

Disinvesting in the Skills of Washington's Workforce

The Potential Impact of Sequestration on Key Employment and Training Programs in Washington

February 2013

Background

- The Budget Control Act (BCA) was enacted in 2011 to increase the national debt ceiling in exchange for more than \$2 trillion in federal funding cuts over the next 10 years. Under the BCA, \$85 billion in automatic, across-the-board cuts ("sequesters") to both defense and non-defense discretionary (NDD) programs will go into effect on March 1, 2013.



- Under current law, these cuts will remain in place from 2013 through 2021. If Congress fails to stop sequestration, in total, funding for NDD programs – including workforce development programs – will be cut by 20 percent overall compared to FY 2010 levels.
- Washington's workforce development programs will be deeply impacted by these cuts. By the most conservative estimate, Washington job training programs will \$8.2 million in 2013 and will serve 41,000 fewer people. If these cuts remain in place until 2021, Washington would lose \$111.6 million in funding for workforce development programs and 558,000 fewer people will have access to critical education and training services.
- **There are 262,000 unemployed Washington workers.¹ Despite an unemployment rate of 7.6 percent, Washington employers say everyday they cannot find workers with the right skills. Yet, we are facing the steepest decline in investments in the skills of Washington's workforce in recent history. Washington's workers and businesses simply can't afford these cuts.**



Impact of Sequestration in 2013 on Key Washington Workforce Development Programs

Program	FY 2012 Funding	FY 2013 Estimated Sequester	Fewer People Served
Workforce Investment Act (WIA) ⁱⁱ	\$55,413,700	\$2,826,099	5,584
Career and Technical Education (CTE) ⁱⁱⁱ	\$20,629,135	\$679,179	16,693
Adult Basic Education (ABE)	\$9,574,316 ^{iv}	\$651,053 ^v	1,343 ^{vi}
Vocational Rehabilitation (VR)	\$54,273,985 ^{vii}	\$3,357,552 ^{viii}	898 ^{ix}
Wagner-Peyser Employment Services ^x	\$14,673,520	\$748,350	16,660
TOTAL	\$154,564,656	(\$8,262,232)	(41,177)

Conclusion

- Recently, the Aerospace Industries Association (AIA) released a report detailing the [economic impact](#) of the sequesters on both defense and NDD programs. They found that Washington will lose 24,000 jobs as a result of the NDD cuts (and 17,000 jobs as a result of the defense cuts) if Congress fails to stop the sequesters.^{xi}
- Washington’s economic future depends, at least in part, on the skills of its workforce. Although policymakers face difficult decisions, Congress must continue to invest in those skills to maintain our state’s competitiveness in the global economy.
- NDD programs—including federal employment and training programs—have already absorbed extremely deep funding cuts. Policymakers must stop targeting these programs as a means to balance the federal budget, and instead must adopt a balanced approach to deficit reduction.
- National Skills Coalition has joined with nearly 3,000 other national organizations in an effort to urge policymakers to adopt a “balanced approach to deficit reduction that does not include further cuts to NDD programs.” For more information about sequestration and the NDD community’s efforts, read the [NDD letter to Congress](#).

ⁱ<http://www.deptofnumbers.com/unemployment/>.

ⁱⁱ National Skills Coalition calculation based on Senate Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies, [Under Threat: Sequestration's Impact on Nondefense Jobs and Services](#), July 25, 2102, and have been revised to reflect a 5.1 percent cut in FY 2013. Funding WIA Adult, Dislocated Worker, and Youth programs have been combined here.

ⁱⁱⁱ *Ibid.*; certain states will not experience reductions due to a “hold-harmless” provision in the authorizing statute. Revised to reflect 5.1 percent cut in FY 2013.

^{iv} US Department of Education, Office of Vocational Education. [Estimated Adult Basic Education State Award Allocations for Fiscal Year 2012](#). February 3, 2012.

^v *Ibid.*; Calculation by National Skills Coalition based on a 5.1 percent cut in federal funding due to the sequester and a proportionate reduction in the mandatory 33.3 percent state match.

^{vi} Calculation by National Skills Coalition based on data from US Department of Education, Office of Vocational and Adult Education. National Reporting System, [Statistical Section: Participants by Program Type and Age](#) (accessed August 6, 2012).

^{vii} US Department of Education. [Vocational Rehabilitation State Grants](#) (accessed August 6, 2012).

^{viii} Calculation by National Skills Coalition based on 5.1 percent cut to current federal funding due to the sequester and proportionate reduction in the mandatory 21.3 percent state match. Existing law requires annual increases in Vocational Rehabilitation funding equal to the CPI-U index. In its FY 2013 Congressional Budget Justification, the Department of Education estimates the increase in federal funding for VR will be \$109.260 million; however OMB has not yet clarified on how the sequester would be implemented in a manner consistent with this requirement.

^{ix} Calculation by National Skills Coalition.

^x Senate Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies. [Under Threat: Sequestration's Impact on Nondefense Jobs and Services](#). July 25, 2102. Revised to reflect 5.1 percent cut in FY 2013.

^{xi} Stephen S. Fuller. [The Economic Impact of the Budget Control Act of 2011 on DOD and non-DOD Agencies](#). July, 2012.