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Introduction

The first session of the 110th Congress adjourned Wednesday, December 19, 2007. Experiencing their first concurrent majorities since 1994, Democrats were able to keep a number of their 2006 campaign promises by year's end, including raising the federal minimum wage for the first time in a decade, passing the student loan bill to help millions of low-income students attend college, and clearing a comprehensive energy bill. Despite these accomplishments, polls show less than one in four¹ Americans approve of Congress, with many upset over Democrats' inability to end the Iraq war.

The closing months of the 110th Congress were consumed by completion of the FY 2008 budget. President Bush signed into law the \$555 billion omnibus spending bill on December 26, ending this year's standoff with Congress over the size of the national budget. The package largely met President Bush's overall spending levels, due to his repeated veto threats to any proposal that exceeded his request. As a result, Democrats had to reduce the amount of overall spending they originally sought. The discretionary total for the Labor-HHS-Education portion of the bill restored nearly \$4 billion in cuts proposed by the President, but provided just slightly more funding over FY 2007 levels.

Republican efforts to complete reauthorization of the Workforce Investment Act (WIA) in the final months of the first Congressional session were unsuccessful. According to Committee staff, Health, Education, Labor and Pensions (HELP) Committee Chairman Senator Edward Kennedy (MA) has a great desire to have the act reauthorized in the second session, given that it is now going into the sixth year without reauthorization. This may be an unrealistic expectation, as it is an election year, and WIA is likely to be overshadowed by the reauthorization of the higher priority No Child Left Behind Act.

Appropriations

Labor-HHS-Education Final FY2008 Spending Bill

On December 26, 2007, President Bush signed into law a \$555 billion omnibus spending bill, ending this year's stalemate over government spending. The Consolidated Appropriations Act of 2008 (H.R. 2764) includes the fiscal year 2008 Labor-HHS-Education appropriations bill and the 10 other FY 2008 appropriations bills, as well as \$11.2 billion in emergency funds and \$70 billion in additional funds for the wars in Iraq and Afghanistan. The bill adheres to the President's request level, \$22 billion below the Democrats original spending proposal. Democrats reached this total by eliminating many of the President's priority items and by taking another 1.747% across the board cut to all programs below their "split the difference" funding level.

¹ Gallup Poll. Congressional Job Approval Survey. January 1-6, 2008.

The discretionary total for the Labor-HHS-Education portion of the bill is \$144.8 billion in funding, approximately \$4 billion more than requested by the President, but only slightly more than the \$144.5 billion appropriated in FY 2007. The FY 2008 budget for the Employment and Training Administration (ETA) is actually \$20 million above the FY2007 levels, in large part due to this year's inclusion of earmarks. (*See Appendix I*)

The final bill rejected the Administration's proposed cuts to the Workforce Investment Act (WIA) system by providing \$700 million above the President's request level. In addition, the bill also includes language preventing re-designation of local areas, changes to the definition of administrative costs, and regulatory changes to WIA until it is reauthorized. The bill does, however, include a \$250 million rescission of 2005 and 2006 WIA unexpended balances carried into program year 2007 for the Youth, Adult and Dislocated Worker formula programs in excess of 30 percent. At the request of a State, the Secretary of Labor may apply a portion of the State's share of the rescission to funds "otherwise available" to the State for such programs during program year 2007. In addition, the Secretary is authorized by Congress to waive such requirements as may be necessary to carry out the instructions related to the rescission in House Report 110-424. (*See Appendix II*)

The rescission calculation for each State Workforce Agency can be seen in *Appendix III*.

Workforce Investment Act Reauthorization

Despite House Republicans efforts to move forward with reauthorization of the Workforce Investment Act (WIA) in the closing months of the first session, the legislation failed to make any progress.

On Thursday, October 4, 2007 Representative Howard "Buck" McKeon (CA), Ranking Member of the House Education and Labor Committee, introduced the Workforce Investment Improvement Act of 2007 (H.R. 3747). The bill was largely reflective of H.R. 27, the Job Training Improvement Act of 2005, which aimed to streamline current funding for WIA to provide more efficient and results-oriented services and programs in order to strengthen the coordinating infrastructure, eliminate duplication, strengthen resource allocation, improve accountability and enhance the role of employers, and increase state flexibility. On October 23, the bill was referred to the Subcommittee on Higher Education, Lifelong Learning, and Competitiveness and the Subcommittee on Workforce Protections.

On Thursday, October 18, 2007, Ranking Member McKeon offered an amendment to reauthorize WIA during the House Committee on Education and Labor consideration of the Early Warning and Health Care for Workers Affected by Globalization Act (HR 3796). The legislation sought to build on and improve the Worker Adjustment and Retraining Notification Act of 1988 (PL 100-379), which is a component of the Trade Adjustment Assistance program.

Republicans argued that, while the bill sought to assist workers affected by globalization, it did nothing to renew job training programs that help dislocated workers retrain and find new opportunities. To address this issue, McKeon offered an amendment to reauthorize WIA. He explained that while the amendment was not germane to the underlying bill, he hoped it would begin dialogue on WIA reauthorization.

Mr. McKeon withdrew his amendment prior to consideration, in response to Chairman George Miller's pledge to proceed in Committee with WIA reauthorization consideration. The first session of the 110th Congress closed without any further action on reauthorization.

Trade Adjustment Assistance

On Wednesday, October 31, 2007, the House passed legislation to reauthorize the Trade Adjustment Assistance program (TAA) by a 264-157 margin. The vote fell short of the two-thirds majority needed to overcome a veto with only 38 Republicans joining the 226 Democrats in support.

The Trade and Globalization Assistance Act of 2007 (HR 3920), for the first time, will extend TAA to the service sector, which accounts for nearly 80 percent of U.S. employment, and allow more manufacturing workers to apply for the aid. It also provides a two-year increase in federal subsidies to help displaced workers pay for health insurance after losing their jobs.

Representatives Jim McCrery (LA), Ranking Member of the House Ways and Means Committee, and Howard "Buck" McKeon (CA), Ranking Member of the House Committee on Education and Labor, offered a substitute amendment that would link renewal of the Trade Adjustment Assistance program with reauthorization of the Workforce Investment Act. According to McKeon, "these proposals work hand-in-hand to provide dislocated workers the type of responsive, flexible training and assistance they need to get back to work." This proposal sought to restructure the TAA program by increasing training options through strengthening WIA's infrastructure, eliminating duplication and waste, increasing accountability, enhancing the role of employers, and increasing state and local flexibility. The substitute amendment failed on a near party-line vote, 196-226.

The Senate has not yet addressed a comprehensive TAA reauthorization bill.

Senate Republican leadership blocked a three-month extension of TAA prior to the close of the first session. The House passed a three-month extension on December 11, but the Senate could not agree on a bill before they adjourned for the year.

Senate Finance Committee Chairman Max Baucus (MT) was able to secure a promise from the U.S. Department of Labor to continue the TAA program through 2008 with funds provided in the omnibus appropriations bill, despite the December 31 expiration of TAA's authorization.

The Green Jobs Act

On Wednesday, December 19, President Bush signed the Energy Independence and Security Act of 2007 (HR 6), which includes creation of a federal green jobs training program.

Title X of the Energy Independence and Security Act of 2007 (HR 6) - Green Jobs - amends the Workforce Investment Act of 1998 to establish an energy efficiency and renewable energy worker training program. Among other things, this legislation would link research and development in the green industry to job standards and training curricula.

Under the Green Jobs program, the Secretary of Labor, in consultation with the Secretary of Energy, would establish an energy efficiency and renewable energy worker training program by awarding National Energy Training Partnership Grants on a competitive basis to eligible entities. Eligible entities would be non-profit partnerships with the equal participation of industry, including public or private employers, and labor organizations, including joint labor-management training programs; and may include workforce investment boards, community-based organizations, educational institutions, small businesses, cooperatives, state and local veterans agencies, and veterans service organizations.

In addition, the Secretary of Labor would award competitive grants to eligible State Energy Sector Partnerships to coordinate with existing apprenticeship and labor management training programs to implement training programs. These State Energy Sector Partnerships would similarly be comprised of non-profit organizations that include equal participation from industry and labor organizations; and may include representatives from local governments, the workforce investment system – including One-Stop Career Centers – community based organizations, community colleges and other post-secondary institutions, small business cooperatives, state and local veterans agencies, and veterans service organizations.

Another component of the training initiative is the Pathways out of Poverty Demonstration program which seeks to demonstrate how quality training can lead to job ladders that bring individuals with incomes of less than 200 percent of poverty up to at least a level of self-sufficiency.

The new job training programs would authorize \$125 million to help create jobs and put workers on a path to financial self-sufficiency. Funding for the programs could be used to pay for occupational training; safety and health training; literacy, GED, and English as a second-language courses; community college tuition assistance; and internship programs; as well as for support services for workers entering the training program, such as child care. Priority for these training programs would be given to workers impacted by energy legislation, veterans, displaced workers, at-risk youth, and ex-offenders.

Higher Education Act Reauthorization

There are currently two Higher Education Act reauthorization bills before Congress; S 1642 - The Higher Education Amendments of 2007 - and HR 4137 - The College Opportunity and Affordability Act. Since the College Cost Reduction and Access Act of 2007, which was signed into law on September 27, addressed funding provisions for the Title IV programs, these bills are comprehensive reauthorizations of the Higher Education Act which was not completed during the first session of the 110th Congress.

On Thursday, November 15, 2007 the House Education and Labor Committee unanimously approved The College Opportunity and Affordability Act. The Senate passed its version by a 95-0 vote in July.

On December 19, 2007, HR 4137 was placed on the Union Calendar and is expected to be considered on the House Floor early in the second session.

No Child Left Behind Act Reauthorization

Despite a push earlier this year to move legislation that would reauthorize the No Child Left Behind Act (NCLB), congressional leaders, including Health, Education, Labor and Pensions (HELP) Committee Chairman Senator Edward Kennedy (MA) and Education and Labor Chairman Representative George Miller (CA) decided not to move forward with reauthorization this year. According to HELP Committee staff, mark-up is expected on a NCLB reauthorization bill in early March.

Appendix I

Appendix II

House Report 110-424

The conferees direct the Secretary to target the rescission within each funding stream so that the first funds subject to recapture are those program year 2005 and 2006 funds carried in to program year 2007 that are in excess of 30 percent of funds available in program year 2006 as of June 30, 2007. To arrive at the total amount within each funding stream, the balance of the rescission should be based on each State's remaining unexpended fiscal year 2005 and 2006 balances as of June 30, 2007, after adjusting those balances by any excess carryout identified in the first calculation. In addition, within each funding stream, the conferees direct that the Secretary ensure that the amounts rescinded within each State shall be from funds reserved for Statewide activities, and funds related to each local area, in proportion to the extent to which these balances, respectively, contributed to the amount to be rescinded in the State. Consistent with these specifications, the conferees direct the Secretary to carry out the rescission in a manner that will minimize burdens on States and local areas. To achieve that goal, the conferees further direct that it is intended that the requirements of sections 128, 133 and 134(a)(3)(B) of WIA relating to cost limits and to the applicable percentages of funds that may be used for Statewide activities, rapid response, and allocations to local areas, be applied by the Secretary only with respect to the initial allotments received by the State from fiscal year 2005 and 2006 funds and that those requirements are not intended to be applied based on the amounts remaining available to the States after this rescission has been carried out.

Appendix III