



Tom Harkin, U.S. Senator



MEMORANDUM

TO: Interested Parties
FROM: Senator Tom Harkin (D-IA)
RE: **Analysis of House Budget Cuts on Employment and Training in Iowa**
DATE: February 16, 2011

This week, the U.S. House is considering a budget proposal for Fiscal Year 2011. The current funding proposal expires on March 4, 2011. Analysis released today shows that the budget proposal will have a detrimental impact on job training and assistance to workers who are trying to lift up their families in the fragile economy.

There is no question that the time has come for tough budget decisions, but **the smart way to bring down the deficit is for Congress to pursue a balanced approach of major spending cuts and necessary revenue increases, while continuing to take steps to strengthen the Iowa economy.** That is the only way our country will remain competitive in the global economy and create good jobs that provide a sustained economic expansion in the years ahead.

Below are some specific cuts Iowa will face in job training if the House budget is enacted.

Job Training Programs

The House plan would eliminate Federal funding – currently totaling \$3 billion – for Adult Training, Dislocated Worker Assistance and Youth Training programs. These programs provide job training and reemployment services to about 8 million Americans every year, including workers who have lost their jobs as a result of plant closings or mass layoffs, and disadvantaged youth, particularly those who have dropped out of school.

➤ **Estimated Impact on Iowa:**

Under current funding levels:

Funding Available in 2010: \$13,967,648
Participants: 35,985
One-Stop Centers: 50

Under the House Proposal:

Funding Available: \$0
Participants: 0
One-Stop Centers: 0

Dislocated Worker National Emergency Grants (NEGs)

The House plan provides \$29 million for NEGs – a cut of \$200 million (87 percent) below the current level of funding. NEGs are used to respond to significant dislocation events such as industry wide layoffs and disasters by offering targeted training, affordable health insurance and income supports to displaced workers. For example, when the John Morrell plant closed in Sioux City, an NEG assisted the 1400 workers and their families impacted by the closure.

➤ **Estimated Impact on Iowa:**

Under current funding levels:

Funding Available in 2010: \$16,367,015*

Estimated Participants: 4,685

Under the House Proposal:

Estimated Funding Available: \$1,318,360

Estimated Participants: 377

*This includes \$6 million in funds from the American Recovery and Reinvestment Act

Job Corps

The House plan provides \$1.02 billion for Job Corps – a cut of \$691 million (41 percent) below current levels. These cuts would mean the closure of more than half the 125 existing Job Corps centers and the loss of about 27,000 training slots nationwide. Iowa has one Job Corps center currently and is slated to have a second open in Ottumwa in 2011. The cuts proposed in the House bill make the continuation of either center uncertain.

Youthbuild

The House's proposal would eliminate Youthbuild – terminating the education and job training opportunities the program offers to about 6,500 disadvantaged students nationally each year. Youthbuild is currently funded at \$103 million.

➤ **Estimated Impact on Iowa:**

Under current funding levels:

Funding Available in 2009-2010: \$1,388,669*

Under the House Proposal:

Funding Available: \$0

*This includes funding from the American Recovery and Reinvestment Act

For all of the latest information on the budget process, please continue to visit <http://harkin.senate.gov/>.