

January 15, 2015

Shaun Donovan, Director
Office of Management and Budget
725 17th Street, NW
Washington, DC 20503

Dear Director Donovan:

As you develop the Fiscal Year (FY) 2016 budget, Goodwill Industries International urges the Administration to ensure the FY 2016 budget proposes adequate investments to equip youth and adults with the skills they need to earn family-sustaining jobs that invigorate the U.S economy while preserving key charitable giving tax provisions that keep our country's nonprofit sector vibrant and prepared to address community needs now and in the future.

For more than 110 years, Goodwill agencies have provided people with the skills they need to live better lives. Although the unemployment rate is near pre-recession levels, local Goodwill agencies are on the front lines assisting people with employment challenges to join or rejoin the workforce. These people include and are not limited to the following:

- Youth who are out of school and out of work
- Individuals with disabilities
- Older workers
- Families on Temporary Assistance to Needy Families (TANF)
- Veterans, wounded warriors and military family members
- People who were incarcerated
- People who need high school diplomas, GEDs or post-secondary credentials

In 2013, Goodwill employed 122,000 people and invested its privately-raised revenues to supplement federal investments in programs that equip people with the skills they need to earn jobs and advance in careers. Goodwill provided job training, employment services, financial wellness and supportive services to 9.8 million people and connecting 261,000 people with jobs.

While Federal policy, including the budget caps and sequestration created under the Budget Control Act (BCA) of 2011, has reduced the federal deficit by more than \$4 trillion since 2011, more than three-quarters of this reduction has come from spending cuts primarily from discretionary programs. While the Bipartisan Budget Act (BBA) provided some limited relief from these cuts, it is now set to expire. Without action to provide additional relief for FY 2016, we will revert to the draconian cuts the BBA was meant to mitigate. In order to avoid such an outcome, Goodwill urges the following:

Reinvest in the skills of America's workforce, including fully funding the Workforce Innovation and Opportunity Act (WIOA) Despite recent improvements in the labor market, more than 17.8 million U.S. workers remain unemployed, underemployed or marginally attached to the labor force.^[i] While countless workers and jobseekers continue to rely on federal services and supports to increase their skills so they can succeed in the labor market, employers rely on these programs to connect them to the skilled workers they need to compete in the global economy. Federal workforce development programs have been cut by more than \$1 billion since 2010. Goodwill urges the Administration to request the restoration of funding for federal employment and training programs to at least 2010 levels. At a minimum, the Administration should request funding for WIOA at authorized levels.

Request necessary funding to implement WIOA To successfully implement WIOA states will need to increase coordination and alignment across programs and institutions; develop new expertise in best practices such as career pathways and industry partnerships; engage employers more intensively; develop new data systems to improve accountability and support continuous program improvement; provide extensive technical assistance and professional development for both front-line staff and education and training providers; and improve access to education and training for workers and job seekers. States and local communities can ill afford the costs associated with these activities from existing formula funding. Goodwill urges a request of at least \$250 million in additional WIOA implementation funding beyond regular program funding.

Preserve the Charitable Deduction Goodwill opposes proposals to limit the charitable giving incentive in order to increase government revenues. Local Goodwill agencies are part of the diverse charitable and philanthropic community working every day to provide programs and services that benefit individuals, families and communities across America. The work of organizations like Goodwill is made possible by the generosity of Americans who donate material and financial resources to support charitable causes that are important to them and their communities. Capping or otherwise limiting the charitable deduction is likely to reduce resources for charitable organizations at a time when resources are shrinking and requests for services are rising. The President's budget request should refrain from limiting the charitable deduction.

Provide funding to enforce wage and hour laws The Administration has rightfully placed an increase in resources for Department of Labor's Wage and Hour Division to properly investigate wage and hour violations. As the Executive Order increasing the minimum wage for federal contractors goes into effect, Goodwill would support more funding for the Wage and Hour Division to enforce the order and for the Office of Federal Contract Compliance Programs to examine impacts of the law, particularly for those with significant disabilities.

Support employment opportunities for low-income older workers Workers who are 55 and older often have multiple barriers to employment and are among the last rehired as the economy improves. The Senior Community Service Employment Program helps provide low-income older workers with community services employment and private sector job placement. In 2014, Goodwill's SCSEP participants contributed more than one million community service hours. Private sector placements averaged a starting wage of \$10 per hour. Individuals placed in unsubsidized employment worked an average of nearly 30 hours per week. In addition, nearly 30 percent of those placed were in positions that offered benefits including health, vacation, and retirement. Goodwill urges the Administration to increase SCSEP funding to \$500,000,000 in the FY 2016 budget and retain the SCSEP program in the Department of Labor.

Promote partnerships with community colleges In 2009 Goodwill launched the Community College/Career Collaboration (C4) to enhance local agencies' collaboration with community colleges. By combining their assets and resources to connect non-traditional students with easy access to education, job training and other supportive services, individuals can complete market-valued college or career credentials. To date, 75 local Goodwill agencies have established enhanced partnerships with than 141 community colleges. Pell grants are an important component of C4 because they increase access to the training and education that lead to good paying jobs in high-growth industries that sustain families.

Goodwill applauds past Administration budgets that increased the maximum Pell grant amount. In addition, previous budgets included up to \$8 billion for the U.S. Departments of Labor and Education to create a Community College Initiative, "to support state and community college partnerships with businesses to build the skills of American workers." These partnerships can leverage the expertise and

resources of community-based organizations that provide the supports students need to develop the skills and earn the credentials that employers seek.

However, since July of 2012 students who do not have a high school diploma or its equivalent are no longer eligible for federal tuition assistance. These students qualified for financial aid under the “ability to benefit” (AtB) provisions in Title IV of the Higher Education Act. The loss of AtB threatens the economic mobility of low-skilled adults and youth who seek postsecondary credentials to improve their job prospects and undercuts efforts to address America’s skills gap. Although the FY 2015 CRomnibus partially restores AtB for students who are enrolled in an eligible career pathway program, the Administration’s budget should fully restore AtB.

Support mentoring for youth The Youth Mentoring program, administered by the Department of Justice Office of Juvenile Justice and Delinquency Prevention (OJJDP), supports mentoring for youth at risk of educational failure, dropping out of school, or involvement in delinquent activities including gang participation. Past budgets have proposed cuts to the Youth Mentoring program, and while the constraints of the budget must be recognized, Goodwill believes mentoring at-risk youth is a proven pre-emptive strategy that saves funds in the long-term.

Invest in proven and promising job-driven strategies The Administration’s job-driven training action plan promotes strategies to make federal job training programs more job-driven, that is, employer-led, connected to real jobs in local or regional labor markets, and resulting in skills and credentials that help individuals attach to and advance in the labor market. Among those strategies are industry engagement through sector partnerships, development of career pathways, using data to align training with labor market demands, and providing funding to seed and scale promising strategies. Goodwill urges the Administration to incorporate elements and principles of the job-driven action plan into the budget request.

Goodwill appreciates your consideration of these important issues.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Gibbons", with a long horizontal flourish extending to the right.

Jim Gibbons
President and CEO

^[1] <http://www.bls.gov/news.release/empsit.nr0.htm>