Business Leaders United (BLU) Employer Fly-in

October 1-2, 2012
Washington, DC
The Politics of it All: The Ridiculous but True Story of How Washington Ground to a Complete Halt
Where are We Now?

• Washington totally focused on the elections
• Congress adjourned mid-September (earliest since 1960)
• Both sides rolling the dice that they will have stronger hand post-election
What Did Congress Finish Before the Election?

• Only one major item: pass 6-month Continuing Resolution (CR)

• Necessary because Congress failed to complete regular appropriations process

• Keeps basic government functions running through March 2013

• Does not impact sequesters
What Will Congress Do After the Election?

• Election will determine how much gets done during lame duck

  ➢ If Obama wins, issues resolved in lame duck
  ➢ If Romney wins, Congress will likely push issues into next year
Crystal Ball: 2012 Congressional Elections

- Democrats currently hold 3 seat majority in Senate
  - 23 Democrats up (10 originally seen as vulnerable, although landscape rapidly shifting)
  - 10 Republicans up (3 seen as vulnerable)
- Republicans hold 24 seat majority in House
  - Vulnerable seats a mix of Rs and Ds
Take Away: Tight Margins and Hard Decisions

• Regardless of who wins control, it is likely that there will be tighter margins in both houses

• The debate will probably look a lot like it does now—neither party will have the ability to completely control the agenda—no magic answers to get us out of the box we’re in

• Many hoping some of the political “heat” will dissipate post-election
The Issues: The Fiscal Cliff (or How Congress Created a Catastrophe)
Lame Duck!

• Major issues will need to be resolved post-election:
  - Sequesters go into effect January 2, 2013
  - Bush era tax cuts expire December 31, 2012
  - Government will hit debt ceiling late 2012-early 2013
  - CR runs through March, but Congress will have to finish FY 13 appropriations
Lame Duck!

• These issues are highly (highly) politicized and ideological
• Lots of competing interests (all trying to protect their programs)
• Focus on workforce way out of scale for size of the programs
Issue #1: Sequestration

• Triggered by “super committee” failure
• Automatic, across-the-board cut (estimates range from 8.2% to more than 12%)
• Equally applied to defense and non-defense
• In addition to $1T in cuts already applied
Issue #1: Sequestration

• Everyone agrees that sequesters would be catastrophic. No one agrees on what to do instead

• Tremendous pressure to undo defense sequesters—potentially at the cost of non-defense programs

• Administration and Senate Leadership say they will only accept balanced alternative
Issue #1: Sequestration

• What does this mean for workforce programs?
  ➢ **NSC analysis** of key programs suggests cut of about $630M in FY 13 and about 3M fewer people served (most conservative estimate)
  ➢ Caps would stay at least at this level through 2021
Issue #2: FY 2013 Appropriations

• The good news:
  - CR will run through March 2013
  - Essentially maintains current funding levels
  - CR is “clean” (no policy changes)
Issue #2: FY 2013 Appropriations

• The bad news:
  - $18B gap overall between House and Senate
  - $27B gap for domestic program funding
  - $8.8B gap for Labor-HHS-Education bill
Issue #2: FY 2013 Appropriations

• What does this mean for workforce programs?
  ➢ House and Senate both generally protected workforce funding
  ➢ But the House protected workforce at the expense of other, high-priority programs (Race to the Top, Affordable Care Act, etc.) that Administration will want to restore
  ➢ Huge difference between overall funding levels will have to be made up somehow—workforce programs very vulnerable
Issue #3: WIA Reauthorization

- WIA very much caught up in funding debate
- Ed & Workforce Committee Chairman Kline says WIA first bill he’ll bring up next Congress
- Reports of some Senators working on consolidation bill
What Does It All Mean for Workforce Programs?

- Extremely important that MoCs understand the impact of cuts in their local community
- Your voice as an employer is one of the most powerful tools we have
- The time to act is now. By the time this debate is back on the floor it will be too late
- Once is not enough. Keep talking to policymakers
Okay, I’m Convinced! What Should I Do?

Deliver the right, key messages:

• Reconsider wholesale across-the-board cuts to workforce training programs.

• Increase the number of workers trained with federal dollars. Reauthorize, on a bipartisan basis, WIA and related skills programs with a new requirement that states and localities increase the percentage of funds spent on job-directed basic skills and technical training, in order to prepare more workers for waiting skilled jobs; and

• Include effective practices called for by employers—a greater focus on industry-recognized credential attainment, expansion of sector partnership strategies, greater support for employer partnerships with colleges and local service providers, and accelerated hiring through on-the-job training.
Contact

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