

PHILADELPHIA WORKFORCE INVESTMENT BOARD

POLICY STATEMENT ON THE PRESIDENT'S

FY2006 BUDGET PROPOSAL

Background

The Philadelphia Workforce Investment Board (PWIB) establishes policies and directs resources that support a wide variety of workforce development efforts within the City and region. As such, the PWIB has compelling interests in federal actions that bear on key components of local infrastructure and human capital investments. In summer 2003, the PWIB adopted a series of policy statements relating to reauthorizations of the Workforce Investment Act and Temporary Assistance to Needy Families; these underscored the importance of maintaining local funding and flexibility to support essential investments in workforce and economic development activity. This document extends the PWIB's policy statements by addressing important components of the proposed FY 2006 budget request.

Overview of the President's Budget Request

The 2006 budget request seeks \$2.57 trillion to fund government operations for fiscal year 2006. While the request represents an increase of 2.3% over the preceding year, domestic discretionary dollars are actually \$3 billion below fiscal year 2005 levels. As a result, while it contains some notable increases that benefit urban areas (e.g. surface transportation and community health centers), the proposed budget would cut significantly or eliminate altogether a number of domestic programs and services. Taken together, we believe these cuts will seriously jeopardize one of the primary stated domestic goals of the budget and the Administration: to prepare America's citizens and businesses to compete in a global economy.

PWIB Response

Because of its responsibilities to identify, frame and drive broad policies in support of the City and its workforce, the PWIB expresses its strong opposition and concern in regard to those budget components that eliminate or reduce funds essential to the education and training of our citizens.

- *Consolidating Workforce Investment Funding.* Consistent with its existing policy positions, the PWIB opposes the proposed Consolidated Plus Account, which would reduce and combine funding for WIA Adult, Dislocated Worker and Youth Programs with the Employment Service, while potentially reducing the authority local workforce investment boards have over how those funds are allocated to meet local needs. The last three years have seen steady erosion in *Workforce Investment Act* funding in Philadelphia, including a 30 percent overall reduction in youth program support since 2002. The PWIB urges the Congress to resist and, where possible, reverse this trend and thereby enhance the nation's ability to prepare its young people and adults for productive employment and career advancement.

- *Reductions in Education Funding.* While the FY 2006 budget request contains laudable and much needed increases for Title I of the Elementary and Secondary Education Act, the Individuals with Disabilities Education Act, and Pell Grants, the overall request for education is actually lower than the request for FY 2005 by more than one-half billion dollars. Some of the most important programs targeted for cuts include vocational-technical education (which would be eliminated altogether with funds transferred to the President's high school reform initiative and community college access); adult education (63 percent cut); elimination of TRIO and GEAR UP funding, designed to promote preparation for and success in postsecondary education; and elimination of Even Start family literacy programs. 50 percent of the nation's adults have low literacy levels, with higher levels typical in urban areas – the rate is 67 percent in Philadelphia.

While supporting additional funding for the priority areas identified in the proposed budget, the PWIB strongly believes that the recommended reductions, if adopted, would deal a serious blow to our City's efforts to build a pipeline that prepares youth and adults to become contributing members of our City, our Commonwealth, and our nation. Further, it is widely understood that a skilled and well-educated workforce is essential if America is going to successfully compete, innovate, and grow in the global economy. This perspective has been widely articulated, including by both President Bush and Federal Reserve Chairman Alan Greenspan. We believe that a thoughtful and bi-partisan review of the negative impact of these reductions will inevitably conclude that the nation can ill-afford the elimination or erosion of any workforce or education programs, and instead should be making additional investments in these areas.

Workforce development is inextricably tied to not only education programs, but also to a myriad of other factors that determine the well-being of our City and region, an outcome that is in everyone's best interest. As outlined, the current budget request would do significant damage to a number of them, in effect undermining our urban infrastructure. For example:

- Community Development Block Grants – which annually provide \$4.7 billion to cities and regions for construction, infrastructure and training – would be moved from the Department of Housing and Urban Development to the Commerce Department and consolidated with 16 other programs. The overall funding available from these programs combined would be reduced by more than \$1 billion.
- Medicaid, which provides health care assistance to the nation's poor, would be cut drastically; estimates range from \$45 billion (U.S. Conference of Mayors) to \$60 billion (National Governors Association). This move shifts more of the financing burden for these essential services to state and local governments, which are legally required to balance their budgets. When you consider that even before the current budget proposal, 26 states – including Pennsylvania – projected budget deficits of \$36 billion combined, you begin to understand the enormity of the potential downside of these reductions for, not just cities, but states and the country as a whole.
- Public safety programs will suffer an extraordinary reduction by more than \$1 billion, including elimination of COPS hiring and interoperability support, the Justice Assistance Grant, and the Juvenile Accountability Block Grant.

- AMTRAK subsidies, currently funded at \$1.2 billion, would be eliminated unless Congress approves a series of specific reforms. One-quarter of this funding is set aside for existing commuter services in case of a full AMTRAK shut-down.
- Homeland Security First Responder Programs would be cut by \$360 million, or almost 10 percent.

These proposed eliminations and reductions directly affect the ability of cities and states to ensure that their citizens are able to travel, work, and live in health, safety and dignity. Again, these national goals are in everyone's interest and the PWIB urges that these important programs be funded.

Finally, we recognize that the long term investment in these programs require sufficient annual appropriation levels, and believe those levels should be set annually. Therefore, we do not support the five year budget cap on domestic discretionary programs, and urge Congress to vote against this recommendation.

Conclusion

Workforce investment is one facet of a complex and interlocking set of programs and services that, in combination, help our all our citizens live healthy and productive lives. While it provides some support for programs and services that expand these opportunities, overall the FY 2006 budget request represents a fundamental shift away from investments that will secure our future through education, worker training and retraining, and other core services. Therefore, rather than remain silent in the face of what would be devastating funding cuts, the PWIB urges in the strongest possible terms that the Congress consider a budget strategy that supports America's growth through a commitment to workforce development, education, and economic infrastructure investments. We believe that in doing so, Congress can enact a budget that invests in a future where we have a well-educated, highly skilled workforce prepared to fuel the nation's growth, enabling America to retain her rightful place as the global economic leader.