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(WDC)**

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Legislative Update

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Economic Stimulus Package

On Thursday, January 15, the House Appropriations Committee unveiled an \$825 billion economic stimulus package that includes \$550 billion in spending and \$275 billion in tax cuts to individuals and businesses over two years. “This plan targets investments to key areas that will create and preserve good jobs at the same time as it is strengthening the ability of this economy to become more efficient and produce more opportunities for employment,” the Committee said in a summary of the package. Of the \$550 billion in spending, states, localities and local non-profits would receive about \$318 billion, including \$87 billion for a temporary increase in the Medicaid matching rate and \$4 billion for state and local law enforcement funding. The plan does not include a patch for the alternative minimum tax, which is likely to be added in the Senate. That would push the cost of the bill near \$900 billion – and is likely to set up a fight with fiscal conservatives.

The package includes the following education and job training funding:

- **Training and Employment Services:** \$4 billion for job training including formula grants for adult, dislocated worker, and youth services (including \$1.2 billion to create up to one million summer jobs for youth). The needs of workers also will be met through dislocated worker national emergency grants, new competitive grants for worker training in high growth and emerging industry sectors (with priority consideration to “green” jobs and healthcare), and increased funds for the YouthBuild program. Green jobs training will include preparing workers for activities supported by other economic recovery funds, such as retrofitting of buildings, green construction, and the production of renewable electric power.
- **Vocational Rehabilitation State Grants:** \$500 million for state formula grants for construction and rehabilitation of facilities to help persons with disabilities prepare for gainful employment.
- **Employment Services Grants:** \$500 million to match unemployed individuals to job openings through state employment service agencies and allow states to provide customized services. Funds are targeted to states with the greatest need based on labor force, unemployment, and long-term unemployed rates.
- **Community Service Employment for Older Americans:** \$120 million to provide subsidized community service jobs to an additional 24,000 low-income older Americans.
- **Benefits Extension:** \$27 billion to continue the current extended unemployment benefits program – which provides up to 33 weeks of extended benefits - through December 31, 2009 given rising unemployment.
- **Increased Benefits:** \$9 billion to increase the current average unemployment insurance benefit from roughly \$300 per week, paid out of State trust funds, by \$25 per week using Federal funds, through December 2009. There are currently 5.3 million workers receiving regular UI and an additional 1.9 million receiving extended benefits.

- **Unemployment Insurance Modernization:** Provides funds to states through a “Reed Act” distribution, tied to states’ meeting specific reforms to increase unemployment insurance coverage for low-wage, part-time, and other jobless workers.
- **Pell Grants:** \$15.6 billion to increase the maximum Pell Grant by \$500, from \$4,850 to \$5,350.
- **College Work-Study:** \$490 million to support undergraduate and graduate students who work.
- **Student Loan Limit Increase:** Increases limits on unsubsidized Stafford loans by \$2,000.
- **Student Aid Administration:** \$50 million to help the Department of Education administer surging student aid programs while navigating the changing student loan environment.

According to House Speaker Nancy Pelosi (CA) the legislative package is on track to be considered by key Congressional committees next week.

On Tuesday, January 6, 2009 Senate Majority Leader Harry Reid (NV) released a stimulus package for the 111th Congress -- Jobs Creation, Economic Growth, and a Strong Middle Class (S 1). It is meant to create jobs, restore economic growth, and strengthen America's middle class through measures that modernize the nation's infrastructure, enhance America's energy independence, expand educational opportunities, preserve and improve affordable health care, and provide tax relief.

The House Ways and Means Committee and the Senate Finance Committee are both scheduled to mark up their respective versions of the tax portion of the stimulus bill on January 22.

Though in developing stages, Senate Finance Chairman Max Baucus’ (MT) package will entail a housing component and tax provisions to help reduce foreclosures and stabilize the market. Current efforts appear to be focused on \$188 billion in individual tax cuts (including a payroll tax credit), \$76 billion in tax breaks for businesses, nearly \$50 billion in tax related assistance for states, and \$10 billion for the expansion of the renewable energy tax credits. The Committee is also considering providing as much as \$80 billion to states to help with the costs of Medicaid and unemployment insurance.

House Democrats want strong incentives for energy and largely support Obama’s tax credit for working families but not a tax credit to businesses for creating new jobs. Additionally, the House wants to make sure that Troubled Assets Relief Program (TARP) recipients are not allowed to “double dip” by getting additional tax relief assistance in the next stimulus.

\$700 Billion Bailout

The fate of a historic financial industry bailout was tested by the Senate on Thursday, January 15 as Democratic leaders set a vote on legislation that would block release of the remaining \$350

billion in funding. The incoming Administration and its supporters in Congress believe they have a much better chance of blocking a resolution of disapproval in the Senate than in the House.

After meeting with Obama on January 13, several Senate Democrats, most of whom appear to support Obama's position, predicted that he would have no problem mustering the simple majority needed to defeat the disapproval resolution (S J Res 5). He is working to defeat the resolution so he can avoid the awkward position of having to veto legislation as one of his first acts as president. A veto is not likely to be overridden, so the money would ultimately be released, but a successful initial vote on a disapproval resolution could rattle financial markets.

The Senate vote will overshadow expected House action on a related bill that would place restrictions on how Treasury used the remainder of the bailout funding released on January 9 by Congressman Barney Frank (MA), Chairman of the House Financial Services Committee. The bill, H.R. 384 or "TARP Reform and Accountability Act of 2009," would amend provisions of the Emergency Economic Stabilization Act of 2008 (S. Amdt. 5685 to H.R. 1424) to strengthen accountability, close loopholes, increase transparency, and require the Treasury to take significant steps on foreclosure mitigation.

Appropriations/Continuing Resolution

On Tuesday, November 18, Democrats in both chambers announced they plan to have all FY 09 Appropriations bills packaged in an omnibus spending bill and voted on in early 2009. Because Congress failed to clear nine of the FY 09 appropriations bills last year, programs covered by the measures are funded through the temporary spending law. These unfinished bills include the Labor-HHS-Education spending bill and cover domestic accounts that Democrats seek to increase, such as programs for education, health research, and infrastructure.

President-elect Obama's top budget adviser, Peter R. Orszag, stated January 14 that the new Administration plans to recommend cutting some federal programs in its first budget outline, due for release in mid to late February. He declined to give further details as to which programs might be cut. The adviser plans to use the Office of Management and Budget (OMB) to reduce waste and fraud and make the federal government more efficient, such as posting certain contracts online to encourage public scrutiny. A full budget is expected in April.

Secretary of Labor

On Friday, December 19, President-elect Obama announced his appointment of Congresswoman Hilda Solis (CA) as the new Secretary of Labor. Having served four terms in Congress, Solis sits on the Committee on Energy and Commerce, Committee on Natural Resources, and the Select Committee on Energy Independence and Global Warming. Though she has not served on the Education and Labor Committee, she has been an outspoken critic of the Bush Administration's labor policies and has championed legislation providing green jobs training, particularly with renewable energy and energy-efficiency industries.

During a Senate hearing to confirm her nomination on Friday, January 9, Solis proclaimed her commitment to being a voice for working families, and to champion an agenda promoting workplace safety and green-collar job training program development. Questions pertaining to the Employee Free Choice Act, the controversial legislation allowing workers to form unions by signing cards, were side-stepped to acknowledge her strong support of unions and need for caution in this area.

Secretary of Education

On Tuesday, January 13, Arne Duncan, President-elect Barack Obama's choice to serve as Secretary of Education, coasted through his confirmation hearing on a wave of bi-partisan support from the Senate Education Committee.

"Mr. Duncan, there is no question that schools across America can benefit from the same kind of fresh thinking that you have brought to Chicago public schools," said Senator Tom Harkin (IA), who presided over the hearing because Senator Edward M. Kennedy (MA), the committee's chairman, was unavailable. "You have very impressive credentials and experience."

Senator Lamar Alexander (TN), who served as Secretary of Education under President George H.W. Bush and is considered one of the chamber's leading GOP voices on K-12 policy, also had kind words for Mr. Duncan who plans to focus on early childhood education and teacher quality.

Education and Labor Priorities for Next Congress

On Monday, January 5, 2009, House Education and Labor Committee Ranking Member Buck McKeon (CA) announced the Committee's priorities for the 111th Congress, which included the following:

Strengthening job training to bolster the economy

In a dynamic, global economy, American workers need to be able to retrain for the careers of the 21st century. Republicans are strongly committed to reforming job training and placement initiatives under the Workforce Investment Act to make services for job seekers more accessible and results-oriented.

Enhancing health care and retirement security for workers

Republicans are committed to providing health care and retirement options to workers without imposing big-government directives that limit options while raising costs.

Providing flexibility for working families

In today's busy world, families are facing greater demands on their time than ever before, and yet too often, they remain tied to rigid work rules written decades ago. Republicans will pursue new options for workers and employers to create a more flexible workplace.

Wage Discrimination

Wage discrimination legislation that is a high priority for congressional Democrats moved closer to Senate consideration on Tuesday, January 12 when Majority Leader Harry Reid (NV) filed for cloture on the motion to proceed to the bill (S 181). The measure would clarify time limits for workers to file wage discrimination lawsuits and do away with caps on compensatory and punitive damages in successful wage discrimination lawsuits. The House passed a companion bill (HR 11) on January 9 by a vote of 247-171.