

The Impact of Budget Cuts on Workforce Training

Cuts to Job Training Dampen Latinos' Job Prospects

Due to inaction in Congress, automatic cuts to federal spending, known as sequestration, took effect March 1, 2013. As we [noted last month](#), deep cuts to select nondefense discretionary programs will have an adverse impact on all workers and their families, and Latinos in particular. This report provides an overview of how sequestration will affect essential job training and employment services that are critical to advancing employment options for Latinos in our evolving labor market.

Latino Employment Statistics for February 2013

According to the [latest report](#) from the U.S. Department of Labor, encouraging employment growth occurred in February. U.S. employers added 236,000 jobs in February and the unemployment rate decreased to 7.7%, the lowest it has been since December 2008, when unemployment stood at 7.3%. The Latino unemployment rate was 9.6%, a slight decrease from January when it was 9.7%. According to the Economic Policy Institute, it is projected that [high unemployment will continue to weaken Latinos](#) throughout 2013. Still, the Latino labor force participation rate, 66.1%, continues to be the highest of any demographic group.

Table 1. The Employment Situation for Latino Workers in February 2013

Indicators	Latinos, February 2013
Employed — <i>Working people over the age of 16, including those temporarily absent from their jobs</i>	22 million
Unemployed — <i>Those who are available to work, make an effort to find a job, or expect to be called back from a layoff but are not working</i>	2.3 million
Civilian Labor Force — <i>The sum of employed and unemployed people</i>	25 million
Not in the Labor Force — <i>People over the age of 16 classified as neither employed nor unemployed</i>	13 million
Unemployment Rate — <i>Share of the labor force that is unemployed</i>	9.6%
Labor Force Participation Rate — <i>Share of the population over the age of 16 that is in the labor force</i>	66.1%
Employment-Population Ratio — <i>Share of the population over the age of 16 that is working</i>	59.8%

Source: U.S. Bureau of Labor Statistics, "Employment Status of the Hispanic or Latino Population by Sex and Age," *Current Population Survey*, <http://www.bls.gov/news.release/empsit.t03.htm> (accessed March 1, 2013), Table A-3.

Job Training and Education Are Already Starved for Resources

The slow pace of economic recovery has forced many working families to seek workforce development services in order to strengthen their skills, secure employment, and move into higher-skilled jobs. Individuals turn to community colleges, local “one-stop” career centers, and community-based organizations for services ranging from skill building to English language courses. It has been well documented that [Hispanics often face a combination of challenges](#) to employment, including limited educational attainment, limited basic skills, and limited English proficiency. However, the publicly funded workforce development system, largely governed by the [Workforce Investment Act \(WIA\)](#), is not well designed to serve individuals with multiple barriers to employment. In many communities, those who need the workforce system’s services most to prepare for employment and careers [are least likely to receive them](#). As a result, many Latino workers, such as [Jose Lobo \(see below\)](#), pursue job training and employment services from community-based organizations like the Spanish Catholic Center (SCC), which offers curricula to low-skilled, low-income workers who face barriers to employment.

The resources that help nonprofit organizations like SCC meet Jose’s needs rely on a combination of private, philanthropic, and public money. Sequestration is only the latest in a series of threats to the public workforce development system that hinder the survival of SCC and others. According to the Campaign to Invest in America’s Workers, [federal disinvestments have totaled more than 30% since 2001](#), with more than \$1 billion in cuts just since 2010. In addition, renewed efforts have been proposed by the House of Representatives to consolidate programs in the name of “efficiency.” In reality, for Latinos—as well as veterans, the disabled, farmworkers, and other groups with special needs—[program consolidation puts them at risk of even lower access to services](#). A better answer is to improve coordination among these crucial programs.

Arbitrary Budget Cuts Further Distress Job Seekers

Starting today, workforce development providers who have already felt the brunt of past fiscal policy decisions will further suffer due to the sequestration cuts. In fact, a recent survey of workforce providers found that under the funding caps established in the bipartisan Budget Control Act, [more than three-quarters expect to reduce training](#) as a result of already slashed funding levels, and nearly half believed that they would have to cut back on services for employers seeking skilled workers. Looking ahead, it is projected that nationally [270,000 fewer adults and youth will receive job training](#) and employment services in 2013 compared to 2012 as a result of sequestration. This is significant given that 30% of all youth enrolled in federal job training programs are Latino. As Table 2 reveals, states with the largest shares of Latinos will experience severe cuts to employment services. For Latinos, these cuts are likely to further weaken the employment prospects of Latinos and prolong their high unemployment well into 2014.

Table 2. Impact of Sequestration on Job Training Services in States with the Largest Proportions of Latinos

States	Percent of Population That Is Hispanic, 2010	Effect on Funding for Employment and Training Services in 2013	Number of Fewer People Served
New Mexico	46%	-\$257,000	9,620
Texas	38%	-\$2,263,000	83,750
California	38%	-\$3,300,000	129,770
Arizona	30%	-781,000	26,360
Nevada	27%	-291,000	10,820
Florida	22%	-2,300,000	78,960
Colorado	21%	-331,000	14,810
New Jersey	18%	n/a	n/a
New York	18%	-\$884,000	46,230
Illinois	16%	-\$1,400,000	50,780

Source: The White House State-by-State Reports on the Impact of March 1st Cuts on Middle Class Families, Jobs and Economic Security (Washington DC: The White House, February 24, 2013), <http://www.whitehouse.gov/sites/default/files/docs/sequester-factsheets/New-Mexico.pdf> (accessed February 26, 2013).

National Council of La Raza (NCLR), *Census 2010: Hispanics in the U.S., Nationwide Growth in the Latino Population is a Boon for the Country* (Washington DC: NCLR, 2011), http://www.nclr.org/images/uploads/publications/nationwide_growth_latino_population_boon_1.pdf (accessed February 26, 2013).

The Human Face to the Budget Cuts

Leading up to the March 1 arbitrary spending cuts, NCLR Affiliates have been [lifting up stories of programs](#) and the [individuals they serve](#) that will be adversely impacted. SCC's Workforce Development Director, Celia Sterling, is worried that the center's federal funding for the next fiscal year will be in jeopardy. Moreover, she predicts that SCC is likely to experience an increase in demand for employment services as a result of additional job losses stemming from sequestration. Many of the SCC's clients greatly depend on job training services, which is why additional cuts to job training would be distressing to the community.

A Latino Worker's Voice: Jose Finds Hope in the Spanish Catholic Center's Green Construction Job Training Program



In 1992, Jose left his accounting position at a local supermarket in El Salvador to pursue a brighter future in the United States. Since his arrival, he has worked primarily in maintenance and custodial jobs, eventually becoming a maintenance supervisor. Once he became a citizen, he dreamed of working for the federal government.

All of this changed drastically in 2011 when the contractor Jose worked for lost several contracts, resulting in Jose's demotion and accompanying cuts to his wages and hours. In Jose's words:

"The demotion was devastating, but it helped me accept that I needed more education and training in order to find a job with good wages and benefits. That's why I enrolled in [Carlos Rosario's GED program](#) and obtained my GED in June 2012, which has opened more doors for me."

After applying for federal government jobs for about five years, Jose landed a six-month temporary maintenance position in November 2012 with Architect of the Capitol. Although the position was temporary, it was communicated to Jose that his job would likely become permanent. One month later, Jose's supervisor explained that he, along with all recently hired temporary workers, would be let go as a result of the fiscal cliff. Jose explained that he is acutely aware and fearful of the effects further budget cuts would have on his access to potential career opportunities:

"After I lost my job, a staff person from Carlos Rosario let me know about Spanish Catholic Center's 12-week [Green Construction Training Program](#), which I enrolled in last month. If this program did not exist it would be difficult to learn how to install solar panels because I cannot afford to take classes at a local community college. Any federal budget cuts to job training services should be reconsidered because these programs are key right now, particularly for people like me who are trying to skill up and learn about new technologies for the jobs of the future. The sequestration cuts will increase the number of people who will have to depend on the government instead of helping it grow. Now is the WRONG time to cut money for job training services."

To learn more about Latinos and the federal budget debate, visit www.nclr.org/federalbudget.

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