

MWCA Winter Meeting

Federal Budget/Outlook Overview
(From the National Workforce
Association Conference,
December 08)



Historical Perspective:

Domestic Spending

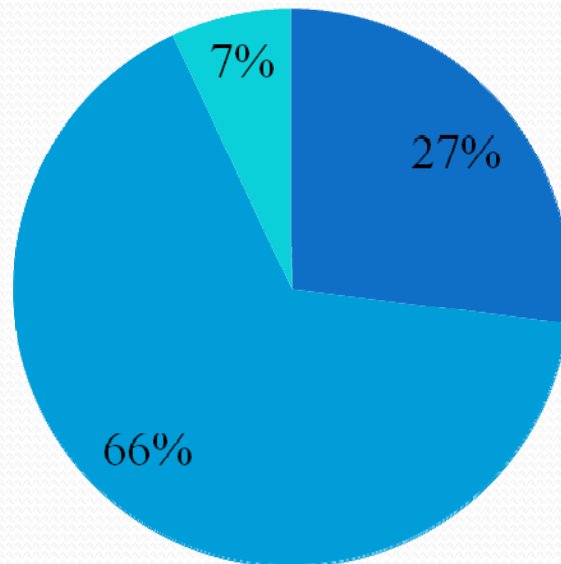


Overall Budget

Mandatory spending growing as a proportion of the budget while discretionary spending is shrinking.

Categories of Federal Spending for Selected Years - 1965

■ Mandatory ■ Discretionary ■ Interest

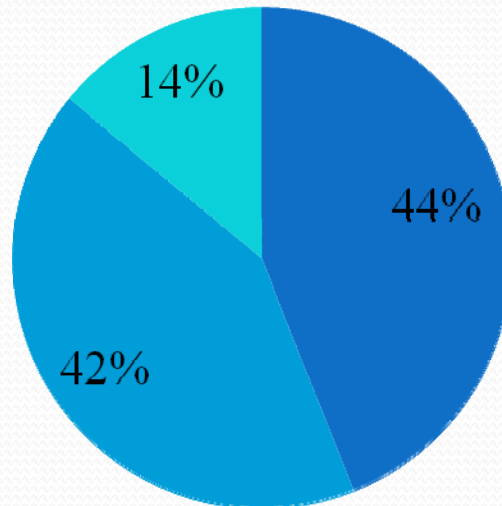


Overall Budget

Mandatory spending growing as a proportion of the budget while discretionary spending is shrinking.

Categories of Federal Spending for Selected Years - 1985

■ Mandatory ■ Discretionary ■ Interest

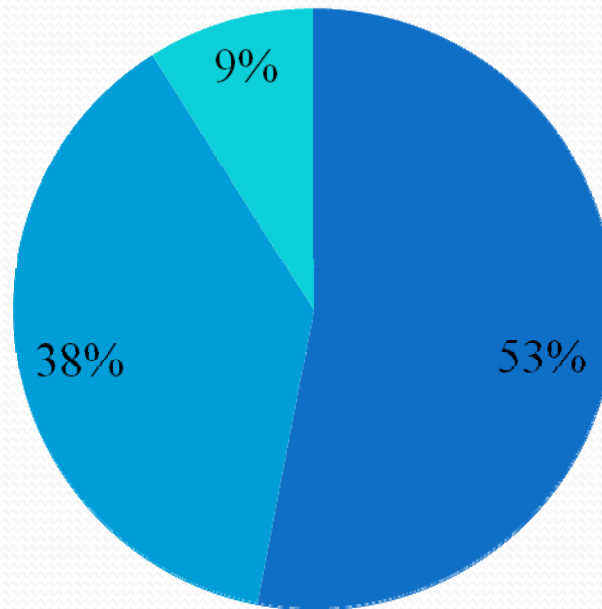


Overall Budget

Mandatory spending growing as a proportion of the budget while discretionary spending is shrinking.

Categories of Spending for Selected Years - 2007

■ Mandatory ■ Discretionary ■ Interest



Spending....

Domestic Discretionary Funding is a Shrinking Share of Total Program Costs

Share of Total	2001	2008	% Change
Defense & security	21.7%	29.2%	+7.5%
Social Security, Medicare/caid	45.9%	43.5%	-2.4%
Other mandatory programs	14.0%	12.5%	-1.4%
Domestic Discretionary	18.4%	14.7%	-3.7%
Total Program Costs	100%	100%	100%

Spending....

Domestic Discretionary Funding has been Growing More Slowly Than Any Other Set of Programs

	Nominal	Real	Real per person
Defense & security	12.0%	9.1%	8.1%
Social Security, Medicare/caid	6.5%	3.8%	2.8%
Other mandatory programs	5.7%	3.0%	2.0%
Domestic Discretionary	4.0%	1.3%	0.3%
Average, all program costs	7.3%	4.6%	3.6%

Spending – Bush Administration

- President Bush's final budget proposal the FY 2009 budget, targeted 151 programs for either limitation or termination. The estimated TOTAL savings was \$18 billion.
- These recommended reductions included over \$1 billion in cuts to the workforce system and over \$500 million to WIA formula programs:

Adult:	\$152.6 million
Dislocated Worker	\$241.9 million
Youth	\$101.7 million



Spending...

The Bush track record of termination and reduction was mixed.

- 2008: The President proposed 141 terminations and reductions (91 terminations and 50 reductions) of these 29 (16 terminations and 13 reductions) were either fully or partially accepted
- 2007: The President proposed 141 terminations and reductions (91 terminations and 50 reductions) of these 44 (23 terminations and 21 reductions) were either fully or partially accepted
- 2006: The President proposed 154 terminations and reductions (99 terminations and 55 reductions) of these 89 (52 terminations and 37 reductions) were either fully or partially accepted.

2009 Appropriations



Objectives for Appropriations Process (NWA)

- Long Term Funding Stability
 - Restoring Administration's Proposed Cuts
 - Preventing Future Rescissions
 - Building Champions

First test: 2009 Budget Resolution

Function 500 Programs

- Employment and Training Programs
- Social Services Programs

Community Services Block Grants

Head Start

Special Services Block Grants

Youth Activities (DHHS)

State and Community Based Services on Aging

- Education Programs
- Other

Corporation for National and Community Services

Corporation for Public Broadcasting

National Endowment for the Arts

National Endowment for the Humanities



09 Appropriations

- Bush requested \$7 billion in cuts to Labor-HHS programs
- \$1.2 billion in cuts to WIA
 - \$515 million – WIA formula programs
 - \$703 million - Elimination of Employment Service Funding

Appropriator's Focus: restore proposed cuts first

Labor-HHS only \$7.8 billion above the President's request –
WIA a significant overall portion of this restoration



FY 09 Appropriations Timetable

- Overall Appropriations process fractured between Congressional Democrats and the Bush Administration
- Congressional Democrats have chosen to wait to complete their FY09 Appropriations bills until President Elect Obama takes office in January
- Continuing Resolution signed to keep the government running through March 6, 2009.

FY 09 Appropriations Timetable

- Appropriations Committee staff beginning to conference their FY09 bills
- Remaining bills will be considered as part of an Omnibus package
- Appropriations Committee members will return to Washington in early January to complete their FY09 bills and ready them for President Elect Obama to sign

Looking Forward



2008 Election Results - House

Heading into election day:

- Democrats 235
- Republicans 199

After Election Day

- Democrats 256
- Republicans 175
- Undecided 5

(218 needed for majority; also impacts Committee ratios)



2008 Senate Election

Heading Into Election Day:

- Democrats 49
- Republicans 49
- Independents 2

After Election Day:

- Democrats 58
- Republicans 41
- Undecided 1

FY 09 Economic Stimulus: What to Expect

- Senate stimulus proposal: \$100 billion
Reid/Byrd \$600 million for WIA

House stimulus proposal: \$61 billion
Pelosi/Obey \$500 million for WIA

Obama stimulus plan:

Original proposal \$175 billion; more currently \$300 billion



FY09 Economic Stimulus: What To Can Expect

- Congressional leadership and Obama team are beginning to develop a far larger stimulus proposal that will be introduced in January
- President Elect Obama has indicated that it will be the first bill he signs upon entering office.

President Elect Obama

Priorities:

- Health Care
- Strengthen Economy
- Retirement Security
- Education
- Clean Energy
- Fiscal Discipline
- Support Rural Communities
- Immigration Reform
- Immigration Reform
- Combat Poverty
- Universal Voluntary Public Services

President Elect Obama on Workforce

- Historically supportive of WIA funding and reauthorization during his time in the Senate
- Has not explicitly addressed the workforce system other than green jobs initiatives
- Overall focus:
 - Transforming government to meet the challenges of the next generation. We do not expect to hear more WIA specifics from Obama before a new Labor Secretary takes office
 - Congressional Democrats believe they will be an equal stakeholder with President Obama in shaping policy

President Elect Obama on Workforce

- Focus on green jobs – the Obama plan will increase funding for federal workforce training programs to incorporate green technologies training, such as advanced manufacturing and weatherization training, into their efforts to help Americans find and retain stable, high-paying jobs.
- Focus on youth- Obama will also create an energy-focused youth jobs program to invest in disconnected and disadvantaged youth.
- Obama will also make long-term investments in education, training, and workforce development so that Americans can leverage our strengths- our ingenuity and entrepreneurialism – to create new high-wage jobs and prosper in a world economy

Next Steps for the Administration

- Install new appointees
- Perform thorough review of federal agencies
- Develop FY10 budget request

Expectations:

Funding stability

Reauthorization

