



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

# Audio Update: Budget Control Act and Jobs Bill

September 13, 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.



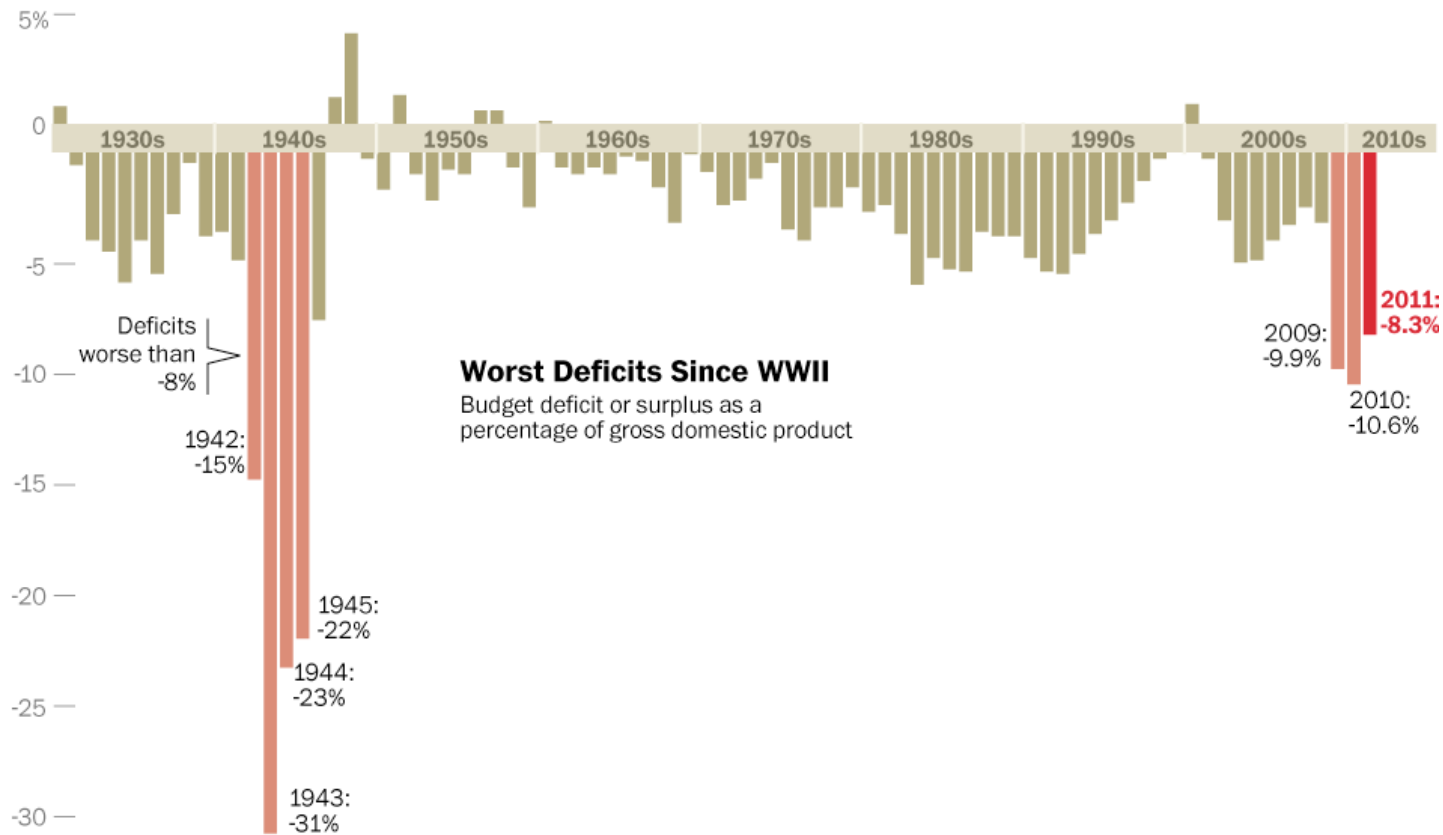
# Our Mission

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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.



# Driving the Debate: The Deficit

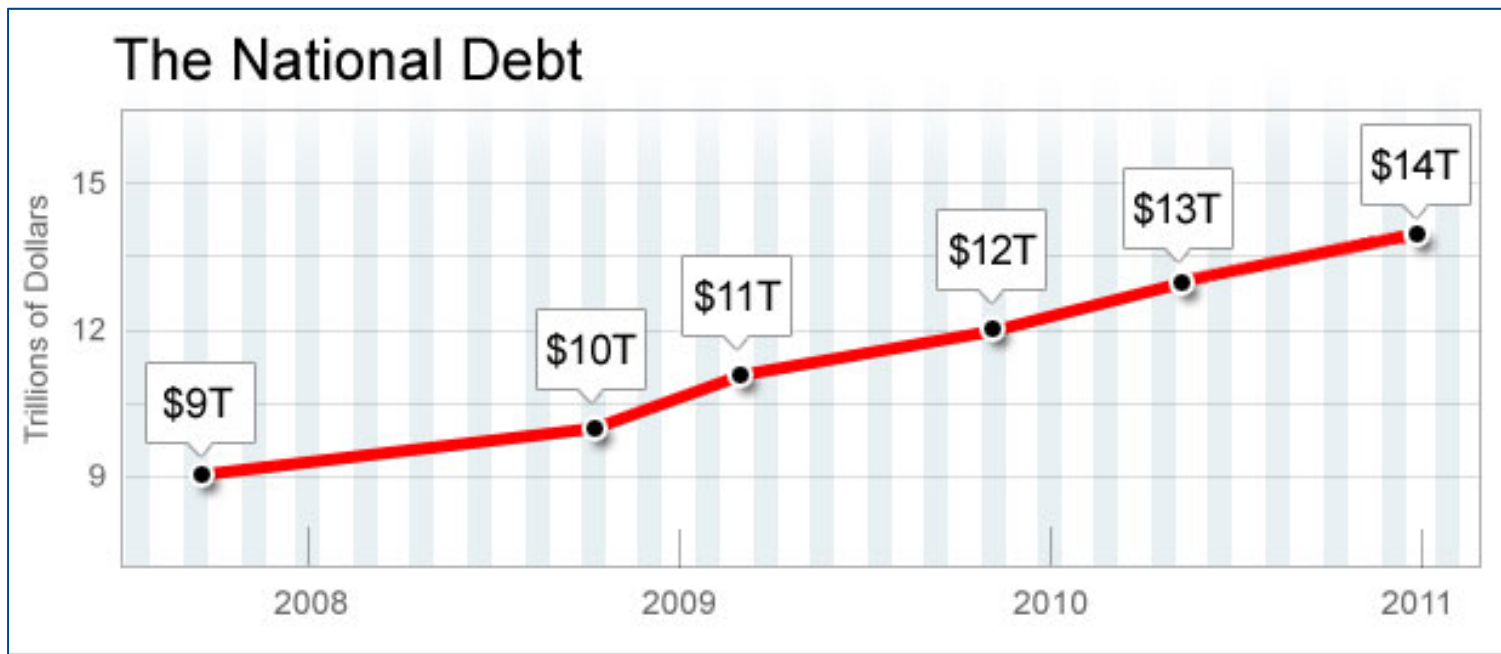


Source: [Washington Post](#)



# Driving the Debate: The Debt

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# How Do We Reduce the Federal Debt?

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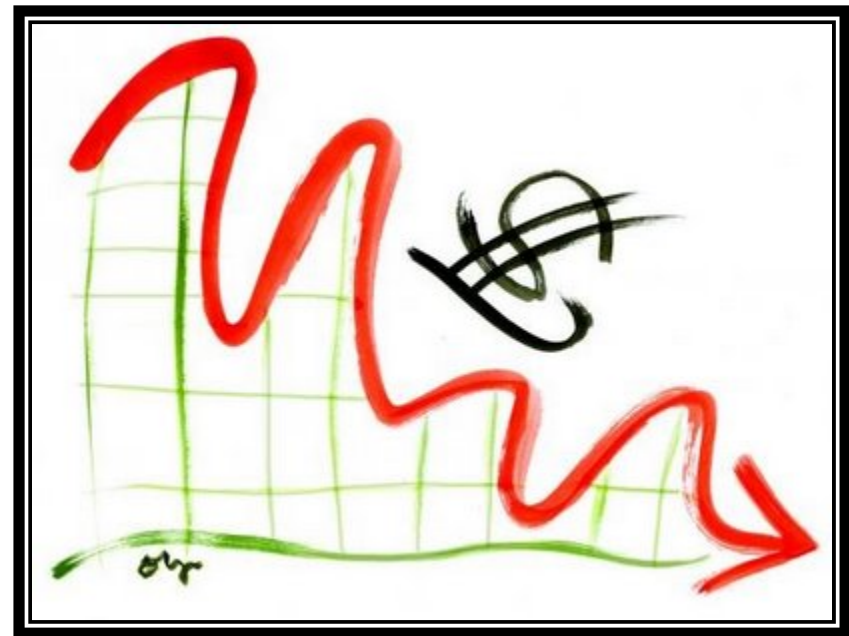
- “Non-defense, domestic discretionary spending” (environment, job training, education, child care, housing, etc.)
- Mandatory spending (“entitlement programs,” Social Security, Medicare and Medicaid, SNAP, TANF)
- Eliminate tax cuts/change tax code



# FY 2011 Appropriations

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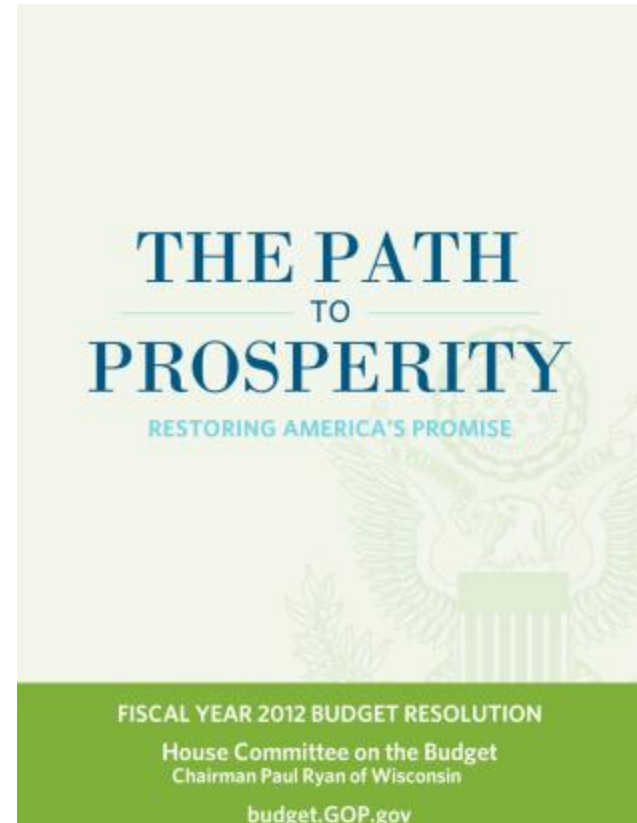
- Eight CRs between October 1, 2010 – April 15, 2011
- Campaign pledge: \$100B in cuts, no tax increase
- HR 1: \$61B in cuts (about \$5B to workforce programs)
- Threat of government shutdown
- Final CR: \$38B in cuts (just over \$1B to workforce programs)



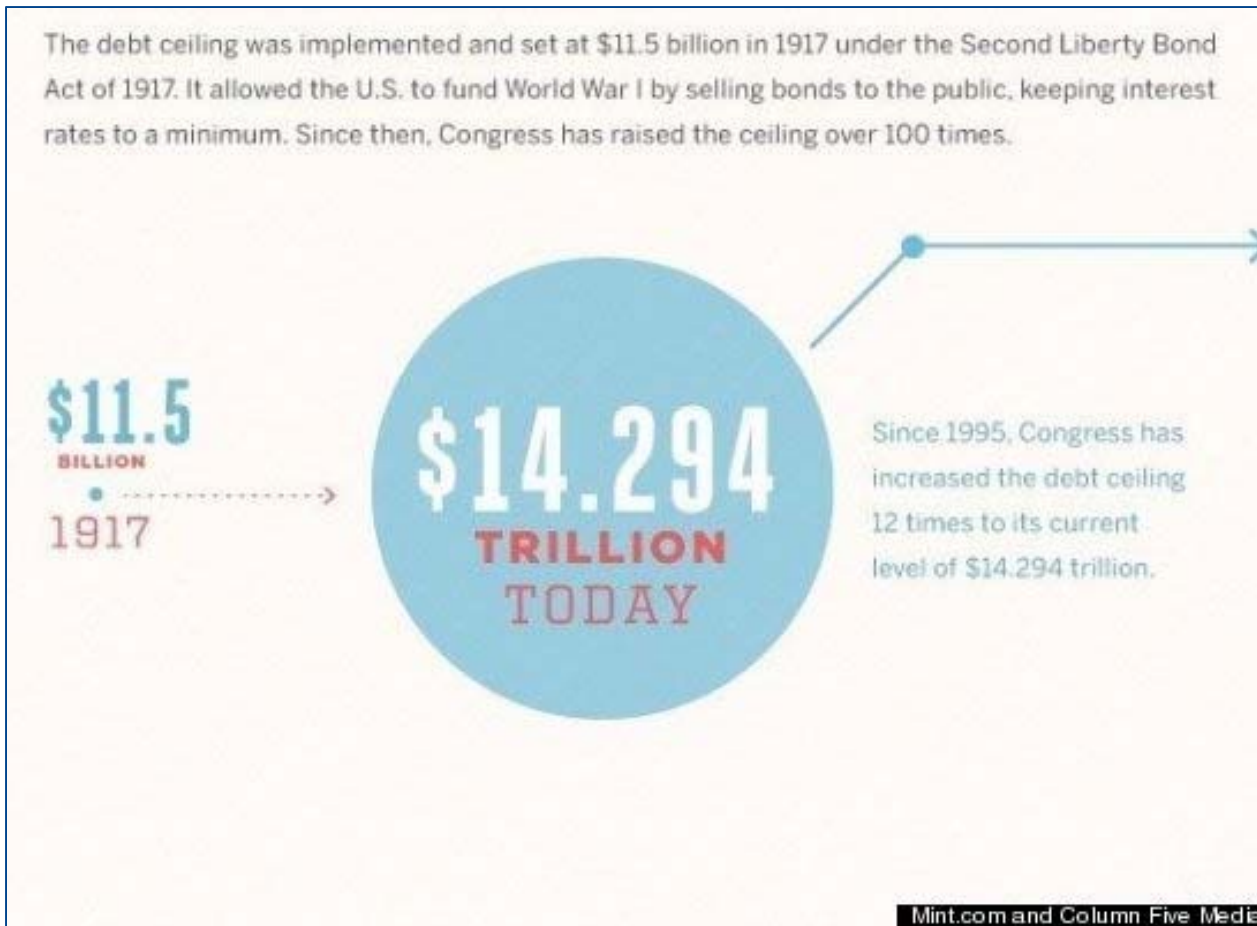
# FY 2012 House-Passed Budget

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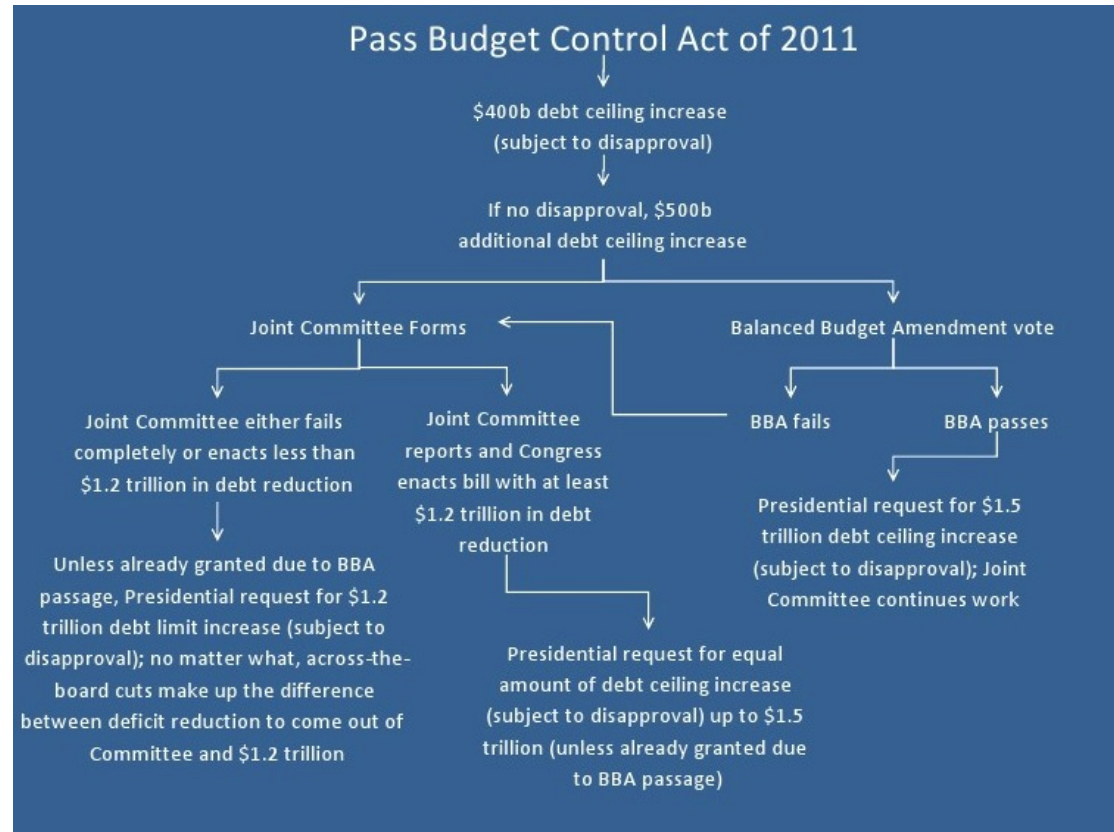
- \$4.3T in program cuts over 10 years (\$2.9T from low-income programs)
- \$6.2B from workforce programs; \$61.5B over 10 years
- Return Pell to “pre-stimulus” levels (House-passed CR about \$2100 per year)



# The Debt Ceiling



# Budget Control Act of 2011



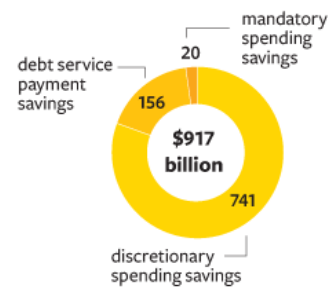
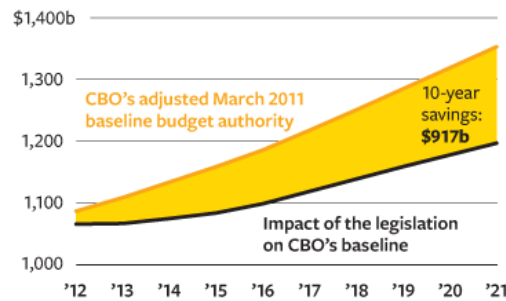
# Budget Control Act of 2011

## Savings Plan

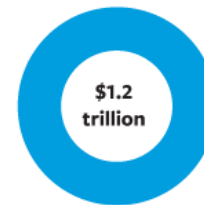
The Congressional Budget Office has scored the Budget Control Act of 2011 and found that it will reduce deficits by at least \$2.1 trillion over the next 10 years, in two stages.

### Effect on the Deficit of the Budget Control Act of 2011

1 The first stage calls for discretionary spending caps that would help save \$917 billion over 10 years. Some of those savings would come from eliminating subsidized graduate student loans and lower debt service payments.



2 The second stage would save more than the first. Its savings depend on a new joint committee of 12 lawmakers to identify an additional \$1.5 trillion in savings over 10 years. If legislation from the committee saving at least \$1.2 trillion isn't enacted, automatic reductions totaling that amount would occur.



Source: CBO

# Discretionary Caps (FY 2012-2021)

- Overall deficit reduction of \$917 billion
- Across-the-board “sequesters” if caps exceeded
- Cuts largely backloaded (2013 and later)
- Most workforce programs in discretionary category, likely difficult to avoid cuts entirely

Fiscal Year	B.A. (in billions)
2012	\$1,043
2013	\$1,047
2014	\$1,066
2015	\$1,086
2016	\$1,107
2017	\$1,131
2018	\$1,156
2019	\$1,182
2020	\$1,208
2021	\$1,234



# Pell Funding FY 2012-2013

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- \$11.3 billion shortfall in FY 2012
- BCA provides \$10 billion in mandatory funding for FY 2012 (still \$1B shortfall) – many House members strongly objected
- \$7 billion for FY 2013



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# The “Super Committee”

- 3 Rs, 3 Ds from each chamber
- Must come up with plan to save \$1.2-\$1.5 trillion over next decade (in addition to \$1T cut under spending caps)
- Very broad discretion on how to achieve savings



# Super Committee: First Possible Outcome

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- Committee fails to reach an agreement, doesn't report anything out to Congress
- Triggers automatic across-the-board cuts (“sequesters”)



# Super Committee: Second Possible Outcome

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- Committee reaches agreement, reports proposal out to Congress
- Congress must vote on proposal (cannot be amended, only needs simple majority)
- Congress votes down – triggers automatic, across-the-board cuts



# Super Committee: Third Possible Outcome

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- Committee reaches agreement, reports proposal out to Congress
- Congress passes proposal, cuts/program changes go into effect



# What Does it Mean for Workforce Programs?

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- One way or another, cuts likely
- Super Committee could make structural changes (important: cannot pull individuals provisions out of proposal)
- Many programs walled off from ATB cuts, means deeper cuts for programs not protected



# So... What's Likely to Happen?

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- Some strong incentives for Super Committee to want to find compromise, but most people think it will be hard for them to reach agreement (Kyl comments last week support this)
- Probably wind up with across-the-board cuts



# Super Committee Timeline

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- Sept. 8: first meeting
- Oct. 14: deadline for standing committee recommendations
- Nov. 23: Super Committee must vote on report



# Super Committee Timeline

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- Dec. 23: deadline for congressional action
- Jan. 15, 2012: if no bill adopted, FY 2013-2021 discretionary caps adjusted
- Jan. 2, 2013: (possible) sequestration



# FY 2012 Appropriations

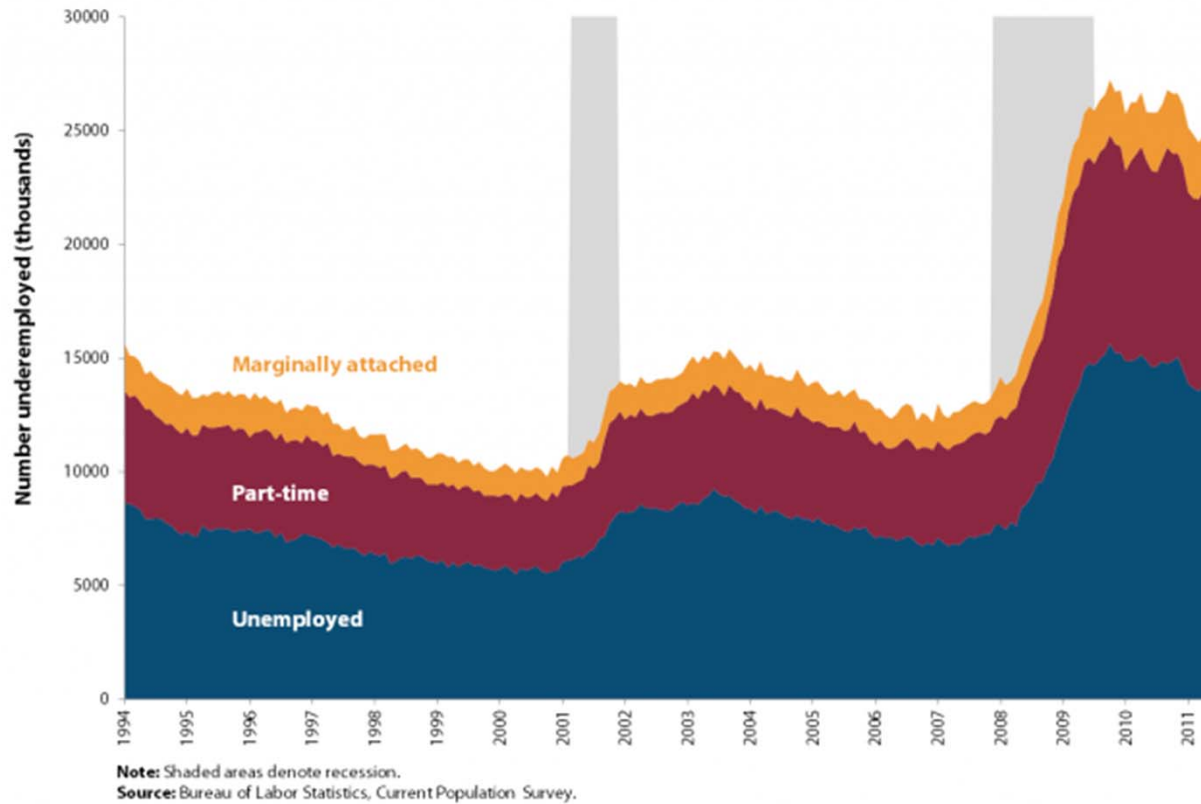
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- 302(b) allocations: House Labor-H originally cut by \$18B (Rehberg now says \$3B), Senate cut by \$300M
- Short-term CR expected. Some cuts likely, but policymakers seem to be suggesting easier process this year (unless House freshman refuse).
- NOTE: WH already starting FY 2013 (10% overall cut)



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# Pivot Back to Jobs?



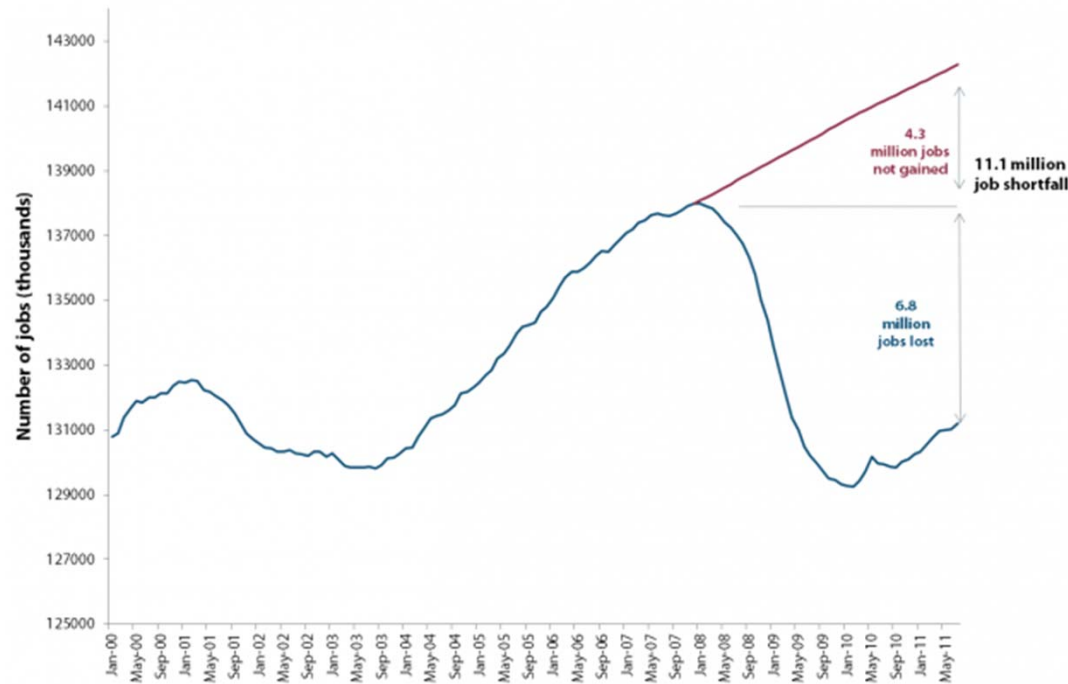
Source: EPI, [State of Working America](#)



# Pivot Back to Jobs?

## Recession has left in its wake a job shortfall of over 11 million

Payroll employment and the number of jobs needed to keep up with the growth in working-age population



Source: EPI analysis of Bureau of Labor Statistics data.

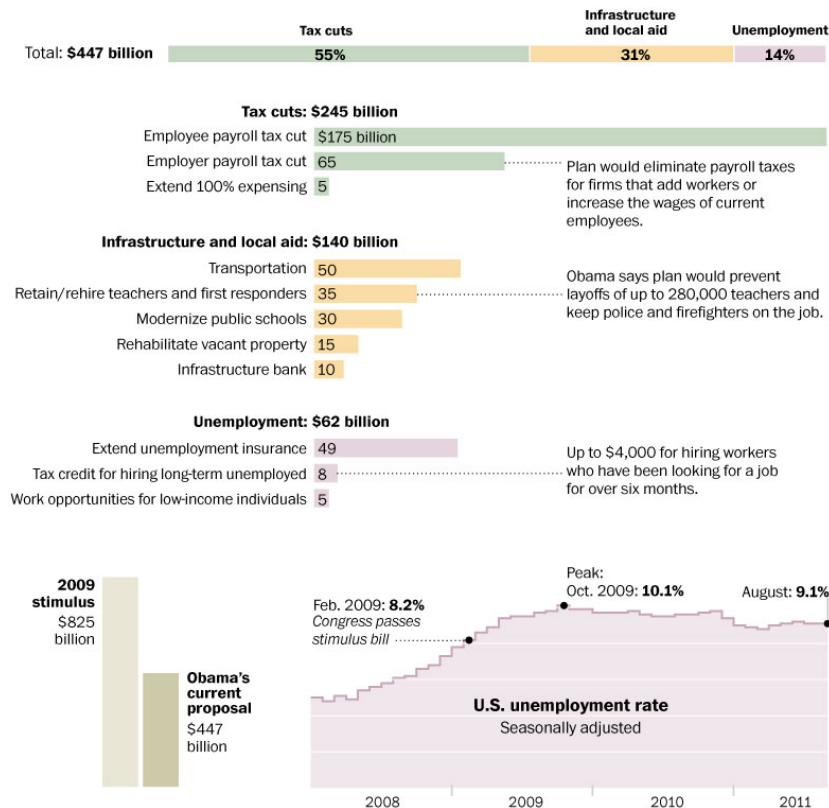
Source: EPI, [State of Working America](#)



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# Obama Proposal: Good on Training



- \$5B “pathways back to work” fund
  - Summer/year-round youth; TANF ECF; promising local approaches (sectors, credentials, pathways, etc.)
- UI extension/reform



# Obama Proposal: What's the Catch? The Money

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- \$450B, must be paid for
- Obama wants additional savings from Super Committee (through entitlement and tax reform)
- How likely? Where would savings come from?



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# Questions?

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# Contact

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