



**The U.S. Conference of Mayors  
Workforce Development Council (WDC)**

**22<sup>nd</sup> Annual Congressional Forum**

**Legislative Update**

**September 21, 2010  
Washington, DC**

## **Introduction**

Legislation in Congress has become increasingly delayed as the November elections approach. After an unusually long August recess, Democrats in the House and Senate are considering leaving October 1 -- a week early -- to continue full-time campaigning in response to polls showing their majority is in jeopardy.

Before breaking, Congressional Democrats are planning to consider only two measures: small business legislation and a Continuing Resolution (CR) to level fund government spending until after the November elections.

On September 16, the Senate passed the Small Business and Jobs Credit Act of 2010 (HR 5207). The House passed its version of the legislation earlier that day and House Speaker Nancy Pelosi indicated that the House would pass the Senate's version sometime this week. Senate Democrats are working to add a \$2.5 million extension of the TANF Emergency Fund to the CR, \$1 billion of which is designated for Youth Employment and could be used to fund Summer Jobs.

With the unemployment rate at 9.6 percent, voters have indicated that their top priorities during the elections are the economy and jobs. In response to these pressures, House Democrats launched the "Make it America" Campaign before the August recess, during which they passed four measures expected to bolster the domestic manufacturing sector and create more American jobs, including the SECTORS Act (HR 1855), which coordinates and improves job training. Further action on this legislation and several other Democratic priorities, including an extension of unemployment insurance benefits, has been delayed until after the November elections. Democrats are currently touting the health care legislation passed earlier this year and the Small Business Jobs and Credit Act of 2010 as job creation legislation.

Concern over the federal deficit has caused significant delays, as well as criticism of jobs creation legislation and many Democrats are looking to President Obama's National Commission on Fiscal Responsibility and Reform for recommendations to reduce the deficit. The recommendations are scheduled to be released in December 2010.

## **Appropriations/ Budget FY 2011**

### ***Labor-HHS***

The White House is intending to add several measures to the Continuing Resolution (CR) that Congress must pass before the end of the fiscal year on October 1. The CR maintains government spending at level funding until a set date to allow Congress more time to work on Appropriations legislation for the upcoming fiscal year. The White House's additions provide funding for several of its agenda priorities, including funding for Pell Grants, "Race to the Top" and reauthorization of several community college programs.

Senator John Kerry (MA) is circulating a Dear Colleague letter to support the addition of a \$2.5 billion extension of the TANF Emergency Fund to the CR -- \$1 billion of which could be used to fund the Summer Jobs program. The Fund expires at the end of the fiscal year on October 1. The letter could be sent to Senate Majority Leader Harry Reid (NV) as early as Thursday, September 23.

House Republicans have asked for a “clean CR” with nothing but a temporary extension of current spending levels. Congressional Leadership has not yet decided whether the CR will be passed as a stand-alone bill or part of another piece of legislation (such as the Legislative Branch Spending bill), and its duration.

Senate Republicans are threatening to withhold support for FY11 Appropriations unless discretionary spending is capped at \$1.108 trillion. Currently the FY11 levels are set at \$1.114 trillion in the Senate and \$1.121 trillion in the House.

The House has passed only two of the twelve spending bills, and the Senate hasn’t yet taken up any of the Appropriations legislation, making it impossible for Congress to complete the FY2011 Appropriations process by the October 1 deadline. The legislation has been delayed in Congress due to a fear of making controversial votes during an election year, and partisan disagreement over prioritizing the economy or the deficit. At this time last year, the House had passed all 12 spending bills and the Senate had passed four. Because of delays in the Appropriations process and limited floor time, Congress will most likely bundle most or all of the remaining bills into an omnibus bill when it considers the FY 2011 spending measures.

On Thursday, July 29, the Senate Appropriations Committee approved a \$732 billion FY 2011 spending bill for the Departments of Labor, Health and Human Services and Education that includes \$169.6 billion in discretionary funding. The bill provides \$13.9 billion for the Department of Labor, including \$3.8 billion for state grants for job training and employment services -- a \$163.3 million increase over FY 2010 levels. The legislation also increases the Green Jobs Innovation Fund by \$25 million, for a total of \$65 million, and provides \$242 for five new Workforce Innovation Funds intended to improve education and training programs for dislocated workers, young people, the disabled and adults in need of skills upgrades.

The Senate Appropriations Committee had voted on July 14 to cap FY2011 discretionary spending at \$1.114 trillion, \$14 billion less than President Obama's request. It is also significantly less than the budget resolution passed by the Senate Budget Committee on April 22, which cut non-emergency discretionary spending by \$4 billion.

On July 20, the House Appropriations Committee voted 35-20 to cap FY2011 discretionary spending at \$1.121 trillion, the same level set by the budget legislation passed in the House on July 1. The cap is \$14.5 billion less than President Obama’s request. The Labor-HHS funding level was set at \$176.4 billion, a \$7 billion increase over the Senate cap and \$6 billion more than the President’s request.

### ***Membership***

Senate Majority Leader Harry Reid (NV) chose Senator Sherrod Brown (OH) to fill the vacant Senate Appropriations Committee seat, left open after Senator Byrd’s (WV) death. Senator Brown will resign his seat on the Senate Health, Education, Labor and Pensions Committee in order to make the move.

## **Jobs Creation Bills**

### ***Small Business/Summer Jobs***

On September 16, the Senate passed the Small Business and Jobs Credit Act of 2010 (HR 5207). The House passed its version of the legislation earlier that day and House Speaker Nancy Pelosi indicated that the House would pass the Senate's version sometime this week. The legislation provides a number of measures to spur lending to small businesses and encourage them to hire new workers, including creating a \$30 billion small business lending fund through community banks, increasing loan limits and loan guarantees and instituting a self-employment Tax.

On Wednesday, September 8, President Obama unveiled a new stimulus effort that includes providing tax breaks for small businesses. The President proposed \$180 billion in infrastructure spending and business tax breaks aimed to boost the nation's economic recovery and appease voter concern over the recession. He proposed a permanent existing tax credit for research and development to help keep jobs in the United States, as well as allow corporations to write off one hundred percent of their investments in 2011. In order to cover the \$130 billion cost over the next decade, the President said he would close billions of dollars in tax breaks that encourage companies to create jobs and profits in other countries.

### ***Local Jobs for America Act***

On June 15, Senators Sherrod Brown (OH), Al Franken (MN) and Mark Begich (AK) introduced the Local Jobs for America Act (S. 3500) to maintain critical public jobs and services. The legislation provides \$75 billion over the next two years directly to eligible local communities and community organizations to create new jobs and retain services. The measure would create approximately one million jobs in the public and private sectors and restore access to vital services crucial to families.

House Education and Labor Chairman George Miller (CA) introduced the Local Jobs for America Act (HR 4812) in the House on March 10. The legislation currently has 163 cosponsors.

### ***Education Jobs***

On Tuesday, August 10, the President signed the Aviation Safety and Investment Act of 2010 (HR 1586), which includes an amendment to provide \$26 billion in aid to states and prevent tens of thousands of public sector layoffs. The measure would help states avoid teacher layoffs through a \$10 billion education jobs fund, pay for Medicaid, and reduce the deficit by almost \$1.4 billion. It is estimated that the bill will save and/or create 300,000 jobs. The measure was passed by the House on August 10th when House Speaker Nancy Pelosi reconvened the House from its summer recess after the legislation was passed by the Senate.

Secretary of Education Arne Duncan said the Department of Education is ready to get the money out the door and distributed it to local education agencies within weeks.

### ***UI Extension***

On July 22, President Obama signed into law the Unemployment Compensation Extension Act (HR 4213) extending unemployment benefits through November 30, 2010. The House passed the measure earlier that day on a 272-152 vote. The Senate passed the legislation on July 21 on a

vote of 59-39. The \$33.9 billion legislation was pared-back in the Senate to include only an extension of unemployment benefits. It does not include funding for Summer Jobs or the TANF Emergency Fund.

The legislation covers individuals affected by the lapse in benefits at the end of May, by making the extension retroactive, in addition to extending eligibility for federal jobless benefits through November 2010. Not included in the new unemployment insurance extension legislation is the additional \$25 per week that existed in the prior legislation. The law is almost identical to HR 5618, the unemployment measure passed by the House on July 1. According to the Congressional Budget Office, the bill will add \$33.9 billion to the deficit over ten years. Congress has indicated that it plans to take up unemployment insurance benefits after the November elections.

### ***Manufacturing Bills***

On Wednesday, July 28, the House passed three measures expected to bolster the domestic manufacturing sector and create more American jobs as part of the House Democrats' "Make It America" Campaign. The Clean Energy Technology Manufacturing and Export Assistance Act (HR 5156) will promote the development and export of clean-energy technology through a five-year \$75 million authorization to the Department of Commerce to create U.S. jobs in the clean-energy sector, bolster competitiveness and encourage innovation. The second measure, the National Manufacturing Strategy Act (HR 4692), passed on a 379-38 vote, and requires a national manufacturing strategy to be presented by the President every four years. The final measure is the End the Trade Deficit Act (HR 1875), which creates a commission to cut the national trade deficit.

### **WIA Reauthorization**

Senate Health, Education, Labor and Pensions Committee (HELP) staff have finished drafting legislation for Reauthorization of the Workforce Investment Act. Draft language for the bill has not yet been released.

### **Summer Jobs**

On Thursday, September 16, Senator Baucus introduced the Small Business and Infrastructure Jobs Tax Act of 2010 (HR 4849), as a substitute to the House-passed bill. Senator Baucus' legislation incorporates several measures from the American Jobs and Closing Tax Loopholes Act of 2010 (HR 5893), including **\$1 billion for Summer Jobs, \$1.5 billion for the TANF Emergency Fund**, and \$1 billion for Community Colleges to train workers eligible under the Trade Adjustment Assistance Act (TAA). The bill's spending and tax cuts total \$50 billion, while the offset portion is \$65 billion. Senator Baucus has said the legislation provides a basic product to be the start of discussions, and is a priority for him in the coming weeks when Congress returns after the midterm elections.

On July 28, House Ways and Means Committee Chairman Sander Levin (MI) introduced the Investing in American Jobs and Closing Tax Loopholes Act of 2010 (HR 5893). The legislation provides \$3.5 billion for the TANF Emergency Fund, \$500 million of which could be used for

Summer Jobs, although the legislation does not mandate it. The bill also extends the Fund through FY 2011 and renames it the Emergency Fund for Job Creation and Assistance. House Democratic leadership pulled the package off the floor on July 29, after Republicans threatened to offer a motion that would have changed the health care overhaul. The bill could be considered sometime after the November elections. The Administration expressed its support for the bill on Thursday, July 29.

## **New Legislation & Emerging Ideas**

### ***SECTORS Act***

On July 19, the House passed the Strengthening Employment Clusters To Organize Regional Success (SECTORS) Act (HR 1855), to coordinate and improve job training programs. The bill directs the Department of Labor (DOL) to set up a grant program to promote partnerships in industry and business sectors that develop training efforts for industries that share a common workforce.

The legislation authorizes DOL to award two types of grants: a three-year implementation grant of up to \$2.5 million for established training partnerships, and renewal grants of up to \$1.5 million to extend funding for implementation grant recipients for another three years. The legislation aims to bridge the gap between the skills of unemployed workers and the skills demanded by growing industry employers.