



## Lessons Learned From The Recent Congressional Spending Battles

Recent battles over finalizing FY 2011 spending and the opening rounds of FY 2012 spending and beyond reinforce the reality of "a new age of fiscal austerity."

The final FY 2011 long term Continuing Resolution offered both good and bad news to both workforce and domestic discretionary programs.

On the good front, drastic cuts originally proposed by House Republicans in HR1 to job training and many other domestic programs were, in the end, substantially rejected. Workforce programs, but not necessarily the Department of Labor, emerged as a Congressional priority, especially in the Senate. Because so much of the attempts to cut spending focused on the Labor-HHS and Education Departments, Democrats can claim a small victory in protecting some of the party's key domestic priorities.

However, by all reasonable measures, House Republicans won a substantial victory in the spending fight. Consider this: The original House Republican proposed Continuing Resolution proposed \$31 billion in spending cuts. The final version cut nearly \$40 billion in spending.

The nature of the debate in Washington has changed...with both President Obama, and House and Senate Democrats acknowledging that spending cuts are inevitable,

Fifty nine House Republicans along with 108 Democrats voted against the final compromise. Democrats voted no because the cuts were too deep. Republicans voted no because the cuts were not deep enough. One Republican House Committee Chairman (not Appropriations or Education and Workforce Committee) told USA Works! on Friday that he interpreted the 59 Republican no votes as a serious development for the FY 2012 Labor-HHS appropriations bill. "I can see," he told us, "at least 60 floor amendments to cut Labor-HHS spending to levels contained in HR 1.

With a united House Democratic Party most likely voting no, only the Republican majority will be responsible for passing most 2012 spending bills. These 59 Republicans will have incredible leverage on the final product.

The House passed FY 2012 Budget Plan, authored by Budget Committee Chairman Paul Ryan (R-Wisconsin), cuts domestic spending roughly in half in the next 10 years.

The Senate Budget Committee and the entire Senate will reject the House proposal. Chances of an overarching budget and spending deal that includes taxes, entitlements, defense spending, and domestic discretionary spending increase. The "Gang of Six" i.e. Senators Crapo, Coburn, Chambliss, Conrad, Warner, and Durbin, are gaining traction as providing the ultimate compromise.

House Labor-HHS appropriations Chairman Dennis Rehberg's (R-Montana) "No" vote on the Ryan Budget Plan provide him some political cover for the tough cuts his appropriations bill will likely contain. Rehberg will be able to say, in essence, "I voted against drastic cuts but am forced to make these cuts."

Despite claims to the contrary, agreeing to FY 2012 appropriations bills will be even more complicated than the just completed FY 2011 plan. Continuing Resolutions are likely.

**PREDICTION:** We expect a House WIA reauthorization bill to be introduced shortly after Congress returns the week of May 2.

The Senate Budget Committee's plan, drafted primarily by Democrats, will include restoration of the top income tax rates, major defense spending reductions, some entitlement reform, and protection for most domestic programs. Second ranking Democrat on the Senate Budget Committee, Patty Murray, will ensure that workforce funding remains a priority in any Senate Budget Resolution.

Chances of the House and Senate agreeing to a FY 2012 budget remain remote. Keep an eye on the so called "Gang of Six" in the Senate. Senators Warner (D-VA), Durbin (D-ILL), Conrad (D-ND) along with Coburn (R-OK), Chambliss (R-GA), and Crapo (R-ID) are making substantial progress on an ambitious deficit reduction plan that is expected to pick up where the bi-partisan Simpson-Bowles fiscal commission left off.

With 64 Senators (32 Democrats and 32 Republicans) on record as calling for major deficit reductions, any proposal by the "Gang of Six" could be the ultimate blue print for an FY 2012 budget agreement.

Finally, Chairman Dennis Rehberg's (R-MONT) House Labor-HHS appropriations sub-committee will hold a hearing this Thursday on job training funding. This will provide the first real look at the subcommittee Republican's current attitude toward DOL programs.