



Written by [Brian Koenig](#) on May 19, 2012

GAO Finds Rampant Waste in \$18B Federal Job-training Program

A Government Accountability Office (GAO) study, commissioned by Sen. Tom Coburn (Okla.), is bringing to question whether taxpayers should finance an \$18-billion annual “investment” in federal programs that provide training to unemployed Americans. The 2011 analysis, which observed programs in fiscal year 2009, pinpointed a profuse and overlapping mesh of 47 different job-training programs administered by nine agencies.



“The vast majority of money we spend in job training doesn’t go to job training, it goes to employ people in those job training federal programs,” Coburn [said](#) in an interview with Fox News. Some programs are brimming with fraud and abuse, with taxpayer-funded dollars being spent on affairs that are in no way associated with professional training. For example, the study reported:

- Some job training participants spent their days sitting on a bus.
- Some were trained for jobs that didn’t exist.
- Others were paid to sit through educational sessions about jobs they already had.
- High school students were knowingly exposed to the cancer-causing agent asbestos as part of a job training program.
- Funds were misspent to pay a contractor for ghost employees and to purchase video games.
- Job training administrators spent federal funds on extravagant meals and bonuses for themselves.
- In one state, workforce agency employees took more than 100 gambling trips to casinos mostly during work hours.

Another study conducted late last year by The Parthenon Group, commissioned by Corinthian Colleges, Inc., found only one out of every 25 Americans who have received federal job training actually acquired some form of classroom-based skills training. In addition to outright fraud and abuse, the study’s authors concluded, such programs are often serviced by inept entities that have little interest in providing any true educational value.

Meanwhile, The Parthenon report indicated, private-sector colleges and institutions are dedicated to meeting the quality standards necessary to equip workers with quality educational tools. “The Parthenon Group research clearly demonstrates that private-sector career colleges and community colleges play an indispensable, though largely unacknowledged role in preparing American workers for the 21st century economy,” [said](#) Jack Massimino, chairman and CEO of Corinthian Colleges, Inc. “The federal government should recognize and support the sector as an ally in putting America back to work.”

The GAO report, along with Sen. Coburn’s criticisms, comes at a delicate time, as the federal



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government's comatose fiscal state becomes a heated discussion for the November elections. Ironically, throughout his presidential tenure, Obama has made funding for job-training programs a high priority, and just last month he proudly exhibited one such program at Lorain County Community College in the battleground state of Ohio.

"Ninety percent of people who graduate from this program have a job three months later — 90 percent," the President [told](#) a crowd of students and faculty. "That's a big deal," he continued. "Why would we want to cut this program to give folks like me a tax cut that we don't need and that the country cannot afford?"

During the campaign stop, Obama railed against Republican budgets that seek to trim the \$18-billion jobs training program. "What's the better way to make our economy stronger," he affirmed, "give more tax breaks to every millionaire and billionaire in the country, or make investments in education and research and health care and job training?"

GOP presidential candidate Mitt Romney, who does not disagree with the principle of government-funded jobs programs, said during a February town hall meeting that spending on federal job training demands a serious overhaul, and that such funding should be provided by state and local communities. "Let's take that money, give it back to the state, let you fashion your own programs so that you can train your own workers for the jobs of tomorrow," Mr. Romney asserted.

Even Andy Van Kleunen, executive director of the National Skills Coalition and a prominent supporter of federal job training, acknowledges that such spending is being grossly mismanaged and, at the very least, should be reevaluated. "What we need to take a look at is what we know is working in our job training programs," he suggests. "Places where we have community-based organizations and colleges partnering with employer and local industries. That's really the most effective practice that we see across all of these programs."

Of course, to lawmakers, federal programs designed to help unemployed workers find jobs — particularly in a down economy — are indications that the government is "doing something" to help prop up the labor market. However, federal employment and training schemes do not fulfill any vital economic need that the private sector doesn't already fulfill. In fact, government jobs programs — which entail siphoning money out of the economy in order to fund programs intended to help the economy — are based on the fallacy that government can better allocate resources than the private sector.

Despite the persistently stale labor market, a modest portion of unemployed Americans are seeking federal services; instead, they are relying on networking, Internet browsing, private-education institutions, and other market-derived entities and services. Rather than "reforming" the budget for federal job training, Congress should abolish such spending altogether. And given today's skyrocketing budget deficits, federal employment and training programs are prime targets for elimination.



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