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GII Reviews Implication of Obama's FY 2013 Budget Proposal on Goodwill® Programs

This week, the Obama administration unveiled its budget request for FY 2013. Proposed federal funding remains steady for programs that support Goodwill's mission.

American Jobs Act (AJA)

Obama's plan proposes funding for American Jobs Act (first proposed last year) initiatives that address long-term unemployment and provide opportunities to put people back to work. Such initiatives include:

- 1) A \$12.5 billion "Pathways Back to Work" program which would invest in subsidized employment and work-based training programs for long-term unemployed and low-income people
- 2) An \$8 billion community college initiative to support state and community college partnerships with businesses to build the skills of American workers.

Older Workers

The budget plan also proposes to provide nearly \$450 million for the Senior Community Service Employment Program (SCSEP), level funding compared to FY 2012. As it did last year, the administration proposes to transfer SCSEP from the U.S. Department of Labor to the U.S. Department of Health and Human Services' Administration on Aging. The budget asserts that the transfer would improve coordination between SCSEP and other senior-serving programs and to help the program better fulfill its dual goals of fostering individual economic self-sufficiency and promoting useful opportunities in community service.

Temporary Assistance for Needy Families (TANF)

The TANF program is due for reauthorization this year. While the president's budget does not include specific provisions related to reauthorization, it does propose to provide \$319 million in permanent funding for TANF supplemental grants.

This funding will be granted to 17 states for population increases. However, the cost for this proposal would be paid for by reducing funding for the TANF Contingency Fund, which is used to assist states with needs stemming from a downturn in the economy.

Budget's Impact on Programs

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The administration notes they will work with Congress to revise the Contingency Fund to make it more effective during economic downturns, which could result in increased opportunities for collaboration with Goodwill agencies. Funding for the Healthy Marriage and Responsible Fatherhood grants will continue level funding for this program.

Deficit Reduction

The president's budget also calls upon Congress to replace \$1.2 trillion in automatic spending cuts, as required under the Budget Control Act, with alternative deficit-reduction measures. Without such an alternative, final FY 2013 defense and non-defense discretionary spending will be reduced across the board by roughly \$813 billion (\$492 billion from the defense discretionary budget and \$322 billion from the non-defense discretionary budget) starting on January 2, 2013.

Itemized Tax Deductions

Lastly, the president's budget proposes to raise an estimated \$584 billion over 10 years by capping itemized deductions at 28 percent for taxpayers who earn more than \$200,000 per year (\$250,000 for families).

Goodwill looks forward to working with policymakers this year to promote investments that help people find jobs and advance in careers despite a difficult job market.

By GII Senior Director of Public Policy and Government Affairs Seth Turner