



Wider Opportunities for Women

February 9, 2007

**Statement by Joan Kuriansky, Executive Director
Wider Opportunities for Women**

**For information, contact:
Kate Farrar
(202) 464-1596**

President's Budget Sets Back Economic Security for Americans of Every Generation

The President's proposed budget stands our national domestic priorities on their head. It greatly increases military spending while denying critical support to Americans of every age who are playing by the rules, yet are struggling to make ends meet for themselves and often their families. Tax breaks, indeed subsidies, for the wealthy, particularly those whose annual income equals more than what some workers earn in a lifetime are retained. At the same time, pathways to jobs that pay good wages and are in demand in the country will be blocked by cutbacks in education and training programs. And those whose lifetime earnings are based on years of working at low-wage jobs will find that the proverbial senior safety net is coming undone.

Compromising the Self-Sufficiency of Families of All Ages

At the same time that there will be fewer opportunities to compete for those jobs that promise career paths to self-sufficiency wages, the President also proposes devastating cuts to basic work supports that enable low-wage workers and their families to make ends meet and serve as a bridge to economic independence.¹ In Denver, for example, a self-sufficiency wage for a single adult with a pre-school and school-age child was \$21.27 an hour, or \$44,468 annually, in 2006. Public supports, including those the president would cut, help make up the crucial difference when jobs do not pay self-sufficient wages. For example:

- Reductions in Medicaid and the State Child Health Insurance Program (S-CHIP) will leave families uncovered who earn just above \$35,000. Health costs make up about 9 to 13 percent of the self-sufficiency budget for a family of three.
- The 300,000 families losing child care assistance, plus others affected by Head Start cuts, will suddenly have to make up one of the costliest parts of their budgets. Across the country, child care typically makes up 30 percent of a household's basic costs if they have at least one pre-school child.

Supports such as Medicaid, Head Start, food stamps, housing and heating assistance, make it possible for families to work at low-wage jobs, manage their basic expenses and at the same time improve their skills and future earning potential.

Cutting Off Pathways to Economic Security

Just last week, President Bush lamented the country's "rising inequality" and attributed it to the lack of education and skills in our society. Yet his proposed budget would significantly cut proven programs and eliminate the principal government job readiness and training program authorized under the 1998 Workforce Investment Act, replacing it with privatized Career Advancement Accounts (CAAs).

End of the One-Stops We Know

For women and girls especially, the array of information, counseling, job readiness and skills training services now provided through One-Stop Career Centers under the Workforce Investment Act (WIA) will be sorely missed if individualized training accounts take the place of WIA programs. Gone too will be the special services for

¹ The Self-Sufficiency Standard is a no frills budget based on credible public data that calculates costs for 70 different household types in 36 states. The Standard assumes that each adult is working and that they do not have access to public or private assistance of any kind. See <http://www.sixstrategies.com>. The Standard was developed by Dr. Diana Pearce in conjunction with WOW.

displaced homemakers, high school dropouts, homeless and runaway youth. The trend in WIA to serve fewer and fewer disadvantaged, low-income persons, compared to predecessor programs like CETA and JTPA, will most likely accelerate with CAAs.

Under the CAA proposal, individuals would receive federal vouchers with which to buy training and employment services on the open market. The value of the vouchers would be less than even the average package of services now available from the One-Stop Centers. Just as important, individuals not equipped to negotiate the marketplace of job training programs will be left with little or no guidance to find programs suited to their needs and designed to lead to high-demand, high-paying jobs. They will also become easy targets for disreputable service providers.

The effect will be a loss of up to \$7,000 in employment/training services to individual job seekers. The proposed federal contribution toward CAA vouchers would be capped at \$3,000 per year for up to two years. Currently, WIA offers information, career counseling, intensive job readiness, support services and skill training. Under the current system, One-Stops provide job training help through accounts worth up to \$10,000 with an average value of roughly \$5,000 to \$6,000²

Extent of Career Education and Training Cuts

- In the transition from WIA to CAAs, compared to FY 2006, the budget reduces adult training by 21.4 percent after inflation and youth training by 14.7 percent.
- Community Service Employment for Older Americans is reduced by roughly 22.7 percent in real dollars from 2006.
- Zeroed out are programs for migrant and seasonal workers, youthful offenders and ex-offenders reentering society.
- The Career and Technical Education State Grants program is reduced by half to a program level for \$600 million in 2008.

“Robbing Perkins to Pay Pell”

The Administration proposes eliminating the Perkins College Loan Program and the Supplemental Educational Opportunity Grants in order to increase Pell grants for low-income students by a relatively modest \$550 next year, a welcomed improvement not as generous as it might seem on its face.

Economic Insecurity from Cradle to Grave

The economic security essential to older adults is compromised by billions of dollars of cuts in programs such as Medicare and Medicaid. Even with Medicare coverage, the WOW-GI National Elder Standard³ demonstrates that health care costs are the second greatest expense for elders – eating up between **14 -17 percent** of a healthy elder’s budget.

Were the President’s proposals enacted, they would destabilize the Medicare program. The proposed increase in Medicare premiums moves the system to one that is for low-income seniors rather than the universal program that has been the hallmark of its success and the well-being of all older Americans. The proposal creates a cap in government spending on Medicare expenditures after which an additional means tested payment schedule would kick in.

The cuts in Medicaid would hit our most vulnerable low-income elderly Americans the worst. The proposal cuts physician reimbursement rates by 8 percent which will result in less care particularly in rural area and increased discrimination against those sick seniors who cannot afford supplemental insurance.

According to the WOW-GI National Elder Standard, housing expenses deplete the greatest portion of an elder’s budget - between **28 - 40 percent** of an elder’s budget is spent on housing. The Low-income Housing Energy

² AFL-CIO FY08 budget analysis, citing 2001 Center for Law and Social Policy study.

³ The WOW-GI Elder Standard was developed by the Gerontology Institute, University of MASS, Boston and WOW in 2006. It calculates what it costs for older Americans to age in place depending on their health, household and housing status. See www.wowonline.org

Assistance Program and the Weatherization Assistance Program are essential in easing the burden of housing expenses on low-income elders. Cuts to these programs would force many low-income elders to choose between heating or cooling their home in severe weather months and putting food on the table. At the same time funds for programs like the Senior Community Service Employment Program (SCSEP) that can help seniors make ends meet are also being reduced.

Supporting the Backbone of Our Country

Budget setting speaks volumes about priorities, values and principles. The President has proposed a budget for 2008 that yet again puts Americans in a catch-22 position. The budget includes cuts that make it increasingly difficult for adults to obtain the education and training necessary to compete for jobs that pay enough to meet their basic daily needs and those of their families, yet would deny access to work supports that would at least let these families get by. And for those families who struggled throughout their earning years, what once was viewed as the golden years will at best be tarnished.

We urge Congress to reject those parts of the President's budget that makes war a priority over the needs of American citizens, that rewards privilege rather than hard work and that offers a bleak future to many Americans rather than one of hope and opportunity.

Wider Opportunities for Women (WOW) leads two national networks promoting economic security within the United States: the Family Economic Self-Sufficiency Project (FESS) focusing on the needs of low-income working families and the Elder Economic Security Initiative, addressing what income seniors require to age in place. WOW works in 35 states, the District of Columbia, and at the federal level to promote programs and policies that accurately measure the income and assistance needs of families and the elderly. For more information, please visit www.wowonline.org

*Wider Opportunities for Women ■ 1001 Connecticut Ave, NW, Ste. 930 ■ Washington, DC 20036
phone: 202.464.1596 ■ fax: 202.464.1660 ■ email: info@WOWonline.org ■ website: www.WOWonline.org*