



**NATIONAL SKILLS COALITION**  
Every worker. Every industry. A strong economy.

# Disinvesting in the Skills of America's Workforce

## The Potential Impact of Sequestration on Key Federal Employment and Training Programs

August 2012

1730 Rhode Island Avenue NW  
Suite 712  
Washington DC 20036  
202.223.8991

[info@nationalskillscoalition.org](mailto:info@nationalskillscoalition.org)  
[www.nationalskillscoalition.org](http://www.nationalskillscoalition.org)

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### 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, \$109 billion in automatic, across-the-board cuts (“sequesters”) to both defense and non-defense discretionary (NDD) programs will go into effect on January 2, 2013.
- Federal workforce development programs will be deeply impacted by these cuts. Despite federal disinvestments of more than 30 percent since 2001—with more than \$1 billion in cuts just since 2010—critical employment and training programs stand to lose at least another \$630 million in 2013 if the sequesters go into effect.
- Such cuts are already having an impact: a recent survey of workforce providers found that more than three quarters expected to reduce training as a result of the cuts, and nearly half believed they would have to cut back on services for employers seeking skilled workers.
- There are more than 12.5 million unemployed U.S. workers and nearly 3.5 million job openings waiting to be filled. Despite an unemployment rate that remains above 8 percent, employers say everyday they cannot find workers with the right skills. Yet, we are facing the steepest decline in federal investments in the skills of our nation's workforce in recent history. Our workers and businesses can't afford these cuts. Congress must invest in and improve our nation's workforce system, not eliminate it.

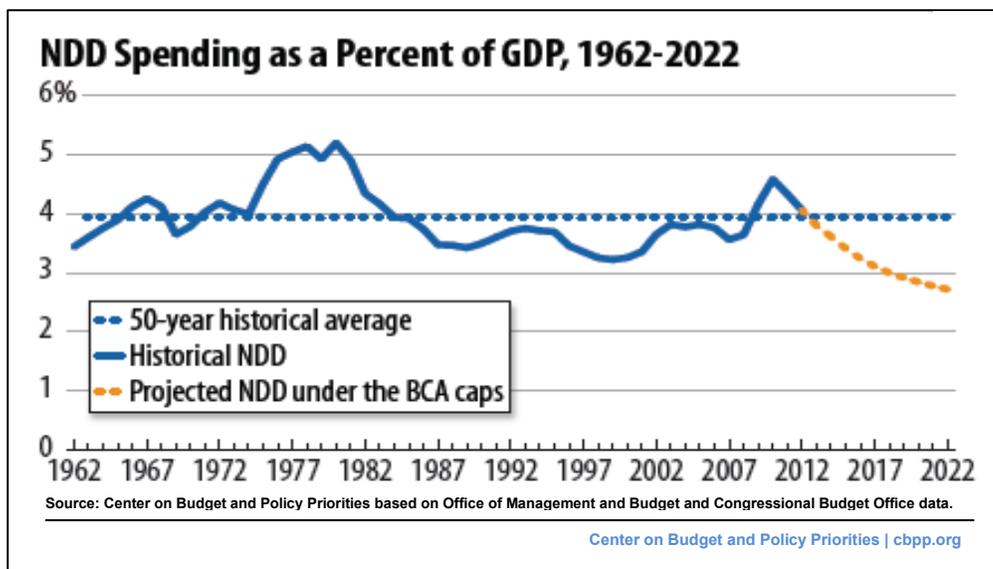
In their June 19 testimony before the Senate Finance Committee former Senator Pete Dominici and Dr. Alice Rivlin, co-chairs of the Bipartisan Policy Center Debt Reduction Task Force, noted:

***“The levels for discretionary defense and domestic spending set by the Budget Control Act of 2011, before any action triggered by the looming sequester in January, 2013, are approximately what our Task Force recommended. In short, we believe that further significant cuts in discretionary spending will do little to improve long run fiscal sustainability and risk harming investment, recovery, and future growth. So far, Congress has imposed virtually 100 percent of deficit reduction on less than 37 percent of the budget.”***



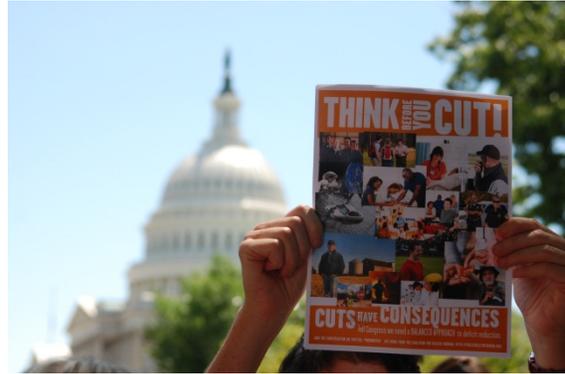
## Congress Cannot Balance the Budget by Cutting NDD Programs

- Although NDD programs serve core government functions that support economic growth, strengthen safety and security, and enrich the lives of every American in every state and community across the nation, funding for these programs represents a small and shrinking share of the federal budget and of our overall economy. The NDD budget represented just 3.4 percent of our country's Gross Domestic Product (GDP) in 2011, consistent with historical levels. Under the BCA, by 2021, NDD funding will decline to just 2.5 percent of GDP, the lowest level in at least 50 years.
- NDD programs are not the reason for our growing debt. In fact, even completely eliminating all NDD programs would not even come close to balancing the budget. Yet NDD programs have borne the brunt of deficit reduction efforts so far.
  - Since Fiscal Year (FY) 2010, NDD programs have been cut by 10 percent on average, with many programs cut by as much as 50 percent.
  - By 2021, the remaining discretionary caps (2013-2021) under the BCA will reduce NDD programs by an additional 7 percent, relative to 2012 levels.
  - In total, if sequestration goes into effect, by FY 2021 funding for NDD programs will be cut by 20 percent overall compared to FY 2010 funding levels.
- Recently, the Aerospace Industries Association (AIA) released a report detailing the [economic impact of the sequester cuts](#) on both defense and NDD programs.
  - AIA estimated that the cuts to NDD programs alone would result in more than **1 million job losses**, and would reduce U.S. GDP by more than \$120 billion.



## The Impact of Sequestration on Critical Employment and Training Programs

- Workforce programs would be devastated by sequestration. If the sequester is implemented, National Skills Coalition estimates that workforce programs will **serve nearly 3 million fewer workers and employers** in 2013.
- In 2010, more than 9 million individuals received WIA Title I training and employment services, a 248 percent increase in just two years. Despite this skyrocketing demand for services, WIA Title I programs would be forced to turn away nearly **400,000 adults, youth, and dislocated workers** as a result of the sequester.
  - More than [40 percent of workers have been jobless for 27 weeks or longer](#), suffering from long-term unemployment. Yet sequestration would cut funding for the WIA Dislocated Worker program by almost \$80 million, denying services to **nearly 46,000 dislocated workers**.
  - Despite a [youth unemployment rate above 18 percent](#), more than twice the overall unemployment rate, almost **19,000 youth** would lose access to WIA Youth employment services under the sequesters.
- Adult Basic Education (ABE) programs would serve **66,000 fewer learners**, even though there are already more than [160,000 people on waiting lists](#) for ABE programs.
- Although high risk students are [8 to 10 times less likely to drop out](#) in 11<sup>th</sup> or 12<sup>th</sup> grades if they are enrolled in a Career and Technical Education (CTE) program, **1 million fewer students** would be served by CTE programs as a result of the sequester.
- A [2010 study conducted by the National Organization on Disability/Harris Poll](#) found that nearly 70 percent of working age people with disabilities want to work, yet the unemployment rate for disabled individuals remains persistently high. If the sequester takes effect, Vocational Rehabilitation programs would serve almost **78,000 fewer disabled individuals**.
- Although the number of people served through the Wagner-Peyser Employment Services (ES) increased by more than 4 million people between 2008 and 2011 (from just over [17 million people](#) to more than [21 million people](#)), funding for the ES has [declined by more than 45 percent since 2001](#) (adjusted for inflation). Under sequestration, **1.2 million fewer jobseekers** will be served by the ES.



## Conclusion

- America's economic future depends, at least in part, on the skills of its workforce. Although policymakers face difficult decisions, our nation must continue to invest in those skills to maintain our 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](#).

## Total Impact of the Sequester on Key Federal Workforce Development Programs

State	FY 2012 Funding	FY 2013 Sequester Cut	Fewer People Served
Alabama	\$136,279,025	\$9,013,945	24,161
Alaska	\$28,714,931	\$1,922,321	14,638
Arizona	\$166,288,907	\$15,486,776	94,274
Arkansas	\$77,425,080	\$5,111,310	15,344
California	\$1,004,317,730	\$82,429,919	543,000
Colorado	\$112,928,017	\$9,485,359	43,326
Connecticut	\$73,305,006	\$5,921,820	33,379
Delaware	\$24,897,409	\$1,953,947	7,758
District of Columbia	\$27,616,396	\$1,810,859	5,673
Florida	\$494,521,715	\$44,780,735	210,709
Georgia	\$261,590,293	\$24,300,294	140,253
Hawaii	\$29,022,354	\$2,242,764	8,831
Idaho	\$45,368,179	\$3,395,963	19,439
Illinois	\$311,538,178	\$22,746,867	95,380
Indiana	\$172,215,250	\$13,090,028	42,606
Iowa	\$67,548,622	\$4,306,634	14,316
Kansas	\$64,806,380	\$4,211,213	13,651
Kentucky	\$131,235,012	\$8,692,667	25,329
Louisiana	\$125,088,958	\$8,015,574	23,479
Maine	\$36,053,729	\$2,786,741	9,704
Maryland	\$111,778,568	\$8,078,955	34,580
Massachusetts	\$136,703,366	\$9,635,062	36,064
Michigan	\$299,129,612	\$30,857,295	108,133
Minnesota	\$114,474,613	\$7,536,374	27,921
Mississippi	\$97,501,963	\$7,360,921	19,784
Missouri	\$158,872,701	\$11,195,496	37,566
Montana	\$30,226,956	\$2,217,896	11,597
Nebraska	\$39,929,858	\$2,586,714	12,619
Nevada	\$76,138,499	\$6,854,969	34,498
New Hampshire	\$27,560,663	\$2,164,971	7,825
New Jersey	\$184,748,288	\$13,922,690	57,700
New Mexico	\$55,408,178	\$3,814,819	15,771
New York	\$426,393,143	\$30,007,396	105,944
North Carolina	\$258,863,486	\$23,919,988	183,737
North Dakota	\$25,234,918	\$1,650,861	10,434
Ohio	\$306,206,335	\$20,277,664	64,555
Oklahoma	\$90,004,347	\$5,795,597	16,932
Oregon	\$102,247,975	\$7,812,166	34,182
Pennsylvania	\$300,008,056	\$21,469,659	68,934
Puerto Rico	\$169,236,804	\$15,949,085	40,140
Rhode Island	\$32,553,645	\$2,499,385	8,628
South Carolina	\$135,242,219	\$11,010,831	54,315
South Dakota	\$25,426,156	\$1,665,946	9,806
Tennessee	\$167,184,259	\$13,199,876	52,684
Texas	\$612,817,510	\$51,548,462	276,789
Utah	\$69,045,464	\$4,548,407	21,843
Vermont	\$22,723,719	\$1,454,902	16,474
Virginia	\$161,839,798	\$11,386,016	61,483
Washington	\$154,564,656	\$11,286,446	36,433
West Virginia	\$58,705,118	\$3,879,658	13,204
Wisconsin	\$139,475,730	\$9,196,619	29,811
Wyoming	\$23,949,359	\$1,550,379	7,929
Indian set-aside (BIA)	\$14,037,878	\$1,094,954	
Other (non-State allocations)	\$2,961,254	\$230,978	

**TOTAL** **\$8,021,956,265** **\$629,367,169** **2,903,566**

<sup>1</sup>National Skills Coalition relied on the Congressional Budget Office and Senate Appropriations Subcommittee on Labor, Health and Human Services, Education, and Related Agencies estimation that the sequester would force a 7.8% across-the-board cut to NDD programs. It is important to note that this is only an estimate; the cuts implemented could be even greater.





## Impact of Sequester on Adult Basic Education (ABE) Programs, State-by-State

State	FY 2012 Funding	FY 2013 Sequester Cut <sup>2</sup>	Fewer ABE Adults Served <sup>3</sup>
Alabama	\$9,819,887	\$775,771	1,400
Alaska	\$1,037,781	\$81,985	159
Arizona	\$11,912,398	\$941,079	892
Arkansas	\$5,867,037	\$463,496	1,375
California	\$90,933,921	\$7,183,780	892
Colorado	\$6,955,401	\$549,477	303
Connecticut	\$5,562,943	\$439,472	571
Delaware	\$1,668,225	\$131,790	243
District of Columbia	\$1,299,005	\$102,621	163
Florida	\$39,052,707	\$3,085,164	8,319
Georgia	\$18,571,113	\$1,467,118	3,646
Hawaii	\$2,123,712	\$167,773	304
Idaho	\$2,362,081	\$186,604	321
Illinois	\$21,674,473	\$1,712,283	2,068
Indiana	\$10,108,075	\$798,538	1,565
Iowa	\$3,679,858	\$290,709	415
Kansas	\$3,762,235	\$297,217	306
Kentucky	\$9,106,543	\$719,417	2,086
Louisiana	\$9,318,371	\$736,151	1,765
Maine	\$1,845,650	\$145,806	300
Maryland	\$9,647,452	\$762,149	1,199
Massachusetts	\$10,253,481	\$810,025	386
Michigan	\$13,965,116	\$1,103,244	1,134
Minnesota	\$6,097,930	\$481,736	1,418
Mississippi	\$6,380,200	\$504,036	1,096
Missouri	\$9,328,075	\$736,918	1,707
Montana	\$1,302,934	\$102,932	204
Nebraska	\$2,424,961	\$191,572	325
Nevada	\$5,712,233	\$451,266	119
New Hampshire	\$1,702,786	\$134,520	132
New Jersey	\$15,822,106	\$1,249,946	960
New Mexico	\$4,217,148	\$333,155	960
New York	\$42,211,233	\$3,334,687	3,801
North Carolina	\$17,595,023	\$1,390,007	5,241
North Dakota	\$1,019,829	\$80,566	61
Ohio	\$16,291,022	\$1,286,991	2,377
Oklahoma	\$6,198,983	\$489,720	991
Oregon	\$5,633,806	\$445,071	783
Pennsylvania	\$18,593,214	\$1,468,864	1,419
Puerto Rico	\$12,547,035	\$991,216	306
Rhode Island	\$2,317,728	\$183,101	196
South Carolina	\$8,687,843	\$686,340	2,939
South Dakota	\$1,208,392	\$95,463	110
Tennessee	\$12,131,134	\$958,360	1,679
Texas	\$55,954,936	\$4,420,440	3,605
Utah	\$3,169,893	\$250,422	1,189
Vermont	\$935,060	\$73,870	81
Virginia	\$13,732,173	\$1,084,842	907
Washington	\$9,574,316	\$756,371	2,080
West Virginia	\$3,891,120	\$307,398	607
Wisconsin	\$6,887,787	\$544,135	945
Wyoming	\$811,008	\$64,070	131

**TOTAL                                      \$582,907,373                                      \$46,049,682                                      66185**

<sup>1</sup> US Department of Education, Office of Vocational and Adult Education, *Estimated Adult Basic Education State Award Allocations for Fiscal Year (FY) 2012*, <http://www2.ed.gov/about/offices/list/ovae/resource/2012-allocations-state-grants.pdf>, February 3, 2102.

<sup>2</sup> *Id.*; Calculation by National Skills Coalition based on a 7.8% cut in federal funding due to the sequester, and a proportionate reduction in the mandatory 33.3% state match to federal funding.

<sup>3</sup> 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*, <http://wdcrocolp01.ed.gov/CFAPPS/OVAE/NRS/login.cfm> (accessed August 6, 2012).

## Impact of the Sequester on Vocational Rehabilitation Programs, State-by-State

State	FY 2012 Funding <sup>1</sup>	FY 2013 Sequester Cut <sup>2</sup>	Fewer Students Served <sup>3</sup>
Alabama	\$59,554,677	\$4,704,819	1,526
Alaska	\$10,279,380	\$812,071	263
Arizona	\$62,823,314	\$4,963,042	1,610
Arkansas	\$34,973,072	\$2,762,873	896
California	\$294,857,633	\$23,293,753	7,557
Colorado	\$40,548,289	\$3,203,315	1,039
Connecticut	\$21,298,791	\$1,682,604	546
Delaware	\$10,279,380	\$812,071	263
District of Columbia	\$12,859,214	\$1,015,878	330
Florida	\$167,846,681	\$13,259,888	4,302
Georgia	\$98,771,065	\$7,802,914	2,531
Hawaii	\$11,754,686	\$928,620	301
Idaho	\$17,821,354	\$1,407,887	457
Illinois	\$111,621,896	\$8,818,130	2,861
Indiana	\$74,187,711	\$5,860,829	1,901
Iowa	\$31,435,956	\$2,483,441	806
Kansas	\$28,478,239	\$2,249,781	730
Kentucky	\$54,858,894	\$4,333,853	1,406
Louisiana	\$53,948,251	\$4,261,912	1,383
Maine	\$15,978,909	\$1,262,334	410
Maryland	\$41,298,011	\$3,262,543	1,058
Massachusetts	\$47,794,197	\$3,775,742	1,225
Michigan	\$112,522,015	\$8,889,239	2,884
Minnesota	\$48,148,978	\$3,803,769	1,234
Mississippi	\$43,016,178	\$3,398,278	1,102
Missouri	\$66,680,812	\$5,267,784	1,709
Montana	\$11,551,605	\$912,577	296
Nebraska	\$18,555,535	\$1,465,887	476
Nevada	\$22,206,585	\$1,754,320	569
New Hampshire	\$11,559,524	\$913,202	296
New Jersey	\$55,721,715	\$4,402,015	1,428
New Mexico	\$22,834,530	\$1,803,928	585
New York	\$146,983,943	\$11,611,731	3,767
North Carolina	\$106,173,470	\$8,387,704	2,721
North Dakota	\$10,279,380	\$812,071	263
Ohio	\$127,581,177	\$10,078,913	3,270
Oklahoma	\$43,148,411	\$3,408,724	1,106
Oregon	\$39,356,101	\$3,109,132	1,009
Pennsylvania	\$124,762,296	\$9,856,221	3,198
Puerto Rico	\$72,425,264	\$5,721,596	1,856
Rhode Island	\$10,494,092	\$829,033	269
South Carolina	\$56,011,693	\$4,424,924	1,436
South Dakota	\$10,259,256	\$810,481	263
Tennessee	\$65,912,937	\$5,207,122	1,689
Texas	\$241,601,718	\$19,086,536	6,192
Utah	\$30,873,493	\$2,439,006	791
Vermont	\$10,279,380	\$812,071	263
Virginia	\$66,762,330	\$5,274,224	1,711
Washington	\$54,273,985	\$4,287,645	1,391
West Virginia	\$26,744,551	\$2,112,820	685
Wisconsin	\$61,532,672	\$4,861,081	1,577
Wyoming	\$10,279,380	\$812,071	263
<b>TOTALS</b>	<b>\$3,031,802,606</b>	<b>\$239,512,406</b>	<b>77,701</b>

<sup>1</sup> US Department of Education, Vocational Rehabilitation State Grants, <http://www2.ed.gov/programs/rsabvrs/awards.html> (accessed August 6, 2012).

<sup>2</sup> Calculation by National Skills Coalition based on a 7.8% cut to current federal funding due to the sequester and a proportionate reduction in the mandatory 21.3% match to federal funding. Existing law requires annual increases in Vocational Rehabilitation funding equal to the increase in 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 been clear on how the sequester will be implemented in a manner that complies with existing law.

<sup>3</sup> Calculation by National Skills Coalition.

## Impact of the Sequester on Wagner-Peyser Employment Services, State-by-State<sup>1</sup>

State	FY 2012 Funding <sup>1</sup>	FY 2013 Sequester Cut <sup>2</sup>	Fewer Individuals Served <sup>3</sup>
Alabama	\$9,114,728	\$702,929	15,645
Alaska	\$7,618,486	\$594,244	13,226
Arizona	\$13,416,510	\$1,034,684	23,029
Arkansas	\$5,641,422	\$442,379	9,846
California	\$83,874,952	\$6,468,449	143,967
Colorado	\$11,123,996	\$857,884	19,094
Connecticut	\$7,886,732	\$608,227	13,537
Delaware	\$1,957,574	\$152,691	3,398
District of Columbia	\$2,361,773	\$189,273	4,213
Florida	\$41,597,929	\$3,251,190	72,361
Georgia	\$20,518,463	\$1,582,443	35,220
Hawaii	\$2,474,455	\$194,261	4,324
Idaho	\$6,347,555	\$495,111	11,020
Illinois	\$28,905,034	\$2,265,654	50,426
Indiana	\$13,614,524	\$1,071,799	23,855
Iowa	\$6,439,570	\$505,782	11,257
Kansas	\$5,924,673	\$464,682	10,342
Kentucky	\$9,063,496	\$698,977	15,557
Louisiana	\$8,712,855	\$688,843	15,331
Maine	\$3,774,830	\$294,438	6,553
Maryland	\$11,687,183	\$912,478	20,309
Massachusetts	\$14,148,935	\$1,108,181	24,665
Michigan	\$23,547,173	\$1,883,321	41,917
Minnesota	\$11,868,691	\$934,318	20,795
Mississippi	\$6,118,274	\$480,028	10,684
Missouri	\$12,837,723	\$1,004,546	22,358
Montana	\$5,187,254	\$404,608	9,005
Nebraska	\$6,234,060	\$486,259	10,823
Nevada	\$6,505,421	\$509,992	11,351
New Hampshire	\$2,803,840	\$220,676	4,912
New Jersey	\$19,163,297	\$1,477,876	32,893
New Mexico	\$5,821,012	\$454,041	10,106
New York	\$39,748,915	\$3,117,877	69,394
North Carolina	\$19,836,199	\$1,550,972	34,520
North Dakota	\$5,282,176	\$412,011	9,170
Ohio	\$25,946,567	\$2,048,860	45,601
Oklahoma	\$6,779,019	\$533,685	11,878
Oregon	\$8,758,927	\$686,806	15,286
Pennsylvania	\$26,310,462	\$2,065,395	45,969
Puerto Rico	\$7,686,516	\$615,999	13,710
Rhode Island	\$2,618,648	\$205,481	4,573
South Carolina	\$9,785,215	\$768,108	17,096
South Dakota	\$4,881,946	\$380,793	8,475
Tennessee	\$13,308,517	\$1,026,356	22,843
Texas	\$49,945,739	\$3,851,823	85,729
Utah	\$7,113,078	\$570,043	12,687
Vermont	\$2,286,981	\$178,385	3,970
Virginia	\$15,905,779	\$1,226,657	27,302
Washington	\$14,673,520	\$1,131,624	25,186
West Virginia	\$5,587,868	\$435,856	9,701
Wisconsin	\$12,597,349	\$990,211	22,039
Wyoming	\$3,787,650	\$295,438	6,576
<b>Total</b>	<b>\$699,133,491</b>	<b>\$54,532,644</b>	<b>1,213,724</b>

<sup>1</sup> 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, 2012.