



## Critical Week For Workforce Funding

### FY 2011 CR

The battle over funding FY 2011 spending will reach a climax this week. It appears that an agreement is within reach that will cut about \$33 billion in spending below FY 2010 levels. Preliminary indications are that most domestic programs would be spared from the draconian cuts contained in the House passed Continuing Resolution.

Any long term CR agreement crafted between the White House, Senate Majority Leader Reid, Senate Minority Leader McConnell, and House Speaker Boehner is expected to pass the Senate.

One key Senate Democratic negotiator told USA Works! late last week that a large part of the Senate Democratic negotiating position was being influenced by a number of moderate Democratic Senators facing difficult re-election races in 2012. Many Senate Democrats up for re-election in 2012 favor significant cuts in spending. This includes domestic discretionary spending.

We have been struck by the difference in information flow among House Republicans and House Democrats. The vast majority of House Republicans USA Works! met with over the past two weeks were relatively informed about where the CR negotiations stood and what their party leadership priorities were. As expected, rank and file House Democrats were virtually unaware of the current status of the CR negotiations.

A large number of House Republicans, especially among the 87 new Representatives are still calling for \$61 billion in spending cuts in the final CR agreement. Consequently, the ease in which the Senate may pass the ultimate CR agreement may be difficult to duplicate in the House.

It may take a significant number of House Democratic votes to secure the final passage of a 6 month CR. We have been surprised at a number of House Democrats who have indicated to USA Works! that they may vote against the final CR.

### FINAL PREDICTION:

**Although wrapping up the CR may stretch through the week-end, ultimately, a six month CR containing \$33 billion in cuts gets approved.**

### FY 2012 BUDGET

On Tuesday, House Budget Committee Chairman Paul Ryan will unveil his FY 2012 budget proposal. He will propose \$4 trillion in spending cuts over ten years with the bulk of the cuts coming from entitlement programs. He will propose a five year domestic discretionary funding freeze.

The House Budget Committee, on a strict party line vote, is expected to approve Ryan's budget. Discussions with Republicans on this committee have been inconclusive at best. It is clear that Chairman Ryan is calling the shots and he has indicated numerous times his willingness to cut job training funds.

The House Democratic alternative will protect and perhaps recognize the importance in investing in job training programs. It will have no chance of passing the full House.

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.