



The Congressional Budget Resolution: Recommendations for a Blueprint in Support of Low-Income Individuals and Families

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President Bush's budget proposal sends a simple and stark message: even in an economic downturn, those at the bottom of the income scale don't matter. The budget that the president submitted to Congress on February 4 would make substantial cuts—estimated at \$15 billion after adjusting for inflation—in domestic discretionary spending other than homeland security.¹ The president proposes to cut or eliminate 151 programs, many of which have been effective at supporting low-income workers and their families, just as the country is heading into an uncertain economic future.

It is now Congress' turn to prepare a budget plan. The Congressional budget resolution should inflict no harm to low-income workers, restore prior cuts, and invest in the future by supporting the workforce and ensuring safe and healthy children.

The president's proposed cuts come at a time of a weakening national economy. The U.S. 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.² Low-wage workers tend to be twice as likely to be unemployed as high-wage workers.³ Young people are also facing difficulties in the labor market. The teen employment rate last year was only 34.8 percent—the lowest annual average employment rate recorded since the end of World War II.⁴

Low-income workers and their families have been struggling for years. Two parents, working full-time at the federal minimum wage earn just \$24,336 per year, which is not enough to pay for food, housing costs, and child care in most communities.⁵ These workers cannot afford to participate in the education and training they need to get better jobs. Further, as these workers begin to earn a little more money, they may end up being worse off than before because they become ineligible for the supports they need to succeed and to keep their children safe and healthy.⁶

Even with the passage of the economic stimulus package, the federal government is not doing all that it could to help low-income workers and their families. These families need public policies that help them access all that they need to thrive—education and job training, health insurance, sufficient food, quality early care and education, and other supports. We need to ensure that highly stressed families receive immediate help so that their children remain safe and secure.

Yet, our nation's spending priorities do not reflect this common sense. In 2006, federal investment spending on education and research, work supports, and social supports comprised just 3 percent of GDP.⁷

Congress has an opportunity to resoundingly reject the president's priorities and make sound investments in our future that reward hard work and help families and children impacted by the growing economic downturn. Support for children and families comes largely from the appropriations for the departments of Labor, Health and Human Services, and Education. Many of the most important programs for low-income workers and their families are discretionary programs, funded at the mercy of the federal appropriations process each year. The budget resolution should provide substantial new resources for the committees that oversee programs that support low-income workers and their families.

The president's proposal is a roadmap for disinvestment; the Congressional Budget Resolution can serve as a blueprint highlighting the struggles of low-income families and can make the investments they need to succeed. This time of economic downturn provides an opportunity to target our national resources to those most in need. Congress should design a budget resolution that includes baseline assumptions that account for the changing needs of low-income workers and their families as they endure the sluggish economy, and supports investments in education and training that will ensure our nation has a skilled workforce that can help our economy grow. Implementing these priorities will entail both ongoing support for mandatory programs and increased resources for discretionary programs.

As Congress identifies the components of the budget resolution and raises the total amount available for the Labor, Health and Human Services, and Education Appropriations subcommittee, CLASP recommends that Congress operate under the following principles:

- **First, do no harm.** The budget resolution should clearly state that Congress will make no budgetary changes that will harm low-income workers and their families.
- **Restore prior cuts.** Through the budget resolution, Congress should restore programs for low-income workers and their families that have been cut in previous years.
- **Invest in the future.** The budget resolution should provide the first downpayment on investments for the future that build the workforce and help ensure that children are safe and healthy.

First, do no harm

The president's budget makes substantial cuts in domestic discretionary spending, outside of homeland security, estimated at \$15 billion after adjusting for inflation. The budget calls for cuts to or elimination of 151 programs. The administration also uses gimmicks such as consolidation, "streamlining," and personnel reductions to further cut programs funded through the annual appropriations process and those that receive ongoing funding.

It is critical that Congress act to protect, not cut, those programs that have shown to be effective in supporting low-income workers and their families. As workers struggle in the difficult economy, one of the most important messages that can be sent through the budget resolution is that low-income workers and their families need supports. The Labor, Health and Human Services, and Education Appropriations subcommittee oversees a number of effective programs that support workers who will be most impacted by a recession. A substantial investment in the overall amount available to the subcommittee will allow the committee to, at a minimum, maintain current funding levels for programs that support low-income workers and their families and keep them safe from elimination or consolidation proposals. This includes programs such as Even Start, the Career and Technical Education programs, the Social Services Block Grant, the Child Care and Development Block Grant, the Community Services Block Grant, the Workforce Investment Act (WIA) Youth, Dislocated Worker and Adult Programs, the Employment Service, and the 21st Century Community Learning Centers.

The budget resolution should reject the president's proposed cuts to mandatory programs that help low-income workers and their families, such as Medicaid. The resolution should also send a strong message in support of these programs as well by including language that clearly identifies the importance of mandatory programs supporting low-income workers and their families. The budget resolution should also allow for budget baselines that assume programs such as child welfare funds under Title IV-E and food stamps will grow under a recession.

Restore prior cuts

For the last seven years, successful programs that provide a safety net for earners and their families have been steadily undermined. The budget resolution can provide the guidance appropriators need to begin the process of restoring the supports families need. Specifically, the budget resolution should direct the subcommittee to restore deep child support enforcement funding cut in the Deficit Reduction Act of 2005. According to the Congressional Budget Office, \$5 billion in support payments owed by non-custodial parents to their children will go uncollected over the next five years, unless the funding is replaced. The child support cuts are being implemented by states and counties right now. Some counties are in the process of laying off a third or more of their front line enforcement workers—translating into a loss of a billion dollars a year to families. Reversing the child support cuts will ensure that families do not lose support in an economic downturn. Restoring child support funds will prevent a decade of progress from unraveling and will help millions of families move toward self sufficiency.

The resolution should also clearly suggest that Congress reverse the long term disinvestment in workforce education, training, and employment assistance. These investments are critical building blocks aimed at developing the skills of young people and adults and meeting the needs of employers competing in the world marketplace. From 2002 to 2008 alone, funding for the WIA Adult program shrank by 10.2 percent; funding for the WIA Youth program shrank by 31.7 percent, and funding for the Dislocated Worker program shrank by 9.7 percent, without adjustments for inflation.⁸ 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.⁹

Our nation will not be able to compete in today's global economy without a skilled workforce; yet 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.¹⁰ At a time when the demand for basic skills and English language instruction is exploding, state grants for adult education programs should be restored to higher levels, such as the level in the FY 2007 appropriations.

In addition, Congress must restore the 29 percent cut to the discretionary component of the Promoting Safe and Stable Families Program made by appropriators in the final FY 2009 Labor, Health and Human Services, and Education bill. The services provided under this program are critical to preventing child abuse and neglect, supporting families in crisis, providing needed services when children have been maltreated, and helping children return safely home or move to other permanent families.

Finally, the resolution must also restore the nearly \$15 billion in cuts made last year to Medicaid through the regulatory process. The regulations limited access to critical health services for vulnerable children, individuals with disabilities, and others. In an economic downturn, Congress can use the budget resolution to send the message that access to these programs is critical.

Invest in the Future

Finally, the budget resolution allows Congress to take a leadership role and send a message that the needs of vulnerable children and families are paramount in making funding decisions. The budget resolution should recommend that the growth in the Labor, Health and Human Services, and Education appropriations be used to make sizeable investments in programs that support low-income workers and their families.

For example, a sizeable increase could be used to increase funding for Head Start. In December 2007, Congress reauthorized the Head Start program. On a bipartisan basis, the new legislation expanded access to Head Start and Early Head Start, increased quality in the program, and improved coordination. The program is authorized to grow dramatically. The budget resolution should allow for substantial growth in this program to allow programs to serve additional children in both Head Start and Early Head Start, as well as begin to make needed investments in quality as outlined in the 2007 reauthorization.

Conclusion

These are challenging times for low-income workers and their families. Many are forced to make difficult choices among paying for very basic needs including housing, food, and quality child care. The budget resolution provides Congress with an important opportunity to actively show its support for low-income workers and their families by doing no new harm to low-income workers

and their families, restoring prior cuts that have hurt these families, and investing in the future as we continue into an economic downturn. Congress should clearly state that the programs supporting these families need substantial support. These programs are largely funded through the Labor, Health and Human Services, and Education Appropriations subcommittee —the allocation for the subcommittee should therefore be much larger than in previous years. The budget baselines should account for the increased need in safety net programs, and Congress should charge the committees with supporting our most at-risk workers and their families.

¹ Robert Greenstein, James Horney, and Richard Kogan, *The Dubious Priorities of the President's Budget*, Center on Budget and Policy Priorities, 2008, <http://www.cbpp.org/2-4-08bud2.htm>.

² Bureau of Labor Statistics, *The Employment Situation: January 2008*, 2008, <http://stats.bls.gov/news.release/empsit.toc.htm>.

³ Government Accountability Office, *Unemployment Insurance: Low-wage and Part-time Workers Continue to Experience Low Rates of Receipt*, 2007, <http://www.gao.gov/new.items/d071147.pdf>.

⁴ Andrew Sum, 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 at Northeastern University, 2007, http://www.clms.neu.edu/publication/documents/Teen_Summer_Employment_Release.pdf.

⁵ National Association of Child Care Resource and Referral Agencies, *Parents and the High Price of Child Care: 2007 Update*, 2007, http://www.naccrra.org/docs/press/price_report.pdf.

⁶ Kinsey Alden Dinan, *Making "Work Supports" Work*, National Center for Children in Poverty, 2007, http://nccp.org/publications/pub_767.html; Nancy K. Cauthen, *Improving Work Supports: Closing The Financial Gap for Low-Wage Workers and their Families*, Economic Policy Institute, 2007, <http://www.sharedprosperity.org/bp198.html>.

⁷ C. Eugene Steuerle, Gillian Reynolds, and Adam Carasso, *Investing in Children*, The Urban Institute and The New America Foundation, 2007, http://www.urban.org/UploadedPDF/411539_investing_in_children.pdf.

⁸ CLASP calculations based on FY 2002 and FY 2008 funding levels for the Adult, Youth (includes Youth Opportunity Grants) and Dislocated Worker (includes National Reserves) funding streams. 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.

⁹ Joan Fitzgerald and Andrew Sum, "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.

¹⁰ National Center for Education Statistics, *Literacy in Everyday Life: Results from the 2003 National Assessment of Adult Literacy*, 2005, <http://nces.ed.gov/NAAL/PDF/2006470.PDF>.