



NATIONAL SKILLS COALITION  
Every worker. Every industry. A strong economy.

# Federal Budget and Appropriations

Audio Update

May 5, 2011

# Our Vision

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We seek an America that grows its economy by investing in its people, so that every worker and every industry has the skills to compete and prosper.



# Our Mission

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- We **organize** broad-based coalitions seeking to raise the skills of America's workers across a range of industries.
- We **advocate** for public policies that invest in what works, as informed by our members' real-world expertise.
- And we **communicate** these goals to an American public seeking a vision for a strong U.S. economy that allows everyone to be part of its success.

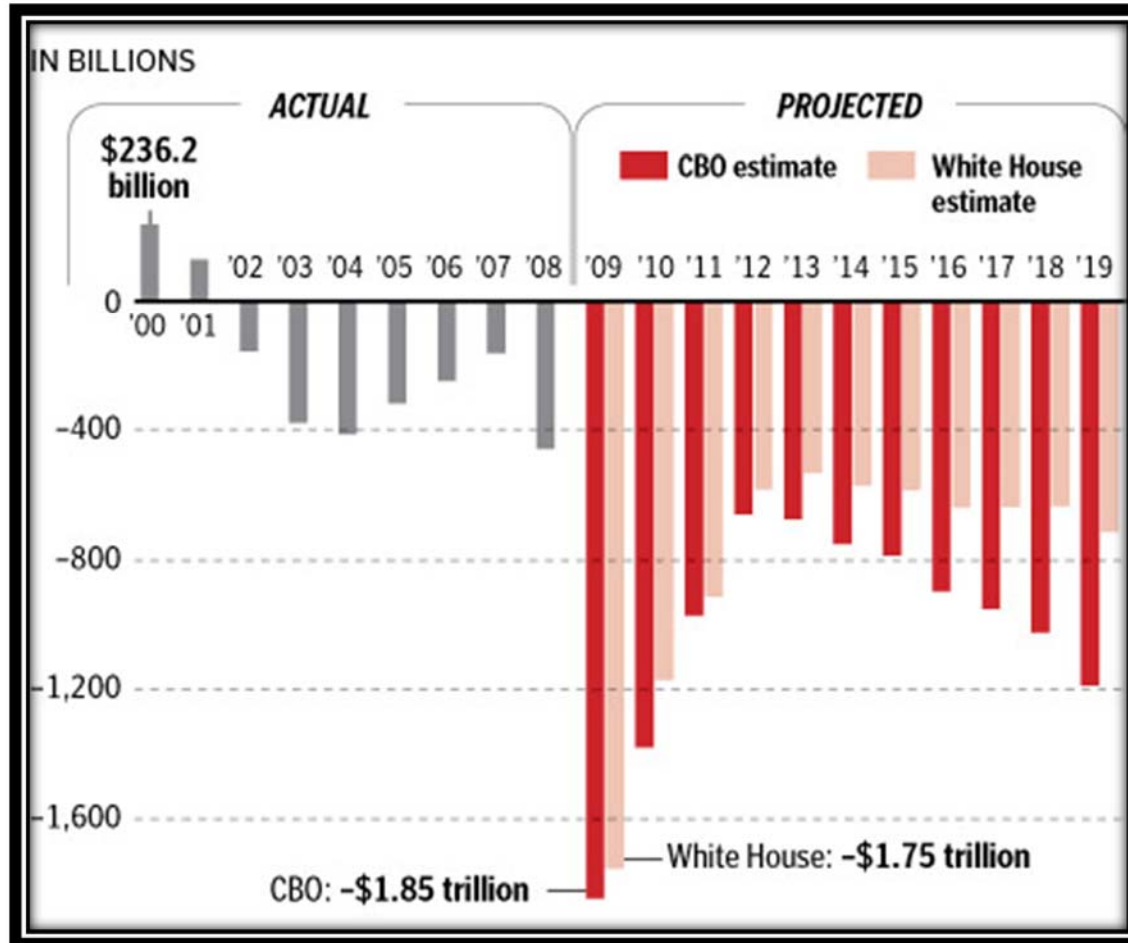


# Federal Budget and Appropriations

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# Federal Deficit

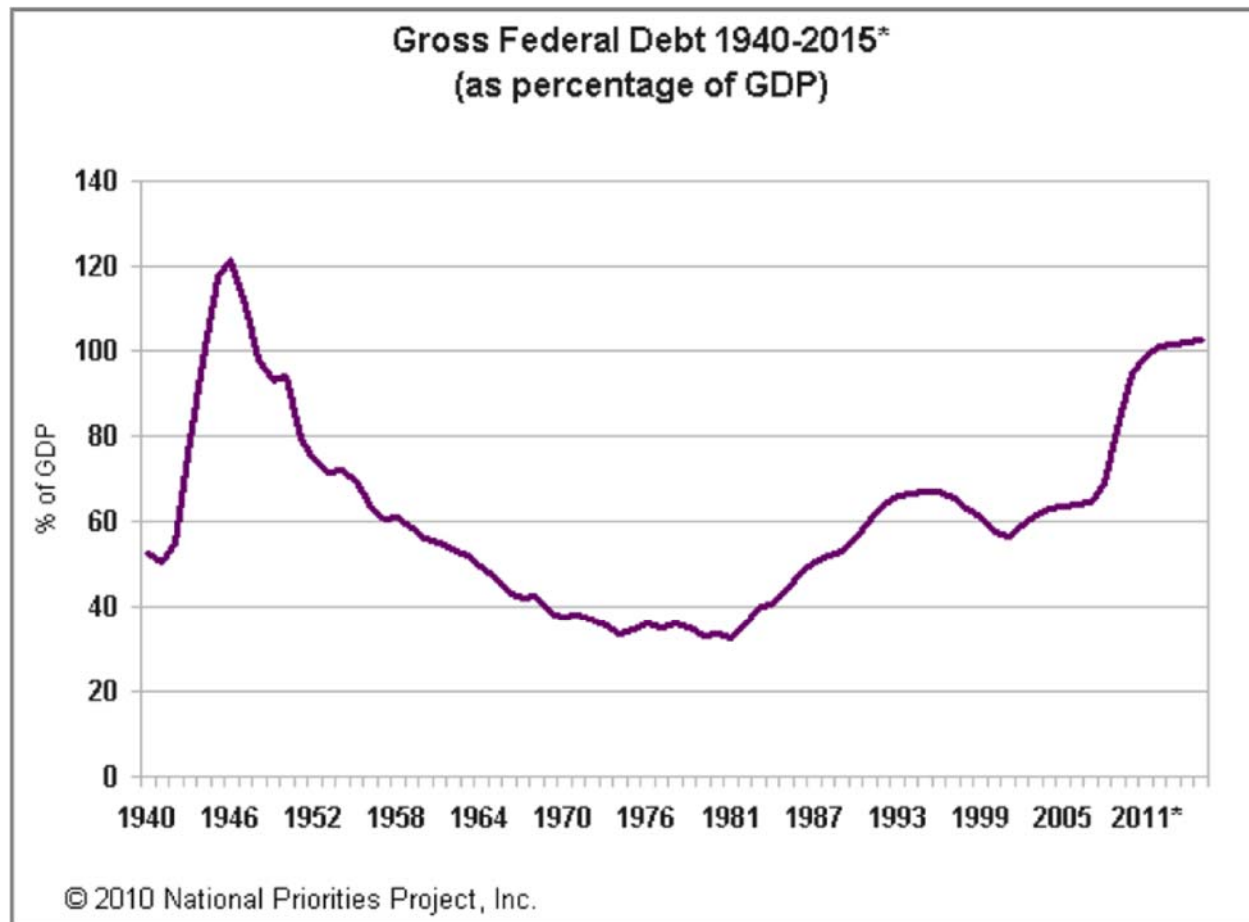


# Federal Debt

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# Federal Debt as a Percent of GDP



# Budget and Appropriations Process, Key Dates

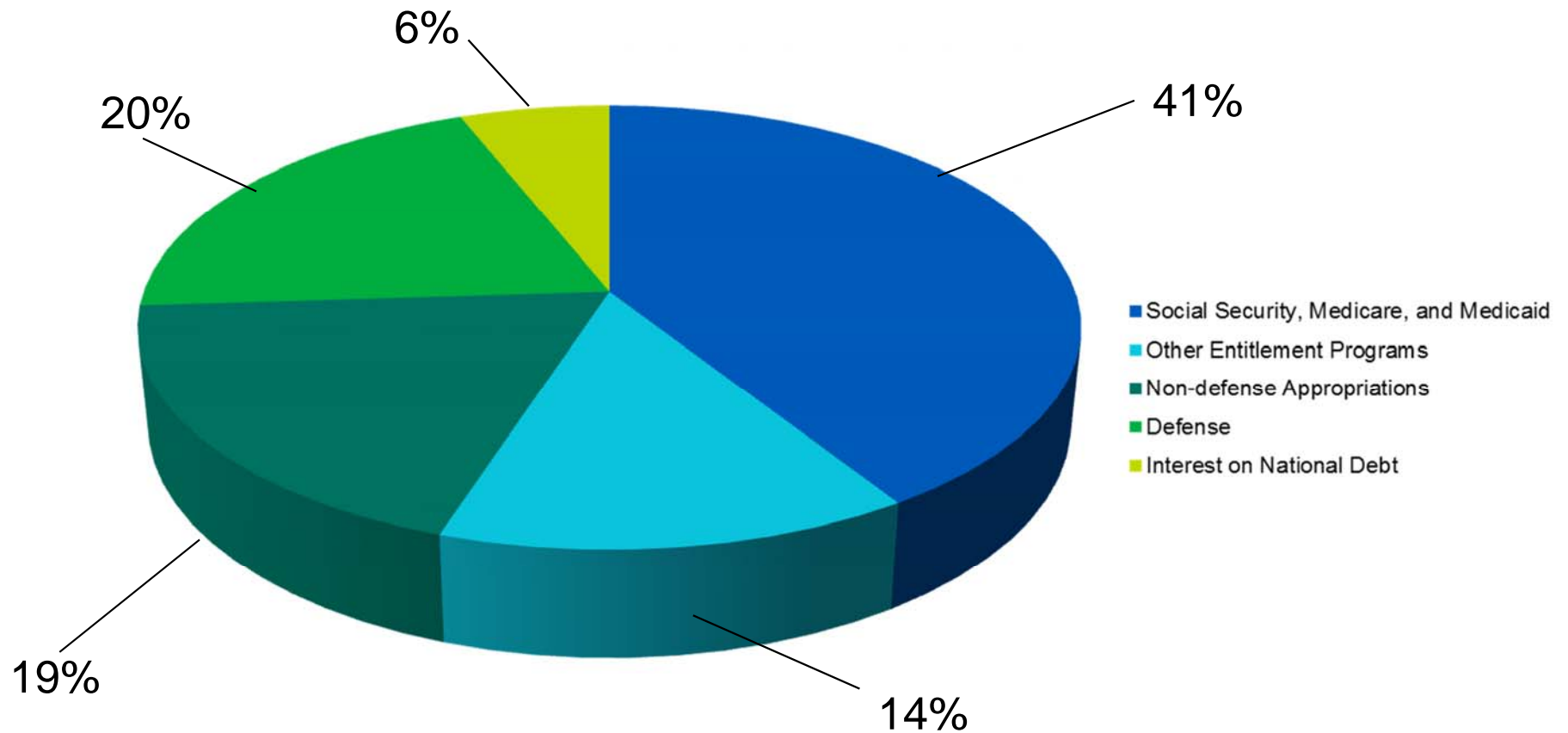
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- First Monday in February: President's budget proposal (DONE)
- April 15: Budget Resolution (House, not Senate)
- May 15: Appropriations committees may begin work
- August: Raise Debt Ceiling\*
- September 30: End of Fiscal Year



# Federal Spending, FY 2010

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Source: <http://www.cbpp.org/cms/index.cfm?fa=view&id=155>



# Key Question: How Does Congress Address the Federal Deficit?

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- “Non-defense, domestic discretionary spending” (environment, job training, education, child care, housing, etc.)
- Mandatory spending (“entitlement programs,” Social Security, Medicare and Medicaid, SNAP, TANF)
- Eliminate current tax cuts/change tax code



# Fiscal Year 2011 ("Continuing Resolution")

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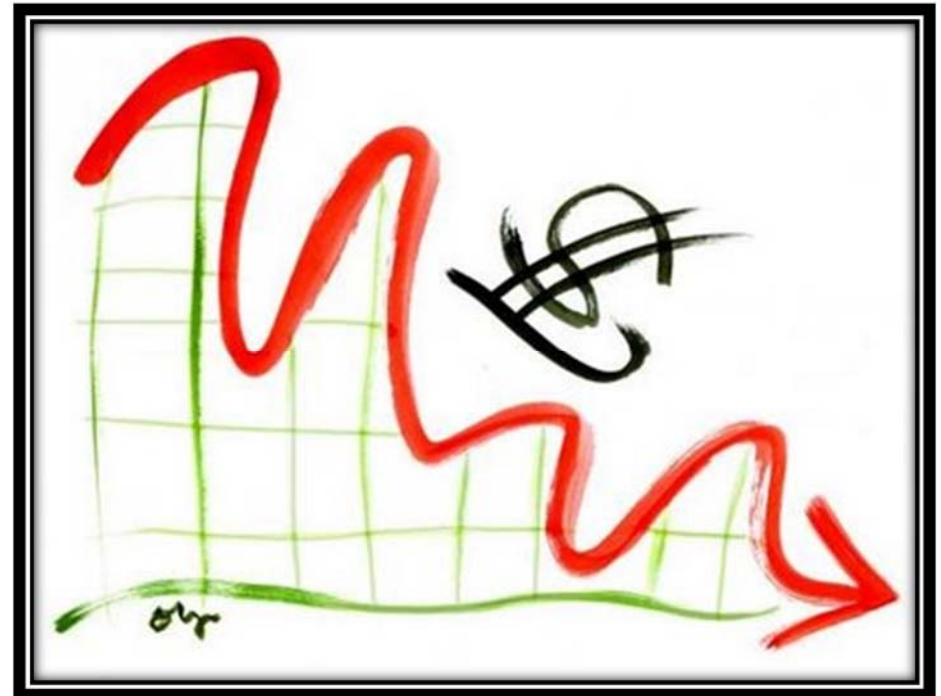
- Eight CRs since October 1, 2010
- Campaign pledge: \$100B in cuts
- House-passed H.R. 1
- Policy riders
- Threat of government shutdown
- Final CR signed April 15, \$38B in cuts



# H.R. 1 (House-passed), Workforce Programs

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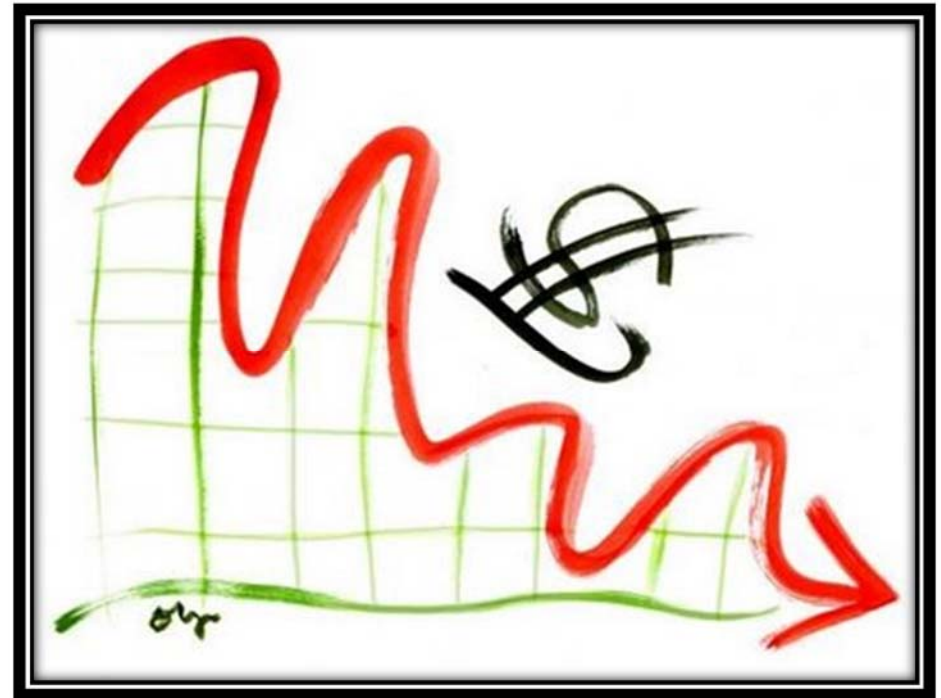
- **More than \$4B in cuts**
- Eliminated WIA Title I funding
- Eliminated YouthBuild, green jobs, career pathways, reintegration of ex-offenders
- Cut Job Corps, Pell, CTE, CSEOA



# H.R. 1473 (Final), Workforce Funding

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- **\$1.1B in cuts**
- \$307M WIA cut (+125M “Workforce Innovation Fund”)
- Eliminated green jobs, career pathways, transitional jobs
- Cut YouthBuild, reintegration of ex-offenders, CTE, CSEOA
- Statewide set-aside reduced to 5 percent



# Key Takeaways, FY 2011 CR

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- Terms of debate have changed: deficit reduction, not job creation
- FY 2011 cuts carry over into FY 2012 budget (baseline reset?)
- Workforce programs extremely vulnerable in House, perhaps less so in Senate and/or White House



# Administration FY 2012 Budget Proposal

- Reduces WIA formula funding by 8 percent
- Creates \$379M workforce innovation fund
- Maintains maximum Pell award at \$5550
- Creates new \$1.25B “Student Success Incentive Payments” program

Current Funding				Historical Funding		Proportionate Investment	
DEPARTMENT OF LABOR				DEPARTMENT OF EDUCATION			
Workforce Investment Act	Trade Adjustment Assistance	Discretionary Funds	Other ETA Programs	Pell Grants	Career & Technical Education	Adult Education	
<b>FY 2011 BUDGET ENACTED*</b>				<b>FY 2012 PRESIDENT'S BUDGET REQUEST</b>			
WIA Adult Formula (to states)		\$861,540,000		WIA Adult Formula (to states)		\$860,527,000	
WIA Dislocated Worker Formula (to states)		\$1,183,840,000		Contribution to Innovation Fund		(\$68,842,160)	
WIA Youth Formula & Competitive Grants		\$924,069,000		WIA Dislocated Worker Formula (to states)		\$1,174,603,000	
				Contribution to Innovation Fund		(\$93,968,240)	
				WIA Youth Formula & Competitive Grants		\$923,913,000	
				Contribution to Innovation Fund		(\$73,913,040)	
<p>*FY 2011 appropriations never enacted; numbers reflect FY 2010 enacted levels as extended under FY 2011 continuing resolution.</p>				<p>Overall, the amount requested for WIA formula grants to state (Adult, Dislocated Worker, Youth) is \$2,959,043,000, slightly less than 1 percent below FY 2011 enacted levels. However, these amounts are subject to an 8 percent “contribution” at the federal level to support proposed Workforce Innovation Grants.</p> <p>*Formula fund reduction.</p>			



# President's Deficit Reduction Plan

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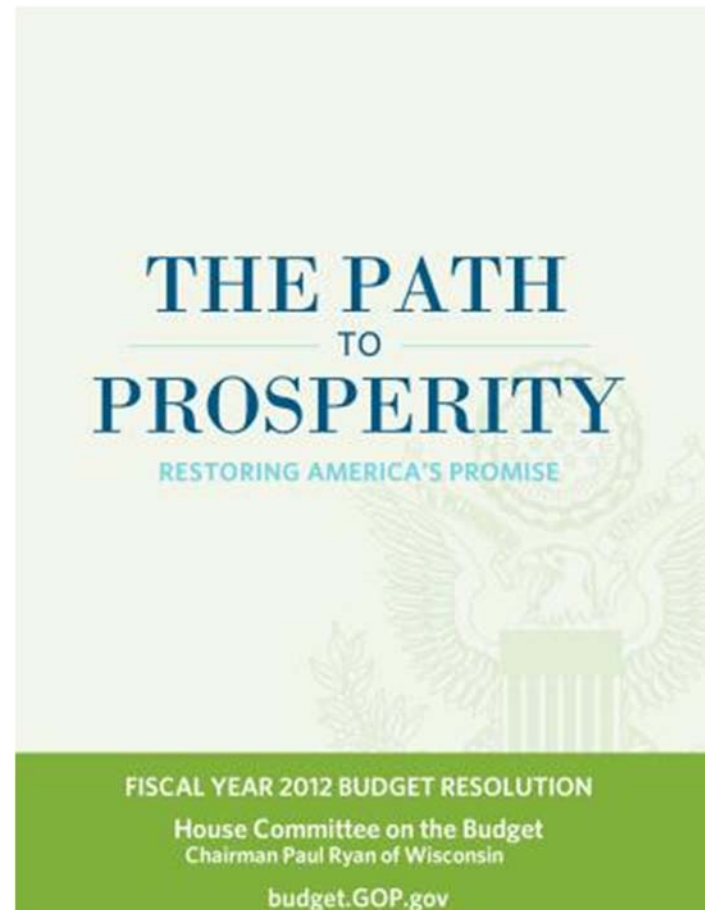
- \$4 trillion over 12 years
- \$3 spending cuts and interest savings for each \$1 of tax reform
- Debt failsafe “trigger” – does not apply to Social Security, Medicare, or “low-income programs”
- “We will invest in education. We will invest in job training.”



# House-passed FY 2012 Budget Resolution, General Provisions

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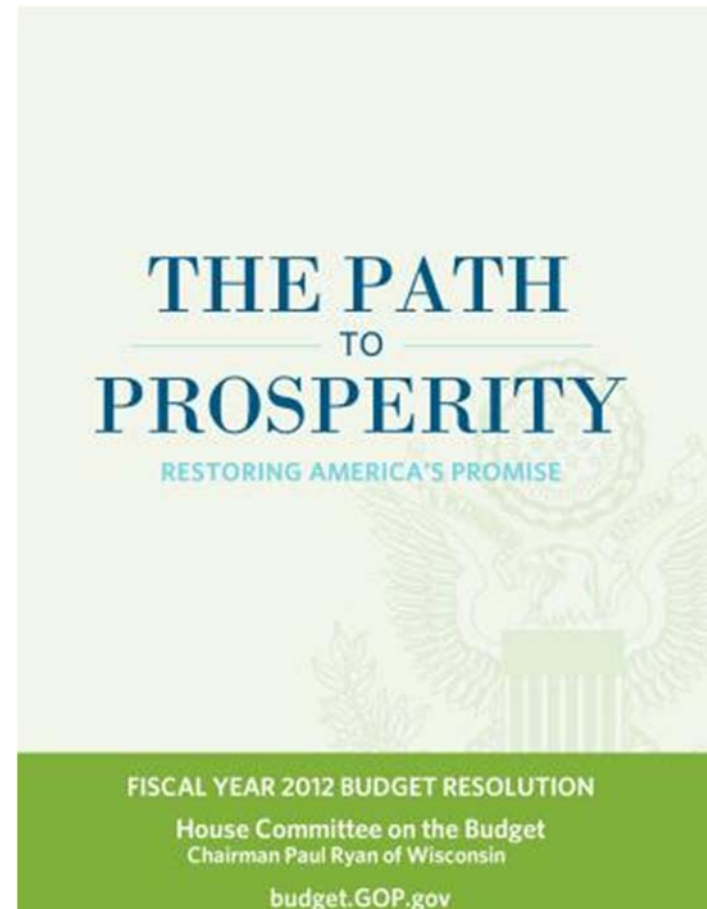
- \$4.3T in program cuts over 10 years (\$2.9T from low-income programs)
- \$4.2T in tax cuts over 10 years
- Block grant and cut funding for Medicare and Medicaid
- Block grant and impose time limits on food stamps and housing assistance programs



# House-passed FY 2012 Budget Resolution, Workforce Provisions

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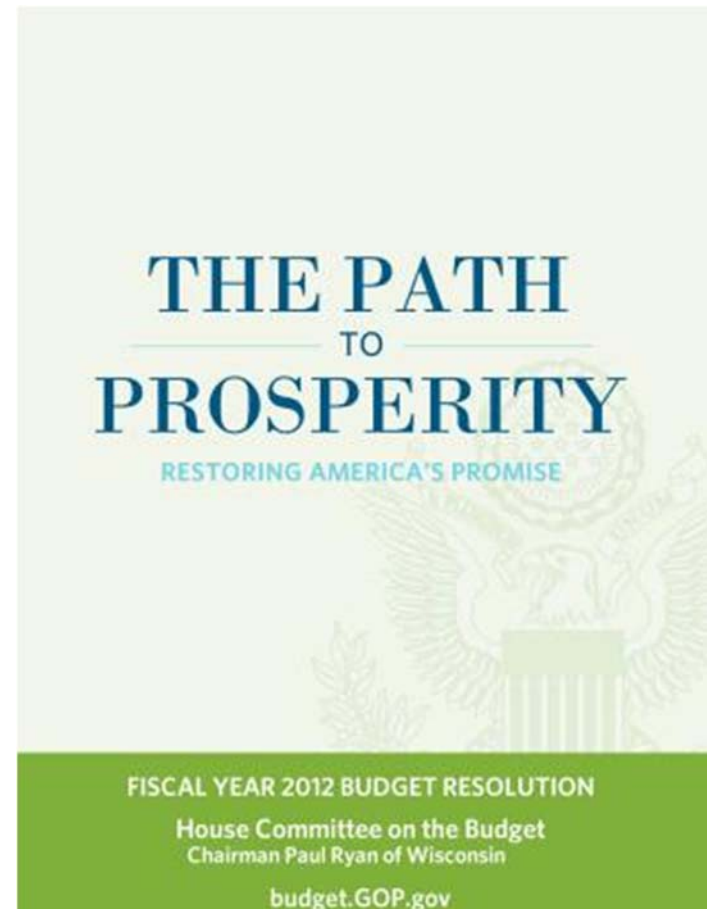
- \$6.2B in budget authority cut in FY 2012; \$61.5B over 10 years (may not all be workforce)
- “The government’s dozens of job-training programs suffer from overlapping responsibilities and too often lack accountability. This budget consolidates a complex maze of dozens of job-training programs...” (pg. 27)
- “All congressional committees with jurisdiction over job training programs should look to consolidate as many administrative structures as possible to eliminate duplication and maximize taxpayer funds...” (pg. 94)
- New “Career Scholarship” Proposal



# House-passed FY 2012 Budget Resolution, Pell Grant Provisions

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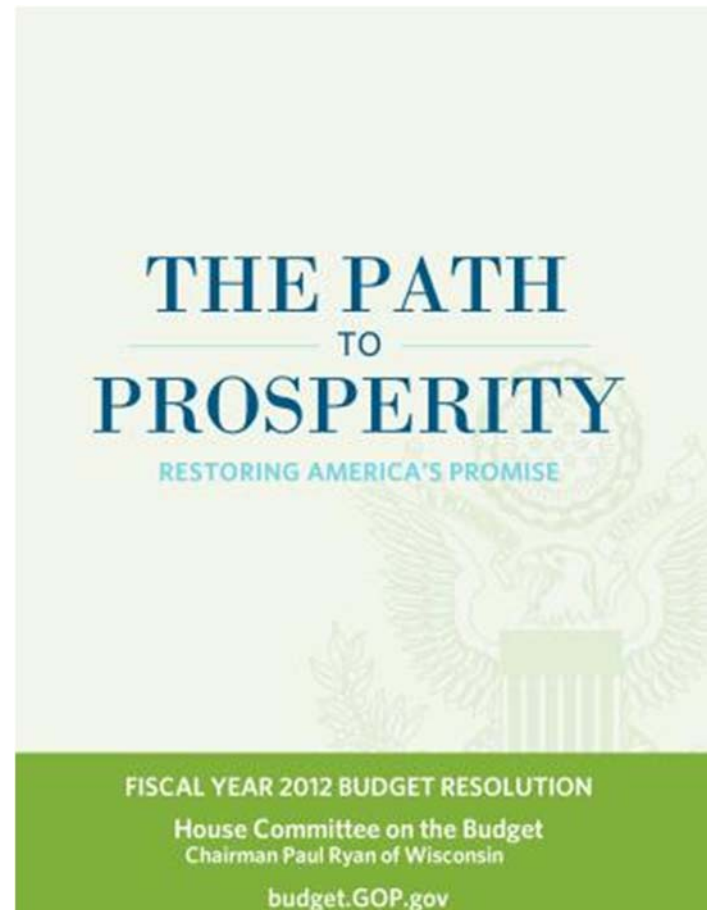
- Return to “pre-stimulus” levels (House-passed CR about \$2100 per year)
- Reduce lifetime limit from 18 to 12 semesters
- Eliminate LTHT eligibility. *“Funding should be reserved for students with a larger commitment to their education.”*



# House-passed FY 2012 Budget Resolution, Other Provisions

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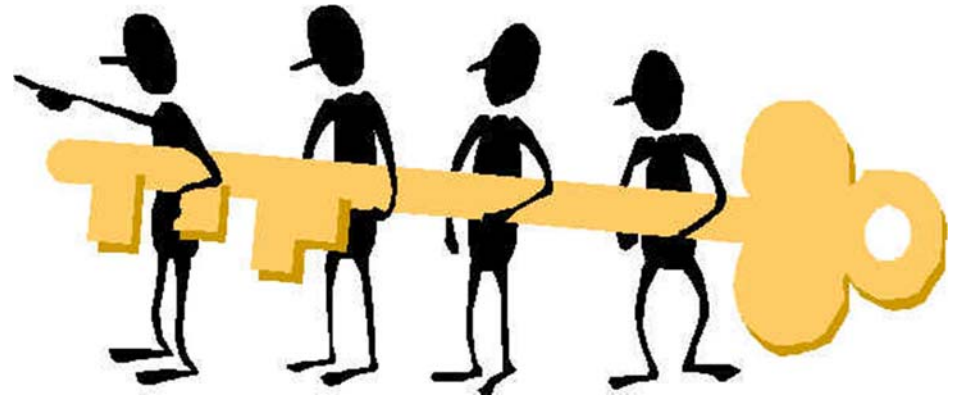
- Proposes converting TAA Community College grants from mandatory to discretionary funding (would effectively eliminate program)



# Key Takeaways, FY 2012 House-passed Budget Resolution

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- Focus on extremely deep program cuts, not tax increases (actually cuts taxes)
- Cuts target programs that serve low- and moderate-income
- Proposes significant structural changes to key programs



# What's Next

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- Senate won't pass House budget resolution
- Biden-led deficit reduction talks (Cantor, Kyl, Inouye, Baucus, Clyburn, and Van Hollen)
- “Gang of Six” in the Senate — bipartisan compromise?



# What's Next: Debt Ceiling

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- Congress must vote to raise the debt ceiling
- Republicans — and many Democrats — will insist on some type of budget reform (debt reduction) in exchange for vote
- Linked vote(s) on debt ceiling, spending cuts, and budget reform



# What's Next: Debt Ceiling

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- Spending cap
  - “Hard cap” on spending
  - Limit spending as % of GDP
  - Limit debt as percent of GDP
- Enforcement trigger
- Balanced budget amendment



# What's Next: Implement FY 12 Budget

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- Appropriations:  
Additional spending cuts – House-passed budget calls for \$30 billion on top of FY 11 cuts
- Authorization:  
program changes to reflect budget assumptions



# Key Takeaways: Debt Ceiling/ Budget Debate

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- There will be additional cuts
- Budget reforms (especially caps) could force very deep cuts
- Workforce programs potentially very vulnerable—advocacy focus on higher priority programs



# What's Next: Advocacy Response

- **RAISE OUR VISIBILITY**
- National coalition(s)
- “Workforce Day of Action”
- Right messengers: organizing employers
- Analysis: where are there gaps?



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# Contact

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