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## **As Economy Weakens, Bush Budget Request Leaves Low-Income Individuals, Laid-Off Workers, and Disconnected Youth Behind**

**By Allegra Baider and Neil Ridley**  
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Instead of addressing our country's pressing need for investment in workforce education and training programs, the Bush administration, in its FY 2009 budget, is once again proposing deep cuts to critical employment and training programs that help many Americans find work and build the skills necessary to secure good jobs. These cuts come at a time when workers and their families are already struggling in a softening labor market, and employers have growing needs for a skilled workforce in order to compete in the global economy.

**The administration's Career Advancement Account (CAA) proposal to consolidate core employment and training programs is a smokescreen for deep budget cuts.** Although rejected by Congress each time it has been introduced, the administration repeats its previous proposal to consolidate multiple employment and training programs into a single program that would offer individuals little more than a training voucher and would not address their varied needs.<sup>i</sup> *All told, this proposal would lead to a 29 percent—or \$1.14 billion—reduction in funding from FY 08 to a combination of employment and training programs, including the Workforce Investment Act Adult, Dislocated Worker and Youth programs, and the Employment Service.*<sup>ii</sup>

**Congress will surely reject the administration's proposal to consolidate existing programs. However, the FY 2009 request still includes painful cuts to each individual program as authorized under current law.** In other words, cuts to existing programs are intended to apply even if the consolidation proposal does not become law:

- The FY 2009 funding request for current law would *eliminate all funding* for the Employment Service State Grants, funded at \$703 million in 2008.
- The FY 2009 funding requests for WIA Adult, Dislocated Worker and Youth programs are all set well below the 2008 levels, as follows:
  - *\$1.22 billion for the Dislocated Worker Program, down from \$1.45 billion in 2008*
  - *\$840.5 million for the Youth Program, down from \$924 million in 2008*

- *\$712 million for the Adult Program, down from \$849 million in 2008 (The Administration's request for funding for the Adult Program begins in October, 2009, in other words, no funding is requested for services between July 1 and September 30, 2009).*<sup>iii</sup>

**The employment and training services that these programs provide are more critical than ever for laid off workers and low-income job seekers as we head into uncertain economic times.** The economy shed 17,000 jobs in January and long-term unemployment is a growing concern, with about 18 percent of the unemployed out of work for more than six months.<sup>iv</sup> As job prospects diminish, young people are likely to need even more assistance in finding jobs. Even before the economic downturn, young people were facing difficulties in the labor market. During the summer of 2007, only one out of five black youth (16-19 years old) were employed at any type of job.<sup>v</sup>

**The proposed cuts would reduce the critical role of the federally funded workforce investment system in helping employers to meet their needs for a skilled workforce.** These services promote economic growth and are extremely important in order to keep our nation competitive. The Bureau of Labor Statistics occupational projections show that the highest rates of net job changes between 2004 and 2014 will occur in jobs requiring at least some postsecondary certification or college degree.<sup>vi</sup> However, a large proportion of our current workforce lack even basic literacy skills. The 2003 National Assessment of Adult Literacy estimates that 43 percent of adults—some 93 million people—can perform no more than simple everyday literacy activities.<sup>vii</sup>

**The proposed cuts to core employment and training programs are on top of a steady erosion of federal support for such programs.** From 2002 to 2008 alone, funding for the WIA Adult program shrank by 10 percent and funding for the Youth program shrank by 32 percent, without an adjustment for inflation.<sup>viii</sup> This reflects a longer-term trend; U.S. Department of Labor expenditures on training and employment assistance have suffered cuts that translate into a drop in expenditures per worker from \$63 in 1986 to \$35 in 2006, without an adjustment for inflation.<sup>ix</sup>

**The President's budget also cuts vital education programs that help adults and youth gain the skills necessary to succeed in the labor market.** Under the President's request, funding for Career and Technical Education programs (\$1.27 billion in FY 2008) would be eliminated. At a time when the demand for basic skills and English language instruction is exploding, state grants for adult education programs would be held to their FY 2008 level—about \$10 million below their FY 2007 total.

As our nation heads into uncertain times, the President should be proposing to expand these critical programs, not dismantle them.

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<sup>i</sup> For an in depth analysis of the problems with the Career Advancement Account (CAA) proposal, see Frank, Abbey and Ganzglass, Evelyn, *Reform or Dismantling? President's Workforce System Proposal Raises Serious Concerns*. CLASP, 2006. Available at:

[http://www.clasp.org/publications/workforce\\_07budget.doc](http://www.clasp.org/publications/workforce_07budget.doc)

<sup>ii</sup> Authors' calculations based on a comparison of the total FY 2009 funding request for programs included in the administration's Career Advancement Account (CAA) consolidation proposal to FY 08 funding levels for those programs. These consolidated programs include, the WIA Adult Program, the WIA Youth Program, the Dislocated Worker Program (including the National Reserve), the Employment Service State Grants, and a portion of the Employment Service National Activities and Workforce Information. The 2008 funding levels are based on the information available in the FY 2009 Department of Labor Budget in Brief, available at: <http://www.dol.gov/sec/budget2009/BIB.pdf>. The 2008 funding level does not reflect \$250M rescission for unexpended balances to WIA.

<sup>iii</sup> The Administration requests funding for services beginning October 1, 2009 but includes no advance funding for the first quarter of the program year. See page 1 in:

<http://www.dol.gov/dol/budget/2009/PDF/CBJ-2009-V1-04.pdf>.

<sup>iv</sup> Bureau of Labor Statistics, *The Employment Situation: January 2008*, 2008. Available at:

<http://stats.bls.gov/news.release/empsit.toc.htm>.

<sup>v</sup> Sum, Andrew, et al. *National Teen Summer Employment Rate Drops to New Low; Summer 2007 Lowest June-July Employment Rate for Teens in Post-World War II History; Black and Low Income Teens Face Bleakest Job Prospects*. Center for Labor Market Studies Northeastern University, 2007. Available at:

[http://www.clms.neu.edu/publication/documents/Teen\\_Summer\\_Employment\\_Release.pdf](http://www.clms.neu.edu/publication/documents/Teen_Summer_Employment_Release.pdf)

<sup>vi</sup> Holzer, Harry and Lerman, Robert. *America's Forgotten Middle-Skill Jobs: Education and Training Requirements in the Next Decade and Beyond*. The Workforce Alliance, 2007.

<sup>vii</sup> National Center for Education Statistics, National Assessment of Adult Literacy, *Demographics*. Available at: [http://nces.ed.gov/naal/kf\\_demographics.asp](http://nces.ed.gov/naal/kf_demographics.asp)

<sup>viii</sup> Authors own calculations. FY 2002 funding levels available at:

<http://www.doleta.gov/budget/tepbah.pdf> and FY 2008 funding levels available at:

<http://www.dol.gov/sec/budget2009/BIB.pdf>. The 2008 funding level does not reflect \$250M rescission for unexpended balances to WIA.

<sup>ix</sup> Fitzgerald, Joan and Sum, Andrew, "What Can Worker Training Do?" in *Ending Poverty in America: A Special Report for the Council on Foundations Annual Conference*, Demos and The American Prospect, 2007.