

# — BELIEVE IN — AMERICA

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Mitt Romney's Plan for Jobs and Economic Growth

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*“I have seen that the best training often occurs in the workplace where it is targeted to a job that is actually needed. That is one reason why I favor programs that incentivize employers to hire and train people who have been out of work for an extended period of time, who have disabilities, or who have been affected by the failure of a company or industry.”*

*(Mitt Romney, No Apology)*

## Human Capital Policy

### RETRAINING WORKERS

- Consolidate unwieldy sprawl of federal programs
- Return authority, responsibility, and funds to states for retraining programs
- Support private-sector participation in the process

### THE BEST AND THE BRIGHTEST

- Raise visa caps for highly skilled foreign workers
- Give permanent residency to eligible advanced-degree recipients

The dynamism of the American workforce is our country's greatest renewable natural resource. Hardworking Americans are the source of new ideas, businesses, and ultimately jobs. Jump-starting economic growth therefore requires that American workers have the skills that are needed to unleash their potential.

One of the troubling features of the American economy today is the mismatch between the skill set of the American workforce and the requirements of the employment market. The gap between the two lies at the heart of our jobs crisis. On the one hand, there are many Americans who lack the education and skills that would allow them to find well-paid, or even any, work in an economy increasingly driven by technology. On the other hand, there are many American businesses that could grow more quickly if they could find more workers with the requisite skills. And there are many new businesses that have not yet even been dreamed up—the next Apple or Boeing or Coca-Cola—but that could create countless jobs in the hands of the right entrepreneur.

Over two centuries, American workers have repeatedly proven themselves to be the most productive and the most capable at adapting themselves to changing economic conditions and embracing new technologies that come on stream. During that time, the American economy has also been the beneficiary of the extraordinary contributions made by the best and the brightest from around the world who have chosen to make our country their new home. This combination has propelled the American economy to heights envied across the world. It can do so again.

## The Obama Approach: Ineffective Government for All

President Obama's approach to human capital is, here as elsewhere, to let government take the lead. His major focus has been on worker retraining programs. What he has done deserves close and careful examination—not for any positive accomplishments, but rather because it is a case study in appalling inefficiency and waste and an abject lesson in how not to run government.

### **A Tangled Web of Bureaucracy**

The federal government has been pouring money into retraining programs. In fiscal year 2009, the sum total was \$18 billion—not small change. How was this taxpayer money spent? The answer loops around 47 separate employment and job training programs administered by nine different federal agencies. Seven of the 47 programs account for three-fourths of the spending, but all except 3 of the 47 programs overlap with at least one other program. The separate administrative structures of so many programs cause senseless duplication and inevitable waste of scarce resources.

### **No Accountability**

Of course, we should judge these programs by their results and not by the Byzantine bureaucratic edifice that manages them. But it turns out that judging their results is all but impossible: only 5 of the 47 programs have had their results thoroughly evaluated since 2004. According to the Government Accountability Office (GAO), “little is known about the effectiveness of most programs.” It also turns out that the little we do know has not been particularly heartening.

The GAO study looked at several programs and found “impacts that tended to be small, inconclusive, or restricted to [the] short-term.” A 2008 study focusing on one of the five, the Workforce Investment Act's Adult and Dislocated Workers program, found “small or nonexistent” results. Resources that the Obama administration has directed toward preparing workers for “green” jobs—some \$500 million—have led to results that have been as poor as the presidential pronouncements hailing the green economy have been grand. The overwhelming majority of those who have completed such training remain out of work. For

instance, to use an example also relevant in the energy policy context, of the 3,586 individuals who completed a Department of Labor-funded “green” job training program, only 466 found new jobs.

Or, for another example, consider Trade Adjustment Assistance (TAA). This favorite of the labor unions provides special benefits for those workers whom the government determines have been dislocated by international trade. But those benefits are almost entirely redundant with other retraining programs. TAA is also one of the few programs that has actually been evaluated by academic researchers and the GAO and found to be completely ineffective. Yet President Obama expanded it as part of his stimulus spending and is now demanding its reauthorization as a condition for moving forward with Free Trade Agreements that he himself acknowledges will lead to the creation of thousands of jobs.



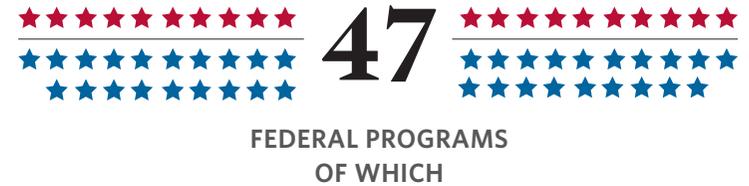
This is the kind of government waste, political horse trading, and administrative chaos that has brought discredit on the federal government. We cannot afford to squander taxpayer money in this way. President Obama's job retraining record is a live, ongoing demonstration of why federal spending in so many areas needs to be scaled back.

## Mitt Romney's Plan: Develop a 21st-Century Workforce

Investment in human capital must begin in our classrooms, and Mitt Romney is committed to helping states pursue reforms that will return our schools to world leadership. But the return on that investment will pay dividends in the decades to come, a time horizon far removed from the immediacy of the present crisis. Romney sees two important objectives that America can pursue immediately to build on the extraordinary traditional strengths of its workforce.

The first is to retrain American workers to ensure that they have the education and skills to match the jobs of today's economy. The second is to attract the best

### The Federal Government Approach to Retraining



TOTAL COST

**\$18 BILLION**

“[L]ittle is known about the effectiveness of most programs.”

—Government Accountability Office

and brightest from around the world. The two approaches are complementary; many of this country's most vigorous job creators have come here from abroad. In a period of chronic high unemployment such as we are enduring now, retraining workers to fill the opportunities in rising sectors of the new economy remains an especially vital task.

## **RETRAINING WORKERS**

Mitt Romney will approach retraining policy with a conservative mindset that recognizes it as an area where the federal government is particularly ill-equipped to succeed. Retraining efforts must be founded upon a partnership that brings together the states and the private sector. The sprawling federal network of redundant bureaucracies should be dismantled and the funds used for better purposes.

### **Consolidate Redundant Programs**

The current retraining system is a labyrinth of federal programs and middle men that consumes a large share of the money intended for services to the unemployed. As noted earlier, federal retraining efforts currently sprawl across 47 programs and 9 agencies. Upon reviewing the 47 retraining programs, the GAO found that 44 of the programs overlapped with at least one other program. As president, Mitt Romney will immediately move to evaluate existing programs, eliminate redundancy, and consolidate funding streams. As much current activity as possible should be concentrated in a single program at a single agency, with other specialized programs surviving only if there are uniquely situated groups whose needs must be addressed at the federal level.

### **Give Authority to the States**

Once the main body of federal retraining funds has been channeled to a single program, a President Romney will push for the program to operate by issuing block grants to states and evaluating results. Unlike the federal government, states are close to the ground and have the ability to meet the particular needs of their region and local population. As things stand, there is a disconnect between the needs of unemployed Americans and the strictures of the federal programs. Funding is all too often earmarked for the wrong purposes and does not make its way to Americans in need. States must be given more flexibility to use retraining funds to address their local conditions.

Many states have taken positive steps to address unemployment through retraining. States could have far more room to experiment if resources were not tied up in rigid federal programs. While some experiments will undoubtedly prove unsuccessful, those that achieve results can be studied and copied elsewhere. But each state will be able to adjust each program to its specific circumstances. The appropriate role for the federal government is in implementing stringent accountability measures to ensure that the money is well spent rather than in controlling how it is spent.

### **Create Personal Reemployment Accounts**

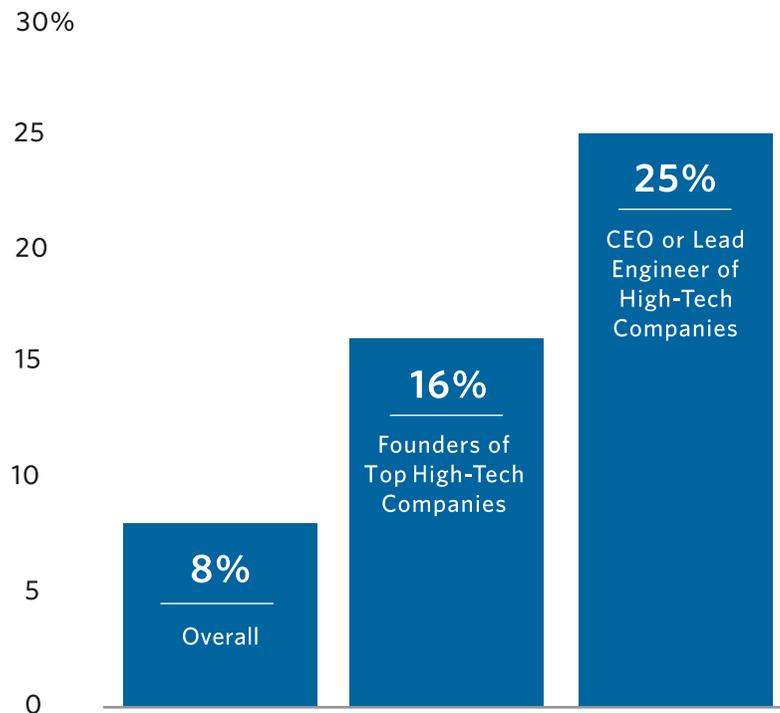
One particularly promising approach that Mitt Romney supports and believes states should be encouraged to pursue is a system of Personal Reemployment Accounts for unemployed individuals. Each eligible participant would have control over an account that contained funds to be put toward retraining. Instead of a one-size-fits-all approach that spends enormous sums on overhead, individuals would control their own funds and could use their accounts to pursue any one of a range of options. Individuals could decide, for example, to enroll in a local community college and gain skills in the classroom or they could pursue other forms of technical or vocational training. Or they could use their funds to participate in state-run programs—but such programs would be subject to market forces and would receive funding only to the extent that individuals found the government's offering to be most the attractive. The point is that an individual knows better than the government what avenue will lead most rapidly to a job.

### **Encourage Private-Sector Participation**

Another advantage of Personal Reemployment Accounts is that they would facilitate programs that place individuals directly into companies that provide on-the-job training. In such programs, retraining funds would then be given to the private companies as incentives to hire and train new workers, instead of being spent to pay the salaries of federal bureaucrats. To ensure a mutually beneficial partnership, companies would earn the funds only upon retraining and retaining an individual for a sufficient period of time. While programs that provide incentives for private-sector participation already exist, their potential has been hindered by inflexible federal requirements. Nonetheless, some have shown promise.

**Figure 12: Foreign-Born Job Creators**

Immigrants as a Share of the Population



Lawful immigrants to the United States make up only 8 percent of the American population. Yet, 16 percent of the founders of top-performing high-technology companies and 25 percent of tech CEOs and lead engineers were born outside the country.

Source: U.S. Department of Homeland Security; Census Bureau, Brookings Institution; *Democracy: A Journal of Ideas*

As governor of Massachusetts, Mitt Romney helped create an on-the-job program that reimbursed private companies for training expenses. It fostered a market in which private enterprises sought out unemployed people—an approach that both parties found remunerative. Georgia’s retraining program, Georgia Works, has shown impressive success by allowing individuals to continue to receive unemployment benefits while training at private-sector companies. These companies incur no expense, yet they are connected to a pool of individuals who are eager and available to be trained and, potentially, hired. In turn, individuals learn valuable skills, network, and receive a stipend to support their continued search for work.

These examples demonstrate the value of states as the laboratories of democracy, to use Justice Louis Brandeis’s famous formulation. But it would be a mistake for the federal government to conclude that a program such as Massachusetts’s or Georgia’s should be turned into federal programs. The whole point is that these initiatives have succeeded because they are tailor-made for local conditions. Other states should certainly draw upon them as they deem appropriate for their needs. But what works in Alaska may require some significant tweaking before it works in Hawaii. Romney supports private-sector-led retraining initiatives and will seek to ensure that the federal government does not stand in their way.

**ATTRACTING THE BEST AND THE BRIGHTEST**

To ensure that America continues to lead the world in innovation and economic dynamism, a Romney administration would press for an immigration policy designed to maximize America’s economic potential. The United States needs to attract and retain job creators from wherever they come.

Foreign-born residents with advanced degrees start companies, create jobs, and drive innovation at an especially high rate. While lawful immigrants comprise about 8 percent of the population, immigrants start 16 percent of our top-performing, high-technology companies, hold the position of CEO or lead engineer in 25 percent of high-tech firms, and produce over 25 percent of all patent applications filed from the United States. The presence of hardworking, highly skilled immigrants in our free-enterprise system fosters a special dynamic that is recognized around the world. The net result of their successes is the creation of jobs here in America that would otherwise have been created elsewhere or, more likely, never created at all.

It makes little sense for the United States to turn away highly educated immigrants who seek to come here. It makes equally little sense to train talented foreign students in our universities but then fail to integrate them into our economy. Nearly 300,000 foreign students are enrolled in advanced degrees programs here, but the great majority will return home. We are casting away the fruits of our own investment. As has long been our American tradition, we should encourage the world's innovators, inventors, and pioneers to immigrate to the United States and we should encourage those we train to settle and create jobs here.

### **Raise Visa Caps for Highly Skilled Workers**

As president, a first step that Mitt Romney will take along these lines is to raise the ceiling on the number of visas issued to holders of advanced degrees in math, science, and engineering who have job offers in those fields from U.S. companies. These workers would not displace unemployed Americans. Rather, they would fill high-skill job openings for which there is currently an acute shortage of labor. Even in this tough unemployment climate, as of this past spring nearly 1.25 million high-skill jobs remained unfilled.

A skills gap of that magnitude suppresses the productivity of our businesses and slows the overall economy. Highly educated immigrants would help fill that gap and get our economy rolling again. Welcoming a wider pool of highly educated immigrants would lead to more start-ups, more innovation, and more jobs. Each of these workers would in turn be consumers in local economies, creating new demand for other American products and services. Thus, for every foreign worker employed in this way, new job opportunities also arise for those who are currently unemployed.

### **Retain Graduates of Our Universities**

As president, Mitt Romney will also work to establish a policy that staples a green card to the diploma of every eligible student visa holder who graduates from one of our universities with an advanced degree in math, science, or engineering. These graduates are highly skilled, motivated, English-speaking, and integrated into their American communities. Permanent residency would offer them the certainty required to start businesses and drive American innovation. As with the highly skilled visa holders, these new Americans would generate economic ripples that redounded to the benefit of all.



The United States has long led the world in a range of cutting-edge sciences and technologies. We did not get to this position by accident. Previous generations of American leaders had the vision to invest in the institutions that enabled us to flourish. But the wellspring of innovation has to be perpetually replenished. It is not only a matter of making sure that the world's most brilliant inventors and energetic job creators can find a home in this country. American workers need to be prepared to work in the new industries that are rising as old ones falter. The Obama administration has failed to meet these challenges. Mitt Romney spent most of his career working in private enterprise. He has a better way.

## Meg Whitman on Human Capital Policy



Global executives respect America for its talent, creativity, and innovative culture. This spirit built our nation and its reputation for leadership in many different industries: technology, finance, health care, agriculture, biotech, and all kinds of manufacturing, to name a few.

During my career working with companies including eBay, Procter & Gamble and The Walt Disney Company, I knew that success was possible only with a team of talented and committed people sharing a common vision. Great teams always deliver amazing results. They helped create the world's best online marketplace where individual entrepreneurs could compete with the largest corporations. They transformed entertainment through dynamic new ways to bring animated characters to life on the big screen. And they even revolutionized agriculture, leading to the most efficient use of natural resources and ways to produce crops that feed the world.

Make no mistake, innovation drives opportunity, creates jobs, and sustains our economy. It is the foundation upon which families prosper and communities thrive.

But they cannot do so when government gets in the way... like it is today.

I've worked with Mitt Romney for many years. In fact, he was my first boss when I moved to San Francisco after business school. I've seen him excel in pressure situations and under the most difficult conditions. I know what Mitt's made of and what he stands for.

Mitt Romney's vision for America is the right vision. He knows what it takes to help entrepreneurs start a business. He knows that successful businesses are really people working together to provide for their families and deliver goods and services throughout the world. And most importantly, Mitt knows that America prospers only when people are working, providing for their families and contributing to society.

Sadly, the policies of the current administration do not reflect this vision or our values as a nation. But working together and with Mitt Romney in the White House, we can get back on track. Here's how:

First, we have to ensure our workforce remains the most educated, skilled, and innovative in the world. Despite near-record unemployment, there are more than a million open jobs for people with advanced skills and technical expertise.

The bridge to these jobs is making sure that our schools are preparing students, giving them the skills necessary to succeed in the global market. We need to provide younger generations with the math, science, engineering, and critical thinking skills to succeed in all kinds of career fields. From preschool to PhD, America must have the best education system. If we want to turn things around, and for our economy to bloom in the future, we need an absolute focus on educational excellence.

Moreover, we have to retrain American workers so they can flourish in emerging new industries. A decade ago, there was no Facebook or Twitter. The American economy is dynamic and always modernizing. We must make sure that today's workforce keeps pace so that it can continue to fuel economic success and entrepreneurial prosperity. Our men and women can do the job; we simply need to provide the right support.

Another way to strengthen the workforce is by welcoming young minds to America from around the world. Motivated, hardworking, and highly skilled immigrants are the fabric of our country's rich history, and they benefit our economy in many ways. First, they deliver expertise to cutting-edge companies seeking to innovate in highly technical and ultra-competitive markets. Second, they start companies, producing patented technologies and creating new jobs. For example, a 28-year-old French immigrant of Persian heritage, in a San Jose living room, founded eBay. And for every software engineer we hired to work for eBay, many other people got good jobs in important supporting roles. All these men and women helped make eBay great, but it would never have happened if the company's founder didn't come to America and benefit from the Silicon Valley's innovative spirit.

That's what Mitt Romney's all about. His jobs plan is predicated upon creating the climate in which entrepreneurs will take risks and start the next eBay, Genentech, Google, or Disney here. Mitt wants to make sure that the next world-changing invention is "Made in America." Mitt's plan lifts barriers and embraces people who hold advanced degrees in math, science, and engineering. The Romney plan also stops the irrational practice of educating foreign students in America's world-class universities and then forcing them to take their talents and dreams away when they graduate.

Mitt Romney is committed to restoring America's economic promise and working to rebuild our economy. Unlike other candidates, he knows what it takes to create private-sector jobs, and that's exactly what our country needs.

I've seen Mitt do it before, and America needs him to do it again.

*Meg Whitman is the former CEO of eBay. In 2010, she was the Republican nominee for governor of California.*





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To read the full plan for jobs and  
economic growth, visit

[www.MittRomney.com](http://www.MittRomney.com)

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