020). Research and development funding: National Science Foundation, National Center for Science and Engineering Statistics, *Survey of Federal Funds for Research and Development*; General purpose appropriations data: analysis of Department of Education data through IPEDS.

B. The federal government spent about \$11 billion supporting workforce and skills training programs in Fiscal Year 2018

In fiscal year 2018, the federal government spent about \$11 billion on workforce and skills training through a patchwork of programs run by different federal agencies. The most significant programs in this area are authorized through the *Workforce, Innovation, and Opportunity Act (WIOA)* and run through the Departments of Labor and Education, including programs that support job training, adult learning, and vocational rehabilitation for individuals with disabilities. The government spent about \$9 billion on these programs in fiscal year 2018.¹³

Eligible institutions in Michigan received just under \$230 million in WIOA funding in fiscal year 2018.¹⁴ The Department of Education also provides funding for grants to states to

¹³ Department of Labor, Fiscal Year 2020 budget request, budget summary tables. WIOA programs include a variety of Training and Employment Services programs, Job Corps, Older Workers, and Vocational Rehabilitation State Grants. Other Department of Labor workforce programs include Trade Adjustment Assistance training and Veterans Employment and Training Service (VETS).

¹⁴ Department of Labor, budget, State statutory formula funding, available at <https://www.dol.gov/agencies/eta/budget/formula/state>. Department of Education VR State Grants Awards,

support career and technical education programs through the Perkins Act, and the same year, the government provided \$1.2 billion for these programs, with about \$39 million provided to Michigan.¹⁵ A small amount of funding was provided through programs run by the Departments of Veterans Affairs (Post-9/11 GI bill funding for apprenticeships and on-the-job training), Housing and Urban Development, and Health and Human Services (see table 2).

Table 2: Federal Government Expenditures on Workforce and Skills Training, Fiscal Year 2018

Expenditure Type	Amount (\$ Billions)
Department of Education Perkins Grants Title I Grants to States	\$1.2
Department of Labor Workforce, Innovation and Opportunity Act (WIOA) Programs	\$9.0
Other Programs	\$0.7
Department of Veterans Affairs Post 9-11 GI Bill Education Assistance – Non-Higher Ed Benefits	\$0.3
Department of Housing and Urban Development Community Development Block Grants – Employment Training	\$0.03
Department of Health and Human Services Training Grants	\$0.1
Total	\$11.3 billion

Sources: Department of Education, available at <https://cte.ed.gov/grants/state-allocations>; Department of Labor, available at <https://www.doleta.gov/budget/statfund.cfm>; Department of Veterans Affairs, *Veterans Affairs Benefits Report, Fiscal Year 2018*; Department of Housing and Urban Development, *Congressional Budget Justification Review, Fiscal Year 2020*; Department of Health and Human Services, *Congressional Budget Justification Review, Fiscal Year 2020*; data include Health Profession Opportunity Grants and National Institute for Occupational Safety and Health Training Grants.

II. 4-YEAR COLLEGES AND UNIVERSITIES—ATTENDED BY A MAJORITY OF STUDENTS—HAVE THE HIGHEST COST, BUT ATTENDING ANY U.S. INSTITUTION OF HIGHER EDUCATION IS EXPENSIVE

A. Most students in the United States attend 4-year colleges and universities

Post-secondary education — education obtained after high school, in preparation for a career or academic degree — has increasingly become a requirement for economic security. Post-secondary educational institutions can be grouped into three main types — universities or colleges offering four-year degrees and higher (“4-year institutions”); community colleges or other institutions offering two-year degrees as well as a variety of workforce development and skills training courses (“2-year institutions”); and other institutions offering vocational training,

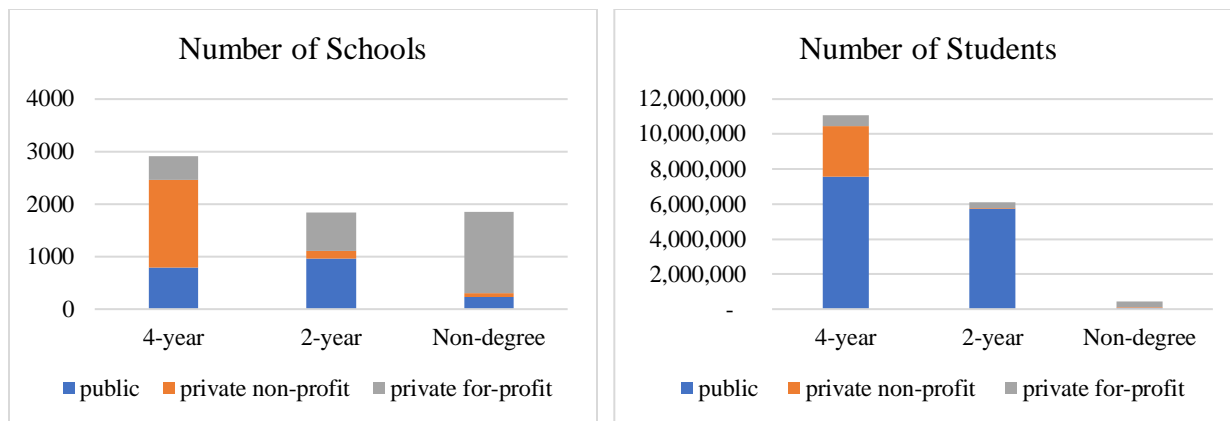
available at https://rsa.ed.gov/about/programs/vocational-rehabilitation-state-grants/awards?field_fy_value=&field_full_state_name_value=Michigan.

¹⁵ Department of Education, available at <https://cte.ed.gov/grants/state-allocations>. Data represents money allocated to the States for recipients at the secondary and post-secondary levels. According to the Department of Education, each state determines the share of funds for secondary and post-secondary; on average, about 64 percent of funds are spent at the secondary level and 36 percent at the postsecondary level.

certifications, and other credentials (“non-degree-granting institutions”). Institutions can be public, private non-profit, or private for-profit.

Four-year colleges and universities represent 44 percent of all postsecondary schools in the United States, and a majority of undergraduate students — 63 percent — attend these schools (see figure 2).¹⁶

Figure 2: Post-secondary Schools and Undergraduate Students in the United States, Academic Year 2017-18



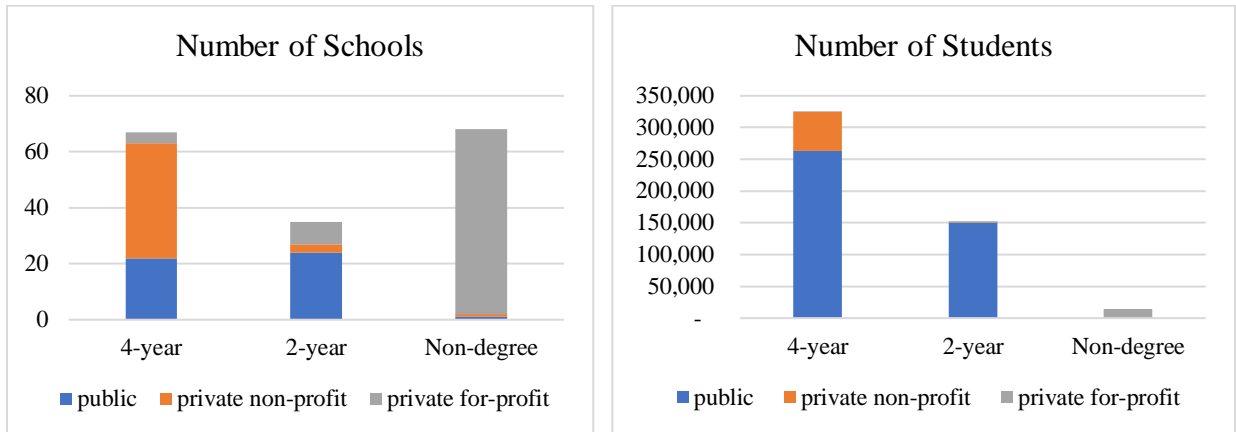
Source: Committee analysis of Department of Education data, Integrated Postsecondary Education Data System (IPEDS).

In Michigan, the number of non-degree-granting institutions offering certifications and other training (mostly for-profit institutions) slightly exceeded the number of four-year colleges and universities during the 2017-2018 academic year. However, as at the national level, a majority of students in Michigan attend 4-year institutions (see figure 3).¹⁷

¹⁶ The scope of this analysis is schools accredited by the Department of Education with enrolled students. According to the Department’s Integrated Postsecondary Education Data System (IPEDS), there were 6,603 such schools in the 2017-2018 academic year.

¹⁷ The scope of this analysis is schools accredited by the Department of Education with enrolled students that are located in Michigan. According to the Department’s Integrated Postsecondary Education Data System (IPEDS), there were 170 such schools in Michigan in the 2017-2018 academic year.

Figure 3: Post-secondary Schools and Undergraduate Students in Michigan, Academic Year 2017-18



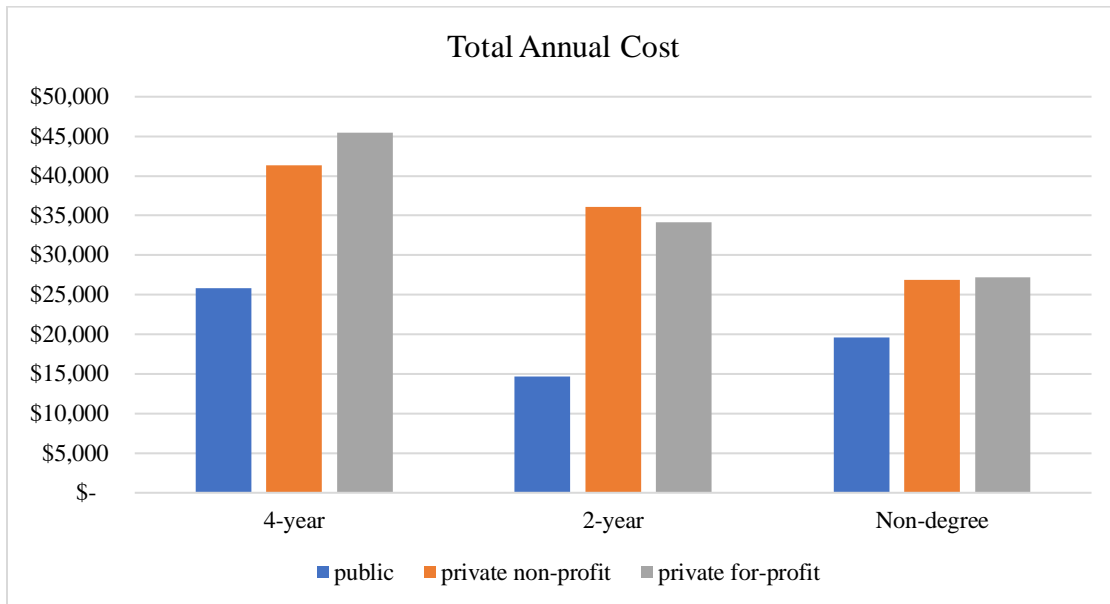
Source: Committee analysis of Department of Education data, Integrated Postsecondary Education Data System (IPEDS).

B. Attending any type of institution of higher education is expensive

The cost of attending these schools — regardless of type — is high. The average annual cost of attending a 4-year institution (including tuition and fees, room and board, and books) for the 2017-2018 academic year was \$37,548.¹⁸ Two-year and non-degree-granting institutions were a bit less expensive—their average cost was \$28,308 and \$24,557 (see figure 4).

¹⁸ Cost for each institution was determined by adding the published tuition and fees; on-campus room and board or off-campus cost of living; and books, according to the Institutional Characteristics Survey component of the Department of Education’s IPEDS. If a school had in-state and out-of-state tuition rates, an average of the two was calculated.

Figure 4: Total Annual Cost of Attending a Postsecondary School, Academic Year 2017-18



Source: Committee analysis of Department of Education data, Integrated Postsecondary Education Data System (IPEDS).

C. Awareness of the federal financial aid process is critical to making college affordable, but the pandemic is impacting aid applications

Awareness of financial aid availability and the process for securing it is critical to ensuring that students can afford the post-secondary education of their choice. With the majority of students attending 4-year institutions, high school guidance counselors are typically less prepared to advise students on other types of postsecondary programs and may not know that federal financial aid is available to students attending many 2-year and non-degree-granting schools. Legislation co-sponsored by Senator Peters in 2018 — the *Supporting Useful Career Counseling in Elementary and Secondary Schools (SUCCESS) Act* — aimed to improve career counseling training programs to ensure that counselors have access to high-quality information on postsecondary programs beyond those at 4-year institutions, as well as knowledge of local labor market needs and trends. Elements of this legislation were incorporated into the *Strengthening Career and Technical Education for the 21st Century (Perkins V) Act*, which reauthorized the Perkins Act in 2018.

The role of guidance counselors in ensuring awareness of financial aid has recently been made very clear. As the COVID-19 pandemic prompted a wave of high school closures across the country, the number of completed Free Application for Federal Student Aid (FAFSA) forms greatly declined. In the four weeks starting March 13, 2020, the number of completed applications was down 45% compared to the same period the year before. As Coronavirus started to spread, every state saw numbers slide compared to the previous year's levels. In Michigan, as of June, applications were down 4.5 percent since the previous year's financial aid

cycle. Schools attributed much of this decline to the separation of students from their counselors who typically guide them through the complex financial aid application process.¹⁹

III. STUDENTS PURSUING SKILLS TRAINING AND TECHNICAL CERTIFICATIONS AT INSTITUTIONS OF HIGHER EDUCATION RECEIVE EQUITABLE SUPPORT FROM THE FEDERAL GOVERNMENT TO MEET THE HIGH COST OF ATTENDANCE

Given the high cost of attending a post-secondary school, the federal government provides financial assistance to students and their families to make the cost of obtaining education more affordable. The main types of federal student financial assistance are grants, loans, and work-study programs administered by the Department of Education.²⁰ The other large source of federal funding for students attending post-secondary schools is the Department of Veterans Affairs, which provides education benefits to veterans and their family members through a variety of programs, including the Post-9/11 GI bill. Finally, the government also provides direct support for higher education through tax preferences. While the bulk of this funding supports students attending 4-year institutions, the majority of undergraduates in the United States attend these types of schools, and when factoring in student population and school cost, the distribution of financial assistance among the different types of students is equitable.

A. Most Pell Grant, Direct Loan, and Veterans education funding assists students at 4-year colleges and universities because this is the largest student group

Pell grants, Direct Loans and Veterans' education benefits are the largest categories of federal assistance offered to post-secondary students and are among the most impactful ways in which the government supports higher education. Pell Grants, which provide grant aid to low-income and middle-income undergraduate students, and Direct Loans, which are made available to students or their parents with or without an interest subsidy depending on economic need, can be provided to students attending any type of accredited post-secondary institution.²¹ Amounts awarded are dependent on information provided by students and their parents on the FAFSA form. These programs are authorized through Title IV of the Higher Education Act and administered by the Department of Education.²²

Most of the Pell Grants awarded to undergraduate students in the 2017-2018 school year (\$26.6 billion) and most of the Direct Loans made available (\$40 billion) assisted those attending 4-year colleges or universities (see figure 5). Michigan schools with the most Pell Grant recipient

¹⁹ The Detroit News, "Drop in College Aid Requests Alarms Educators," July 6, 2020.

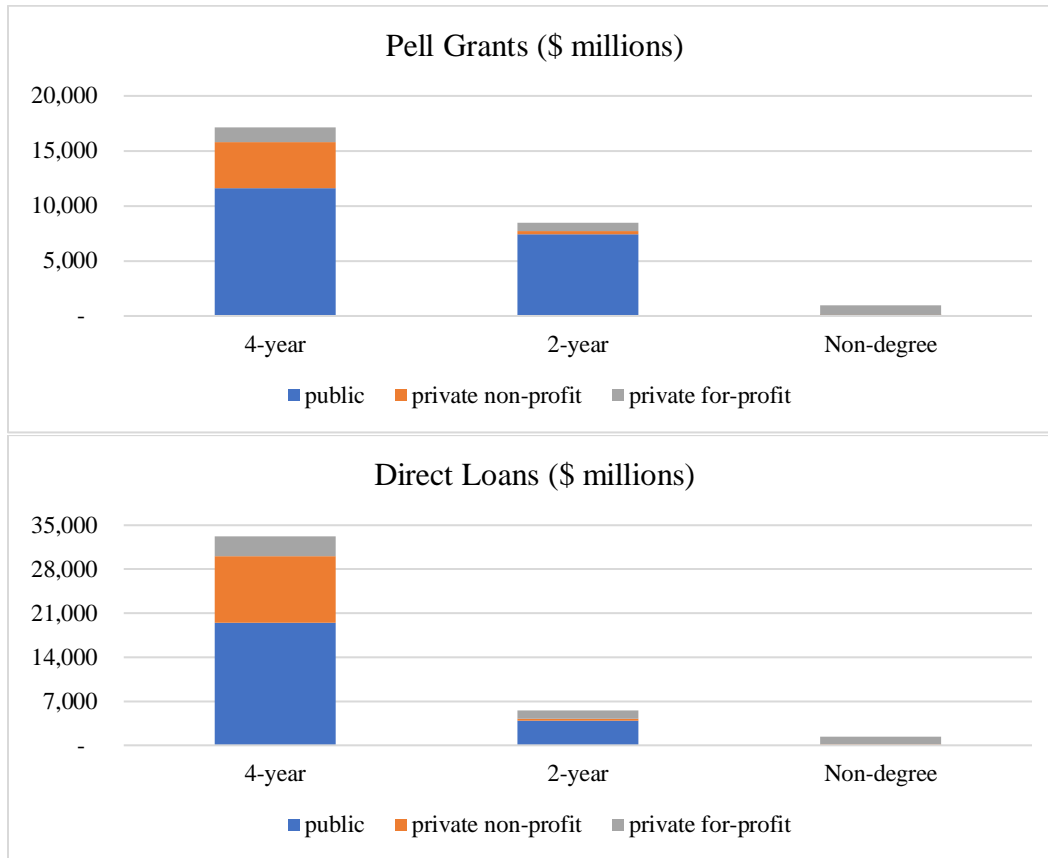
²⁰ Congressional Research Service, *The Higher Education Act (HEA): A Primer* (R45551, October 24, 2018). The Higher Education Act was originally passed in 1965.

²¹ See Department of Education, Federal Student Aid, *Fiscal Year 2018 Annual Report* (November 15, 2018), available at <https://www2.ed.gov/about/reports/annual/2018report/fsa-report.pdf>. Note that for the 2017-2018 academic year, the maximum Pell Grant award was \$5,920 per student.

²² Congressional Research Service, *The Higher Education Act (HEA): A Primer* (R45551, October 24, 2018). The Higher Education Act was originally passed in 1965.

funding included Wayne State, Michigan State, and Eastern Michigan University, and the latter two schools also had the most Direct Loan recipient funding.²³

Figure 5: Pell Grants and Direct Loans Awarded, by Type of Postsecondary School, Academic Year 2017-2018



Source: Committee analysis of Department of Education data, Integrated Postsecondary Education Data System (IPEDS).

Note: Data on student loans represents the volume of loans provided to borrowers.

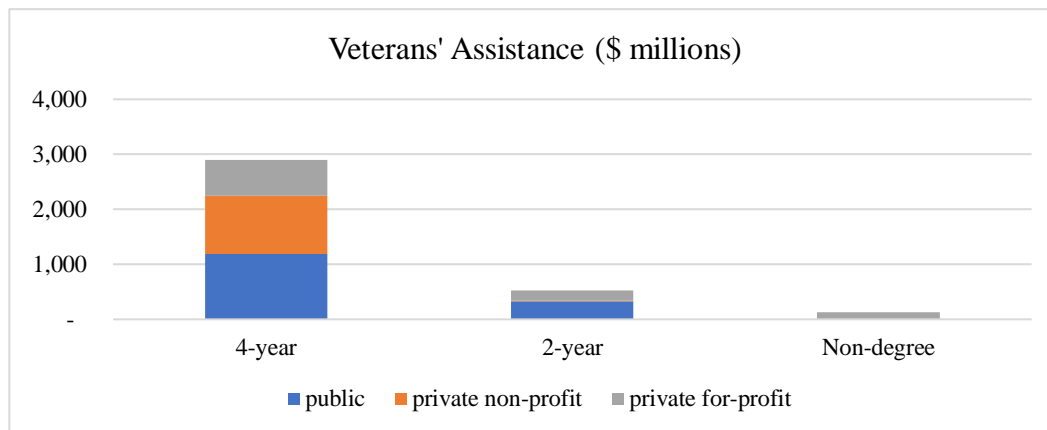
The VA offers several education benefit programs to servicemembers or their dependents, but most of its support is provided through the Post-9/11 GI Bill, which applies to individuals that served on active duty after September 10, 2001. The benefits can be used to attend an institution of higher education, for on-the-job training or apprenticeship programs, or other types of short-term training. VA will pay the net cost for in-state tuition and fees at public schools and up to an annual maximum amount at non-profit and for-profit private schools. VA pays schools directly for tuition and fees and sends additional payments for housing and books directly to eligible veterans.²⁴

²³ Analysis of Department of Education IPEDS data.

²⁴ Government Accountability Office, *Post-9/11 GI Bill: Veterans Affected by School Closures*, GAO-19-553T (Washington, D.C.: June 19, 2019).

VA provided about \$3 billion in Post-9/11 GI bill funds for tuition and fees for undergraduates attending institutions of higher education in the 2017-2018 academic year, and the majority of funding helped those attending 4-year institutions (see figure 6). In Michigan, schools receiving the most Post-9/11 GI funding included Grand Valley State University, Western Michigan University, Central Michigan University, and Michigan State.

Figure 6: Post-9/11 GI Bill Tuition and Fee Payments for Undergraduates, by Type of Postsecondary School, Academic Year 2017-2018



Source: Committee analysis of Department of Education data, Integrated Postsecondary Education Data System (IPEDS).

B. However, on a per-student basis, students at community colleges and skills training institutions receive equitable funding as compared to students at colleges and universities

However, on a per-student basis, those students attending short-term, certificate-awarding or vocational training programs receive equitable amounts of federal funding. When taking into account the student population and total cost of the various schools, the distribution of financial assistance is equitable.

For example, students at various types of schools in Michigan received similar amounts of Pell Grant funding. For example, at the Michigan Barber School, a private non-profit 2-year institution, Pell Grant recipients received an average of \$5,234; those at Henry Ford College, a 4-year public college, received \$5,104; and at Dorsey Business Schools (Southgate campus), a less than 2-year private for-profit school, recipients got an average of \$5,329 in Pell Grants.

Further, on a national level, when calculating the average amount of assistance received (Pell Grants plus Direct Loans) for those students that were awarded federal financial aid, and scaling it by the average total cost of the school, federal funding for those attending 2-year and non-degree-granting institutions actually covers a larger share of the school cost (see table 3).

Table 3: Average Cost of Attendance and Average Amount Received Per Federal Financial Aid Recipient, Academic Year 2017-2018

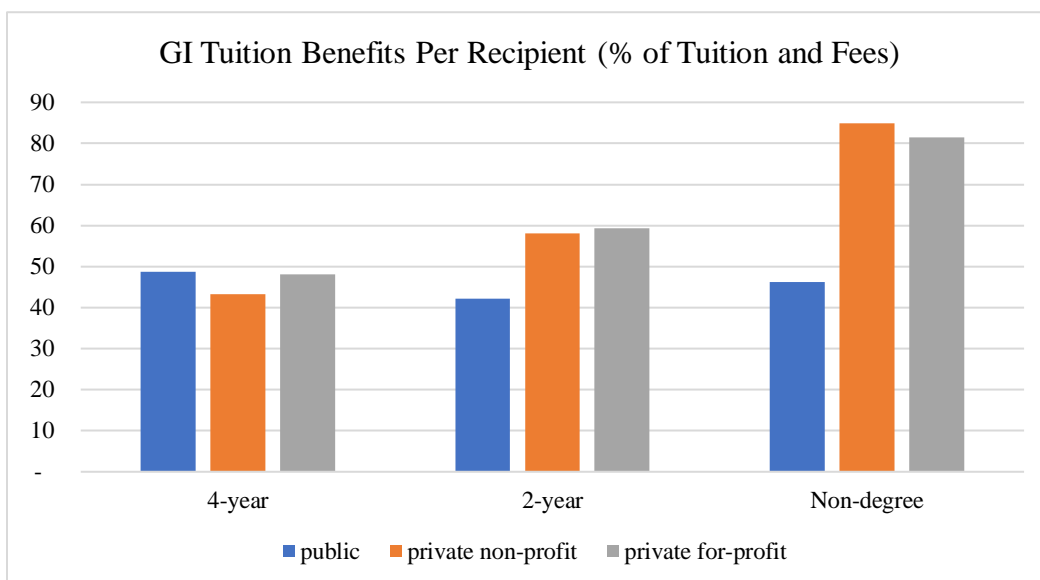
School Type	Total Cost of Attendance	Direct Loans	Pell Grants	Federal Aid Share of Total Cost
4-year				
Public	\$25,833	\$6,600	\$4,461	43%
Private non-profit	\$41,340	\$7,175	\$4,399	28%
Private for-profit	\$45,471	\$8,631	\$4,228	28%
4-year Average	\$37,548	\$7,469	\$4,363	32%
2-year				
Public	\$14,667	\$5,078	\$3,985	62%
Private non-profit	\$36,120	\$6,889	\$5,154	33%
Private for-profit	\$34,136	\$7,122	\$4,262	33%
2-year Average	\$28,308	\$6,363	\$4,467	38%
Non-degree-granting				
Public	\$19,606	\$6,331	\$4,070	53%
Private non-profit	\$26,898	\$6,568	\$4,335	41%
Private for-profit	\$27,168	\$6,563	\$4,020	39%
< 2-year Average	\$24,557	\$6,487	\$4,142	43%

Source: Committee analysis of Department of Education data, Integrated Postsecondary Education Data System (IPEDS).

Note: Pell Grant and Direct Loan amounts were calculated by dividing the total dollar value of the assistance provided by the number of students that received the assistance.

In addition, when examining the average amount of Post-9/11 GI bill education assistance per recipient (specifically, tuition and fees paid to institutions of higher education on behalf of veterans), those attending 2-year and non-degree-granting institutions receive more than an equitable amount, taking into account cost of the institution (see figure 7).

Figure 7: Post-9/11 GI Bill Tuition Benefits by type of School, Academic Year 2017-2018



Source: Committee analysis of Department of Education data, Integrated Postsecondary Education Data System (IPEDS). Data represents tuition and fees paid to post-secondary institutions by the VA through the Post-9/11 GI bill program as a share of the school's published tuition and fees.

As an example, veterans attending Kellogg Community College, a public, 2-year institution with associates degrees and certificates available in dozens of areas of study, including industrial trades, received on average \$3,161 in Post-9/11 GI Bill tuition benefits, and average tuition at this type of institution is \$6,105. A veteran attending the University of Detroit-Mercy, a private, non-profit 4-year school, received on average \$18,163 in Post-9/11 GI tuition benefits, but the tuition at this type of school averages \$27,067.

Tax Incentives

Tax incentives are equally available to students pursuing short-term programs resulting in credentials or certifications as those pursuing a 4-year degree. Most incentives become available after higher education expenses have been incurred, and students or their parents must wait until they file their federal income tax returns to claim them.²⁵

IV. WORKFORCE AND SKILLS TRAINING PROGRAMS ARE FRAGMENTED ACROSS THE FEDERAL GOVERNMENT

While some positive changes have been made in the last decade to strengthen federal skills and workforce training programs and reduce overlap, more needs to be done, as the overall approach is still fragmented. In addition, overall program funding has declined. Key legislation governing workforce training programs is up for reauthorization—WIOA, Trade Adjustment Assistance, and the *National Apprenticeship Act*.

The 2014 *Workforce, Innovation and Opportunity Act (WIOA)*, which placed greater emphasis on aligning and integrating workforce programs, and the 2018 re-authorization of the *Carl D. Perkins Career and Technical Education Act*, the primary federal law aimed at developing and supporting career and technical education, represented steps forward in improving the federal government's approach to workforce training.²⁶ The latter introduced several changes that improved coordination, including a requirement that states' plans contain information on how the state's activities will be coordinated with state activities under WIOA and the *Elementary and Secondary Education Act*, and introduced a national competitive grant program aimed at identifying, supporting, and evaluating evidence-based and innovative strategies and activities to improve and modernize career and technical education (CTE) and align workforce skills with labor market needs.

²⁵ Congressional Research Service, *Higher Education Tax Benefits: Brief Overview and Budgetary Effects* (R41967, July 20, 2020).

²⁶ Congressional Research Service, *The Workforce Innovation and Opportunity Act and the One-Stop Delivery System* (R44252, October 27, 2015), and Congressional Research Service, *Reauthorization of the Perkins Act in the 115th Congress: The Strengthening Career and Technical Education for the 21st Century Act* (R45446, December 21, 2018).

However, despite these positive developments, the programs are still quite decentralized. GAO recently reported the existence of 43 workforce training programs spread across 9 agencies. The programs generally overlap by providing similar services, such as employment counseling and assessment services and job readiness training. GAO concluded that, while agencies and programs report taking actions to increase coordination among their programs, lack of evaluation focused on program coordination has resulted in a void of information on programs' collective impact, and GAO recommended that the Department of Labor consult with other agencies with workforce training programs and develop a plan for collective evaluation of their training programs.²⁷

GAO also found that spending through these programs had decreased from about \$20 billion per year in fiscal year 2009, adjusting for inflation, to about \$14 billion in fiscal year 2017.²⁸ One critical WIOA program—the Reentry Employment Opportunities Program, which helps formerly incarcerated young adults and adults learn skills that will help them secure good jobs as they transition back into society—does not have secure funding due to its status as a pilot program.

Another challenge that has recently surfaced is the impact of the pandemic on workforce training programs, in particular, on-the-job training and registered apprenticeships, which have been disproportionately disrupted by the COVID-19 pandemic because they are more difficult to move to online platforms. Some of these programs—including the Post-9/11 GI bill—require participants to meet a minimum number of hours in order to receive housing or other allowances. The shutdowns required by the response to the pandemic have made it all but impossible for participants to meet these requirements, which jeopardizes their training and continued participation.

CONCLUSION

At a time when our economy has been severely impacted by a global pandemic and millions of Americans are out of work, the U.S. needs to take bold action to reimagine government's role in ensuring that every American is prepared with the skills and education necessary to thrive. The government has made substantial investment in facilitating access to post-secondary education at 4-year, 2-year, and non-degree-granting institutions of higher education. However, the current disparity in funding between higher education and workforce training programs means that if the government wants to ensure that Americans have the right skills to succeed in today's economy, greater investment in workforce training is necessary. To help more Americans get the skills and training they need for the high paying high skilled jobs that manufacturing and other sectors offer, the government needs to leverage the knowledge, resources, and programs in the higher education realm and improve access to skills training within institutions of higher education and workforce training programs.

²⁷ Government Accountability Office, *Employment and Training Programs: Department of Labor Should Assess Efforts to Coordinate Services Across Programs*, GAO-19-200 (Washington, D.C.: March 28, 2019).

²⁸ *Id.* The report noted that the decrease in funding reflected the fact that the Great Recession and one-time funding made available under the Recovery Act had ended. Recovery Act funds were provided to help preserve and create jobs and promote economic recovery, among other purposes. The report did not include within its scope the Department of Veterans' Affairs Post 9-11 GI bill.

Senator Peters has introduced three critical pieces of legislation to strengthen U.S. workforce training programs. The *National Institute of Manufacturing Act* would establish an independent federal institute—the National Institute of Manufacturing—that would serve as a hub for federal manufacturing programs and coordinate federal manufacturing policy across varying sectors of the economy. The legislation would improve efficiencies in federal programming, improve accountability by appointing a single leader to oversee disparate manufacturing programs, better coordinate input, and allow the government to respond to rapid changes in the global manufacturing landscape. Importantly, the legislation creates a Directorate for Education and Workforce Development within the NIM that administers the Manufacturing Engineering Education Program established under section 2196 of title 10, United States Code, as well as other programs and activities that promote the short-term and long-term workforce and education needs of the manufacturing sector.

Bipartisan legislation introduced by Senator Peters and Senator Lisa Murkowski, S. 4373, modifies requirements related to educational benefits for veterans whose registered apprenticeships were cut short or ended due to the pandemic. The legislation would extend the housing benefits for up to 120 days and would allow veteran apprentices who were laid off to roll over excess hours from a previous month, if necessary, to meet the hourly requirements necessary to maintain their benefits.

Lastly, bipartisan legislation introduced by Senator Peters and Senator Rob Portman, the *Reentry Employment Opportunities Act*, would codify into law the U.S. Department of Labor’s Reentry Employment Opportunities (REO) Program, which supports national, regional and local organizations that administer skills training programs to help these individuals transition back to society with a secure job. This program was authorized under WIOA with pilot program status, and codifying it into law would ensure its future.

In addition, Congress needs to take action to greatly increase the amount of funding for workforce training programs. The overall level of spending on these programs has declined over the last ten years, and beyond that, the programs are not able to keep up with current information and workforce trends. The importance of greater financial investment in American workers cannot be overstated, as our economy reels from the devastating effects of the pandemic and whole industries are being reshaped.

Finally, the federal government must take steps to ensure that students and their families, who are normally shepherded through the financial aid process by experienced guidance counselors, are not left alone to ponder their options and piece together a post-high school plan. Congress should take immediate action, pass these important pieces of legislation, and provide the funding necessary to support workforce skills training and help make Americans competitive in the 21st century workforce.