



Workforce Development Council

Board Meeting

Louisville, KY

Legislative Update

April, 20 2009

Introduction

Three months into the 111th Congress, newly elected President Barack Obama has signed into law legislation that many hope will lead the nation on the road to economic recovery. The American Recovery and Reinvestment Act (ARRA) has been the primary focus of the Obama Administration during its first few months in office and, in the long term, may ultimately define Obama's presidency. The President recently called this legislation a "major milestone" that will hopefully generate and/or save up to 3.5 million jobs.

American Recovery and Reinvestment Act

The American Recovery and Reinvestment Act (ARRA) was signed into law by President Obama on Tuesday, February 17, 2009. The measure was passed by the House on February 13th with a vote of 246 to 183. The Senate passed it later that night by a vote of 60 to 38. Both Congress and the Administration are hopeful that the ARRA will be able to jumpstart the economy, curtail the massive job losses that have occurred over the past 13 months and build the foundation for long-term economic growth.

In addition to numerous tax breaks and program enhancements, this historic bill has several provisions intended to provide support to the American worker and enhance the workforce development community.

ARRA provides \$3.95 billion for job training programs authorized under the Workforce Investment Act (WIA). Of the \$3.95 billion, \$2.95 billion is provided for formula grants to the States for training and employment services. The \$2.95 billion will be divided as follows:

- WIA Adult - \$500 million in grants will be given to the States for adult employment and training activities with priority given to recipients of public assistance and other low-income individuals for training services.
- WIA Youth - \$1.2 billion in grants to the States for youth activities for both year-round and summer employment activities.
- WIA Dislocated Worker - \$1.25 billion for grants to the States for dislocated worker employment and training activities.

The remaining \$1 billion will be divided among several other WIA programs including:

- \$750 million for competitive grants for high growth and emerging industry sectors, of which \$500 must be spent on projects preparing workers for careers in energy efficiency and renewable energy industries (green jobs).
- \$200 million for dislocated workers through National Emergency Grants. These funds will allow the Secretary of Labor to award National Emergency Grants in order to respond to plant closings, mass layoffs and other worker dislocations.

Aside from funding programs under WIA, ARRA also funds several other programs that assist the American worker, including enhancement of the unemployment insurance program by adding more money to the system and lengthening the amount of time that an individual can collect the benefits.

In addition, ARRA reauthorized the Trade Adjustment Assistance (TAA) programs through December 31, 2010. The legislation extends assistance to additional categories of workers, making benefits more accessible and flexible, and increasing TAA training allocation to \$575 million per year. The reauthorization also creates new grant programs for trade impacted communities including:

- \$50 million for community colleges to offer programs for eligible workers
- \$50 million for sector-based training partnerships
- \$150 million for strategic planning and projects for economic adjustment

FY 2009 Omnibus

On Wednesday, March 11, President Obama signed into law the \$410 billion FY09 omnibus spending bill, The Omnibus Appropriations Act, 2009 (H.R. 1105). The bill passed the Senate on Tuesday, March 10, on a 62-35 vote to invoke cloture, after the Senate voted down over two dozen Republican amendments.

H.R. 1105 completes work on the nine remaining FY09 appropriations bills and increases spending over FY08 by approximately 8 percent, or roughly \$30 billion. The bill was signed just before the expiration of the short-term continuing resolution (H J Res 38) that continued funding of federal programs at FY08 levels and expired on March 11.

The omnibus allocates \$3.6 billion for ETA and level funds most workforce programs. It provides \$861.5 million for Adult, \$924 million for Youth, and \$1.5 billion for Dislocated Worker training programs.

The bill increases funding for YouthBuild by 19 percent, or \$11 million, for a total of \$70 million; increases funding for Reintegration of Ex-Offenders by \$35 million for a total of \$109 million; provides \$330 million more for State Operations for a total of \$2.8 billion; and provides a 9.6 percent increase in the Senior Community Service Employment Program for a total of \$50.2 million.

FY 2010 Budget

On February 26, President Obama released his \$3.6 trillion FY 2010 budget proposal, which provides \$71 billion more in spending than FY 2009. While line-item details will not be released until April, Obama outlined his major priorities including halving the deficit by 2013 and expansion of a number of health, energy and workforce related issues.

President Obama's Department of Labor budget plan expands upon increases in the economic recovery package, extending initiatives to sustain and retrain the unemployed. He proposes \$13.3 billion, almost a 5 percent increase, for Labor Department discretionary funding. The budget plan also proposes an unspecified increase in funding for the unemployment insurance system – envisioning a directing of resources to transitional jobs and job training – especially green jobs. Back-to-work initiatives also include job training for veterans and ex-offenders.

On Thursday, April 2, the House and Senate passed their FY 2010 budget resolutions, largely along party lines. The House resolution (H Con Res 85) passed on a 233-196 vote with all but 20 Democrats voting in favor. The House proposal provides an overall budget of \$3.55 trillion for the new fiscal year, including \$1.089 trillion in discretionary spending, which is \$7 billion less than the \$540 billion requested by the President. The Senate Resolution (S Con Res 13) passed on a 55-43 vote with only 2 Democrats voting against it. The \$3.53 trillion Senate plan cuts \$15 billion from the President's proposal.

The non-binding resolution sets the parameters for spending and tax bills throughout the year and caps the total allocation for annual Appropriations measures. Before it passed the budget blueprint, the Senate rejected a number of alternative budgets including the GOP's counterproposal, and that of the Republican Study Committee. Both the House and Senate proposals scale back President Obama's budget plan by reducing the alternative minimum tax, dropping his suggestion for an \$800 tax credit for working families and choosing not to allocate funding for future bailout bills.

When lawmakers return from recess Monday, April 20, Democratic leaders will push for conference committee approval of the FY10 budget resolution, with votes on final passage to follow in both chambers. The House budget resolution contains \$1 billion in reconciliation instructions to the House Education and Labor Committee. The Senate version does not contain these instructions. The reconciliation instructions are expected to garner debate during the conference committee negotiations. It's expected that pre-conference negotiations will take place on the less contentious differences in the bills throughout the spring recess, with larger negotiations to be dealt with once lawmakers return during the week of April 21.

Concerning other legislative items up for debate, Appropriations Committees will ramp up hearings on their respective spending measures and begin to move forward on the appropriations cycle for Fiscal Year 2010. It is reported that the House will next focus on an \$83.4 billion supplemental spending bill to cover military operations in Iraq and Afghanistan.

The Senate will reconvene next week on Monday, April 20 and the House on Tuesday, April 21.

WIA Reauthorization

On Thursday, March 23, the House Education and Labor Subcommittee on Higher Education, Lifelong Learning and Competitiveness held a third in a series of hearings on WIA reauthorization. The field hearing took place in Albany, New York and examined innovative

strategies for improving job training and education for America's workers as it works towards reauthorization.

Subcommittee Chairman Ruben Hinojosa (TX) has previously indicated he could move slowly to develop comprehensive authorization legislation this year. Hinojosa plans to continue to hold field hearings around the country to collect input from workforce development stakeholders. He also indicated an interest in hearing from Department of Labor and Education officials to discuss better coordination of workforce development and adult education funding.

The Senate Health, Education, Labor and Pensions (HELP) Committee is moving forward in its bi-partisan effort to reauthorize WIA by hosting a series of listening session this spring. HELP Committee members believe that that final passage of a reauthorized bill can happen before the end of the calendar year.

H-1B Visa Program

On Tuesday, April 14, the AFL-CIO and the union political federation Change to Win came together to promote a jointly drafted proposal for comprehensive immigration legislation, forming a unified front that members hope will increase the chances that a bill is considered in Congress this year. The partnership is an obvious shift for organized labor, which was divided in its approach to immigration laws in the past.

The unions proposed a commission that would use economic indicators to decide how many foreign workers, permanent and temporary, should be allowed into the United States each year. Those appointed to such a commission would be charged with assessing the particular, targeted needs of the labor market, and adjusting visa quotas — of both temporary and permanent [visas](#)— to respond to those needs.

The framework for the proposal is based on five principles: (1) regulating the future flow of immigrants, (2) creating a system to find out whether workers are authorized to work in the U.S., (3) implementing rational border control, (4) adjusting the status of undocumented immigrants living in the U.S., and (5) improving temporary worker programs.

It would also make changes to the H-2B visa program for seasonal workers and prohibit issuing those visas entirely if unemployment in a given sector is over 7 percent. The unions are also proposing to create a replacement system for E-Verify, which employers can use to check whether employees are legally authorized to work in the United States.

Business groups have said they will not support any immigration bill unless its language on temporary-worker programs lets firms determine their hiring needs. The Senate has indicated hearings will begin later in April; however, the current economic climate could make the issue difficult. Unions are already pointing to the economy to fight business' interest in a temporary worker program.