

POTENTIAL CUTS IN WIA FUNDING FOR FY 2002

Background

The Bush Administration asked its cabinet secretaries to review the budgets of their respective departments and make recommendations on where cuts can be made. The Office of Management and Budget (OMB) requested that the U.S. Department of Labor come up with a 5 percent across the board cut to discretionary funding. DOL's Discretionary budget is \$11.9 billion, of which \$9.7 billion is under the Employment and Training Administration.

Based upon a review of President Bush's recently released Budget Blueprint for FY 2002, the Administration is proposing a cut of \$600 million, or 5.3 percent, in discretionary funding for the Department of Labor. The proposed cut is roughly equivalent to half the FY 2001 increase over FY 2000. Because ETA is the largest part of the DOL budget, the cuts will most likely come out of employment and training programs.

The president has recommended that more than \$5 billion be appropriated for training for youth and adults. This would represent a substantial drop from current levels of \$6.1 billion. It is not clear where the cuts will be made. However, the blueprint does call for providing the bulk of youth and adult services through the formula funded youth and adult programs, suggesting that categorical programs like the Youth Opportunities Program are at risk.

New reports show that nationally WIA PY 2000 drawdowns for the first seven months of the program year are less than expected:

- Youth program expenditures are at 33%,
- Adult programs at 26%, and
- Dislocated worker programs at 16%.

The DOL has asked each state to do a full accounting of its spending. Drawdowns in California are expected to be less than in most other states.

Objectives

Efforts to ensure adequate funding should focus on three areas in which WIA programs can make a substantial difference:

- **Responding to the effects of the current economic downturn and resulting layoffs;**
- **Addressing critical skills shortages; and**
- **Ensuring the continued success of welfare reform – moving welfare recipients to work.**

We will not get specific line-item recommendations, or details of where the cuts would be made, until the President's budget is out, sometime in April.

At this point, it's critical that letters from Chief Elected Officials and WIB members reach members of California's Congressional delegation and the Appropriations Subcommittees on Labor, Health and Human Services, and Education. **The House Subcommittee has scheduled hearings for March 5 through March 15.**

TANF REAUTHORIZATION

The Welfare reform law is scheduled for reauthorization in 2002. This will include the reauthorization of Temporary Assistance for Needy Families (TANF).

Background

TANF has been more successful since its enactment in August 1996 than could have been realistically imagined. The combination of an extremely healthy economy and the implementation of welfare reform has resulted in substantial reductions in both the number of families receiving cash assistance and the incidence of child poverty.

Notwithstanding the successes of TANF to date, tremendous work remains to be done:

- Some parents receiving cash assistance have not yet secured employment; many have severe, multiple barriers to employment and self-sufficiency.
- Most families in which parents have secured work continue to live at or near the poverty level. Lower paying jobs don't always lead to substantial employee wage progression. In many areas of California, wage progression for working participants is not keeping up with the local cost of living, particularly due to housing.
- Many families continue to apply for cash assistance, frequently as a result of abandonment by a father/husband or loss of employment.
- Despite a thriving national economy, significant pockets of high poverty and high unemployment persist, especially in large cities and rural areas.

Objectives

Two central objectives in the reauthorization of the federal Temporary Assistance for Needy Families (TANF) Program:

- Preserve the flexibility currently afforded to States and localities.
- Preserve or increase the funding level in the Federal TANF Block Grant, without reducing the State Maintenance-of-Effort requirement.
- Achievement of these objectives will enable states and localities to use TANF to effectively combat child and family poverty.
- Though a small number of specific statutory changes may be warranted, by and large the federal TANF statute should remain intact.