



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

Board and Annual Winter Meeting

Legislative Update

**January 18 – 19, 2011
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Introduction

The 111th Congress ended in December 2010 with the passage of a continuing resolution, maintaining the FY '11 budget at FY '10 funding levels, and narrowly avoiding a government-wide shut down. President Obama is expected to submit his FY 2012 budget request February 10, which will be a starting point for debate and decision-making in the 112th Congress.

In mid-December Congress extended the 2001 and 2003 Bush Tax Cuts, passing the Middle Class Tax Relief Act of 2010 (HR 4853). The \$858 billion package included the 35 percent tax rate for estates worth \$5 million or \$10 million for married couples.

With an unemployment rate at 9.4 percent, the economy proves to be on the mend but is still struggling. House Education and the Workforce Committee Chair John Kline (MN) has indicated his intentions to block any job-killing policies and regulations, as the pace of job creation in the country continues to fall short of the damage caused by the recession.

The 112th Congress convened on January 4, 2011, with many new faces and a new Republican - controlled House. The new Congress is looking ahead to legislation that will cut spending, reduce the deficit and spur job creation. The GOP agenda also includes an effort to repeal President Obama's health-care law.

Appropriations/ Budget FY 2011

On December 21, the House cleared the short-term funding measure (HR 3082) for government operations, leaving spending negotiations for the 112th Congress. The Senate passed the continuing resolution (CR) by a 79-16 vote hours before the House passed it on a 193-165 vote, sending it to President Obama on the same day the last enacted stopgap spending law (PL 111-317) expired. The Senate-amended CR contains language to maintain FY '10 funding for most programs through March 4, 2011.

The bill freezes the pay of federal civilian employees in calendar years 2011 and 2012 and provides funding to maintain the maximum \$5,550 award for Pell grants to low-income college students. The legislation also increases funding for the Veterans Benefits Administration and allows Fannie Mae, Freddie Mac, and the Federal Housing Administration to continue to purchase or guarantee mortgages up to \$729,750 in high-cost areas. The bill omits a funding increase for Centers for Medicare and Medicaid Services (CMS) operations, an increase that was included in the long-term version of the CR.

Republicans favored a short-term CR that ended in February, while Democrats wanted the measure to extend for the full 2011 fiscal year. Senate Democrats had hoped to pass a comprehensive omnibus spending measure, but Republicans thwarted their efforts to pass the measure. With about two months left until the current stopgap spending law (PL 111-322) expires, all signs indicate an impending battle between the House Republican majority, which is eager to slash spending, and Senate Democrats. Many House GOP lawmakers made campaign promises to reduce spending and intend to make good on the promises that elected them to office.

Committee Membership

On January 5, House Republicans officially announced the committee leaders chosen for the next two years. Representative John Kline (MN) is set to chair the House Committee on Education and the Workforce in the 112th Congress. Chairman Kline selected Representative Virginia Foxx (NC) to chair the Subcommittee on Higher Education, Lifelong Learning, and Competitiveness; Representative Phil Roe (TN) to chair the Subcommittee on Health, Employment, Labor, and Pensions; Representative Duncan Hunter (CA) to chair the Subcommittee on Early Childhood, Elementary and Secondary Education; and Representative Tim Walberg (MI) to chair the Subcommittee on Workforce Protections.

Senate Committee leadership remains unchanged.

WIA Reauthorization

Neither the House nor Senate passed a Workforce Investment Act (WIA) Reauthorization bill in the 111th Congress, but a substantial amount of work was completed in the Senate on a draft bill that is slated to be introduced early this year. The incoming Republican majority on the House side may likely want to draft its own WIA Reauthorization bill. The Senate bill will be introduced first, most likely mid-February.

House Education and the Workforce Committee Chair Representative John Kline (MN) has indicated that, under his leadership in the 112th Congress, the Committee will focus on giving employers the certainty, flexibility, and freedom to create jobs; conducting oversight of education and workforce programs across the federal government to protect students, families, workers, and retirees; modernizing and streamlining training programs to help job-seekers get back to work; and pursuing education reform that restores local control, empowers parents, lets teachers teach, and protects taxpayers.

Kline, who is expected to make WIA Reauthorization a top priority in the new Congress, was a co-sponsor of the most recent WIA reauthorization legislation “The Workforce Investment Improvement Act of 2009” (HR 4271), which was introduced on December 10, 2009 by Representatives Brett Guthrie (KY), Duncan Hunter (CA), John Kline (MN), Howard McKeon (CA), Phil Roe (TN), Mark Souder (IN), and Addison Wilson (SC).

Education

The U.S. Department of Education's \$4.35 billion Race to the Top program, designed to spur reforms in state and local district K-12 education, was funded as part of the American Recovery and Reinvestment Act (ARRA) of 2009. The new Republican-controlled House, however, could step up oversight of the Obama program. President Obama is pushing for a one-year extension of the program, but will likely face opposition in the Republican-controlled House.

Congress first has to complete the spending bills for FY '11, as the recent stop-gap measure to fund government programs passed by Congress on December 21, 2010, expires in March 2011. House Republican leaders, however, are looking to reduce federal spending to FY '08 levels, but have not specified which programs they want to scale back. The spending bills will determine the fiscal future for key Obama programs, such as Race to the Top.