

BEYOND THE HEADLINES

At a Glance: Jobs, Workers & the Economy

SEPTEMBER 2012 | FOCUS: U.S. & WASHINGTON STATE

The Impact of Impending Sequestration on Federal Workforce Funding

What is Sequestration and Why is it Happening?

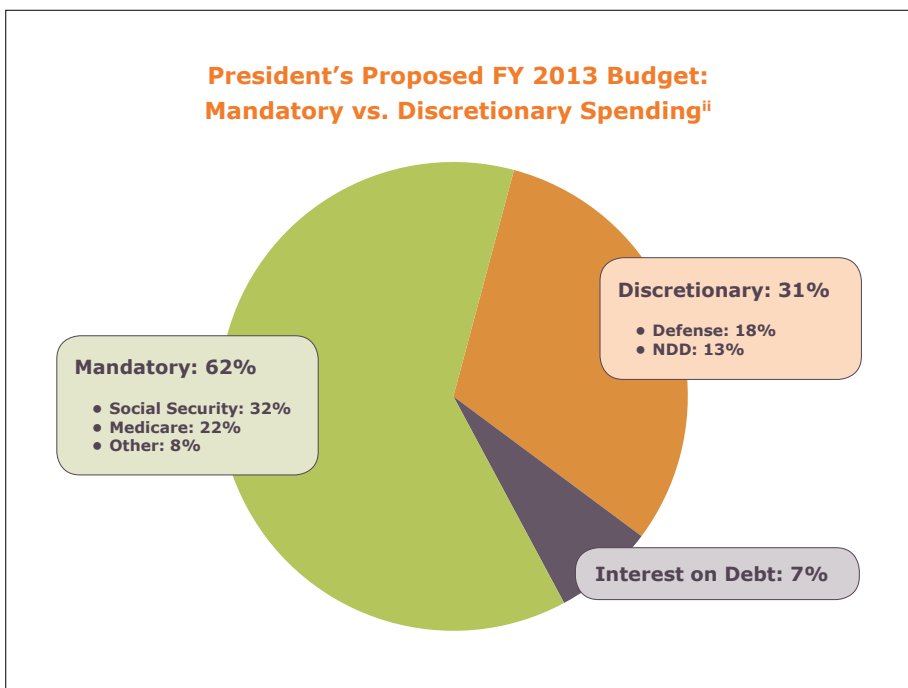
Sequestration is the process in which automatic, across-the-board spending cuts are made to the federal budget, as dictated by the **Budget Control Act (BCA)**. The BCA was passed in 2011 to increase the national debt ceiling in exchange for an agreement to make more than **\$2 trillion** in funding cuts through 2021.

The BCA already has instituted **spending caps** on **discretionary spending**ⁱ (both defense and non-defense) that will, by 2021, cut spending in these areas (including workforce programs) by **7 percent** vs. 2012 levels.

The President's proposed FY 2013 budget complies with these caps. A graphic of his **\$3.76 trillion** budget (below) is included here to demonstrate that **only a small portion of the federal budget is discretionary**, and that the **majority of this is for defense**. The remainder, "non-defense discretionary" spending (**NDD**),

accounts for **only 13 percent** of the total proposed budget, yet includes core government funding for: **education and job training**, infrastructure, public safety, public health, environmental protection, scientific research, housing and social services, and veterans benefits.

In addition, unless Congress passes a FY 2013 budget prior to the end of the year that further reduces the federal



deficit (via additional cuts, increased taxes, or both) the BCA calls for **sequestration** to go into effect, **cutting spending by 2021 a full 20 percent** vs. 2010 levels.

The BCA will force the first round of automatic cuts (“sequesters”) on **January 2, 2013**. These cuts will total **\$109 billion**, representing about an **8 percent cut** in discretionary spending beyond reductions already made through BCA spending caps.ⁱⁱⁱ

Impact of Sequestration on Federal Workforce Funding in 2013

In assessing its impact on federal workforce development programs, it is important to place sequestration in context of cuts to these programs that **have already happened** over the past decade. Federal investment in employment and training has been **reduced by more than 30 percent** since 2001, with more than **\$1 billion in cuts since 2010**.^{iv} According to the National Skills Coalition, **workforce programs are projected to lose another \$630 million** in 2013 if sequestration occurs.^v

Impact of Sequestration on Federally-Funded Washington State Workforce Programs in 2013

The following table illustrates how sequesters are projected to impact federally-funded workforce programs in Washington State in just the first year (2013) of cuts. It shows both funding cuts by program as well as the projected number of people who would likely no longer be served as a consequence of these cuts.

Impact of Sequesters on Major Federal Workforce Programs in Washington State^{vi}			
Program	Current FY 2012 Funding	FY 2013 Sequester Cut	Fewer People Served
All Combined	\$154,564,656	\$11,286,446	36,433
Workforce Investment Act	\$29,551,692	\$2,209,528	1,814
Career & Technical Education Programs	\$20,629,135	\$1,044,891	0
Adult Basic Education Programs	\$9,574,316	\$756,371	2,080
Vocational Rehabilitation Programs	\$54,273,985	\$4,287,645	1,391
Wagner-Peyser Employment Services	\$14,673,520	\$1,131,624	25,186

A More Thoughtful Approach to Balancing the Budget

Many efforts are underway to advocate for Congress to pass a FY 2013 budget that takes a more thoughtful approach to reducing the deficit, avoiding the across-the-board sequesters. Different interest groups are now making passionate arguments that this budget should make no cuts to the programs about which they care. Rather than competing directly against one another to preserve their funding, organizations representing **NDD programs** (nearly 3,000 of them, including those representing workforce development) have banded together to urge Congress to pass a budget that includes no further cuts to NDD spending. Their letter can be viewed here: <http://www.nationalskillscoalition.org/federal-policies/misc-documents/nddjuly2012-final.pdf>.

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- i. The federal government divides spending into mandatory spending, discretionary spending and interest on debt. Discretionary spending is the portion of the budget that requires annual appropriations by Congress, a process through which the spending level for each program is set for the year. Mandatory spending consists primarily of entitlement programs, in which spending is determined by eligibility for these entitlements as opposed to annual appropriations (though Congress can change eligibility rules).
 - ii. Adapted from graphic created by National Priorities Project (using OMB data). Available at <http://nationalpriorities.org/en/budget-basics/federal-budget-101/spending>.
 - iii. National Skills Coalition, "Tierney requests sequester impact details". August 14, 2012. See <http://www.nationalskillscoalition.org/homepage-archive/tierney-requests-sequester.html>.
 - iv. National Skills Coalition, "Disinvesting in the Skills of America's Workforce: The Potential Impact of Sequestration on Key Federal Employment and Training Programs." August, 2012.
 - v. *Ibid.*
 - vi. *Ibid*, utilizing multiple sources.

BEYOND THE HEADLINES: Policy & Labor Market Updates for Those Working to Help Low-Income and Low-Skill Individuals Advance through Education, Training & Living-Wage Jobs

About Seattle Jobs Initiative

Seattle Jobs Initiative creates opportunities for students, workers and business to succeed by helping education and job training programs meet the demands of a new economy. We find and apply solutions for people to gain the skills they need for good jobs that create prosperity for all in today's marketplace.

Supported by the City of Seattle Office of Economic Development

Contact Information

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