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THE PRESIDENT'S INCREASES IN EDUCATION AND TRAINING PROGRAMS:

Are They Temporary Increases that Would Be Replaced With Cuts After One Year?

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In his acceptance speech September 2, President Bush indicated that he planned to increase a number of education and job training programs “to help workers take advantage of the expanding economy to find better and higher-paying jobs.” In many of these areas, the President’s current budget proposes modest funding increases for fiscal year 2005, which starts October 1. But as Center analyses issued earlier this year explain, Administration budget documents show that the Administration’s budget calls for *cuts* after 2005 in nearly all of the programs that the President cited in his speech as programs he plans to expand.¹ (In some cases, these budget documents contain information for the “budget account” that includes the program rather than for the program itself.) In addition, budget guidance that the President’s Office of Management and Budget issued to all federal agencies in May instructs the agencies to comply with the budget documents outlining these cuts and to reflect these reductions in the budget requests that they prepare for fiscal year 2006.

It is not clear whether the President is changing his existing budget plans in these areas to add new resources. He may not be. Since February, the Administration has been claiming its proposals would expand these programs. These claims are based on planned increases *for 2005*. In making these claims, the Administration has not mentioned that its budget plans call for cutting these same programs — and by larger amounts — in subsequent years.

- **Job Training:** President Bush said in his speech that he would “double the number of people served by our principal job training program.” His budget, however, proposes a cut of \$68 million in fiscal year 2005 in employment and training programs taken as a whole, and a cut of \$1.7 billion in these programs over the next five years. These reductions represent the amounts by which the funding levels in the Administration’s budget documents fall below the Congressional Budget Office baseline. (The CBO baseline equals the FY 2004 funding levels adjusted only for inflation.)
- **Education:** The President said in his speech, “In our high schools, we will fund early intervention programs to help students at risk. We will place a new focus on

¹ David Kamin, Richard Kogan, and Robert Greenstein, “Administration Memo Confirms Plans For Budget Cuts In Many Domestic Programs in 2006,” Center on Budget and Policy Priorities, June 1, 2004; Richard Kogan and David Kamin, “President’s Budget Contains Large Cuts In Domestic Discretionary Programs,” Center on Budget and Policy Priorities, June 7, 2004.

Levels in Administration Budget Documents, As Compared to CBO Baseline (in millions of dollars)		
	<u>FY 2005</u>	<u>FY 2005 – 2009</u>
School Improvement Programs	+92	-769
Title I (Education for the Disadvantaged)*	+681	-269
Pell Grants (Student Financial Assistance)*	+538	-887
Total: all elementary and secondary education programs	+834	-5,533
Total: all higher education programs	+420	-2,200
Total: all training and employment programs	-68	-1,734

*Title I constitutes approximately 85 percent of the “Education for the Disadvantaged” budget account; Pell grants constitute approximately 85 percent of the “Student Financial Assistance” budget account.

math and science.... By raising performance in our high schools, and expanding Pell grants for low and middle income families, we will help more Americans start their career with a college diploma.” The President’s budget includes increases in funding in fiscal year 2005 for “School Improvement Programs,” which are aimed at raising performance and increasing the focus on math and science, in Title I (Education for Disadvantaged Children), and in Pell grants (Student Financial Assistance). But starting in the 2006 budget cycle, after the election is past, the budget would cut each of these programs. (See table above.)

The Administration’s Handling of these Proposals

When it released its fiscal year 2005 budget last February, the Administration sought to shield from view the widespread cuts in domestic non-entitlement programs that its budget contains in fiscal year 2006 and subsequent years. These cuts include reductions in most of the programs that the Administration has touted as programs it seeks to increase in 2005. In a departure from normal practice, OMB omitted from its regular budget volumes, which it publishes each February when the budget is released, the funding levels that the Administration is proposing for each budget account for years after 2005. OMB provides these funding levels to the Congressional Budget Office, however, and CBO shares them with the Budget Committees of Congress. Eventually, the proposed cuts for years after fiscal year 2005 came to light.

When the proposed budget cuts for years after 2005 became the subject of media coverage, the Administration sought to distance itself from these cuts and stated that the funding reductions contained in its budget documents should not be regarded as representing Administration proposals. Subsequent events, however, raised doubts about these disavowals. On April 2, the Administration sent legislation to Congress to place binding caps on overall funding for non-entitlement programs for each year through 2009. Under the Administration proposal, the cap for each year would be set at the exact funding level for that year that would result if all of these cuts were enacted.

Furthermore, in May, OMB sent a memorandum to federal agencies ordering them, in preparing their fiscal year 2006 budget requests, to adhere to the levels in the OMB budget

Job Training Increases or Job Training Cuts?

The President said in his acceptance speech that he has a plan to "double the number of people served by our principal job training program." As noted in this paper, however, the President's fiscal year 2005 budget proposes overall cuts, not increases, in funding for training and employment programs.

The President's budget says that it proposes to increase the "training and employment services" budget account above 2004 levels, adjusted for inflation, both in 2005 and in subsequent years (although experts doubt this increase would be sufficient to double the number of people served in this program). But not all training and employment programs are in this one budget account, and the President's budget proposes to decrease *every other training and employment account*, both in 2005 and in subsequent years. *Total* funding for job training and employment would be cut, under the budget, by \$68 million in 2005 and \$1.7 billion over the five-year period 2005-2009.

In addition, the President's budget proposes substantial cuts in 2005 and beyond in vocational and adult education — a cut of \$522 million in 2005 and \$3.1 billion over five years. Although that budget account is considered an "education" account rather than a "job training" account, much vocational education is, in fact, aimed at teaching skills tied to specific aspects of employability. In addition, much vocational education is provided through community colleges, which would see their access to this source of funding reduced.

document that contained the cuts. *The Washington Post* obtained and reported on the OMB memorandum, which directed agencies to "assume that accounts are funded at the 2006 level specified in the 2005 Budget database," the name of the budget document containing the cuts.²

The OMB directive stated that an agency could propose to fund a program at a higher level than shown in the OMB document only if the agency agreed to cut other programs that it administers below the levels reflected in the OMB document by sufficient amounts to offset the "addbacks." Since the OMB document includes cuts starting in 2006 in nearly every domestic non-entitlement program outside of homeland security, agencies wishing to avert cuts in some programs must agree to deeper cuts in other programs.

In the aftermath of the President's acceptance speech, it is unclear whether the Administration plans to alter its budget guidance in the education and training area to add more funds, or whether the increases of which the President spoke would turn into reductions in fiscal years after the fiscal year that starts three and one-half weeks from now.

² Jonathan Weisman, "2006 Cuts In Domestic Spending On Table," *The Washington Post*, May 27, 2004.