



The U.S. Conference of Mayors
Workforce Development Council
Board and Annual Winter Meeting

Legislative Update

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Introduction

On December 17, the Senate passed a \$915-billion omnibus bill, sending the legislation to the President for his signature and narrowly avoiding a government shutdown. The Labor-Health and Human Services and Education Departments, the largest of the annual spending bills, were provided \$156.3 in discretionary funding.

Congress signed a two-month extension of the payroll tax cut, which also extends the Temporary Assistance for Needy Families (TANF) program for two months, until February 29, 2012, and contains some adjustments to the payroll tax system to help small businesses. A conference committee plans to meet to construct a deal between the two chambers.

Unemployment for December has dropped down to 8.5 percent, its lowest level since February 2009. The unemployment rate has declined for four straight months.

Appropriations/ Budget FY 2012

On Friday, December 16, the House voted 296-121 to pass a \$915-billion spending package to fund the federal government for the rest of the fiscal year, warding off a government shutdown. On Thursday, December 15, Congressional Appropriators had agreed on the nine-bill omnibus spending package that would cover a wide range of government activities. The bi-partisan measure was embodied in a conference agreement (HR112-331) on the FY12 Military Construction-Veterans Affairs bill (HR 2055), with eight other bills attached.

The conference agreement on HR 2055 was accompanied by a separate measure (HR 3672) that provided \$8.6 billion in disaster aid financing. A third measure (H Con Res 94) imposed an across-the-board cut in the large spending package to offset the cost of the disaster aid. The spending bill provides \$156.3 billion in discretionary funding for the Labor, Health and Human Services, and Education (Labor-HHS-Education) departments, \$1.1 billion less than the FY11 funding level and \$24.5 billion below President Obama's request. All the bill's discretionary spending figures would be reduced by 0.189 percent to comply with the spending cap set by the August debt limit law.

The Labor-HHS-Education measure is the largest of the 12 annual spending bills. Specific provisions and cuts are as below:

Labor/Health and Human Service/Education

The conference agreement provides a total of \$156.3 billion in regular discretionary funding for Labor-HHS. This total is \$1.1 billion below last year's level and \$24.5 billion below the President's request. In addition, the legislation included increased funding oversight and transparency measures.

Department of Labor

- The bill provides \$14.5 billion for DOL, which is \$145.4 million above the FY11 level and \$251.2 million below President's request. The increase above FY11 is due to a provision that fully funds Job Corps in FY12 – **but the bill eliminates advance appropriations for Job Corps and directs**

the Secretary of Labor to submit future budgets for Job Corps without advance appropriations.

Absent this provision the agreement reduces the Department of Labor's budget by \$545.6 million below FY11 and \$942.2 million below the request.

- The Employment and Training Administration (ETA) is funded at \$10.7 billion - \$68 million below the FY11 funding level and \$118.9 million below the President's request.
- Workforce Investment Act (WIA) Grants to States is funded at \$2.6 billion, which is \$179.8 million below FY11 funding.
- The bill provides a total of \$265 million for Veterans Employment and Training Services - \$9.3 million above FY11 funding and \$4 million above the President's budget request.

Department of Education

The conference agreement provides \$71.3 billion in discretionary funding for Education, \$153 million below last year's level and \$9.3 billion below President's request.

- Title I Grants to local school districts are funded at \$14.5 billion, which is \$60 million above FY11
- Pell Grants – the maximum award is maintained at \$5,550 (\$4,860 through discretionary appropriations and \$690 provided through mandatory funds). The bill makes reforms to the program that include: limiting grants per student to a maximum of six years/12 semesters; requiring a high school diploma, GED or completion of a homeschooling program to receive a Pell grant; slightly adjusting the minimum Pell grant; and reducing the income level below which a student will automatically receive the maximum Pell grant from \$30,000 to \$23,000. These reforms are estimated by the Congressional Budget Office to save more than \$11 billion over the next 10 years.
- Race to the Top – the bill cuts funding for the Obama Administration's initiative by more than 20%, from \$698 million to \$550 million.

Payroll Tax

On Friday, December 23, President Barack Obama signed a two-month extension of the payroll tax cut, which was passed by the House earlier that day. House Speaker John Boehner (OH), under pressure from the Senate, dropped his opposition to a short-term deal that would have extended the payroll-tax and unemployment benefits as well as a 'doc fix' to prevent a huge financial blow to physicians who deal with Medicare. The legislation extends the Temporary Assistance for Needy Families (TANF) program for two months, until February 29, 2012, and also contains some adjustments to the payroll tax system to help small businesses.

A conference committee will meet to construct a deal between the two chambers. A major point of contention between Republicans and Democrats is how to pay for the deal. Republicans are looking to freeze wages of federal workers while Democrats are still considering a tax increase on the wealthy.

Trade Adjustment Assistance

On Friday, October 21, President Obama signed the free trade measures passed by Congress the week prior that reduce tariffs and other trade barriers between the United States and Panama, Colombia, and South Korea. The measures could be worth billions to American exporters and create tens of thousands of jobs. The agreement with South Korea, America's seventh-largest trading partner, is estimated to support 70,000 jobs. That same day, the President also signed legislation extending the Trade Adjustment Assistance (TAA) program to help workers hurt by foreign trade.

Workforce Legislation

Summer Jobs+

On Friday, January 5, the White House and Department of Labor Secretary Hilda Solis announced the Summer Jobs+ initiative -- a new call to action for businesses, non-profits, and government to work together to provide pathways to employment for low-income and disconnected youth in the 2012 summer. President Obama had proposed \$1.5 billion for high-impact summer jobs and year-round employment for low-income youth, ages 16-24, in the American Jobs Act as part of the Pathways Back to Work fund, but Congress failed to act on it.

As a result, the Federal government and private sector came together to commit to creating nearly 180,000 employment opportunities for low-income youth in the summer of 2012. The ultimate goal of the new initiative is to provide 250,000 employment opportunities by the start of the summer, at least 100,000 of which will be placements in paid jobs and internships.

WIA Reauthorization

On Thursday, December 8, members of the House Committee on Education and the Workforce introduced two proposals to reform the nation's workforce investment system. Chairwoman of the Subcommittee on Higher Education and Workforce Training Virginia Foxx (NC) introduced the Streamlining Workforce Development Programs Act of 2011 (HR 3610), which aims to consolidate and streamline "redundant and ineffective Federal workforce development programs to increase accountability, reduce administrative bureaucracies and put Americans back to work." Chairwoman Foxx's legislation consolidates 33 programs into 4 funding streams or "Workforce Investment Funds":

- The bill authorizes \$4.3 billion in formula funding annually to states for FY 2013-2018 for a Workforce Investment Fund to provide job training services to adults, unemployed workers and youth;
- The bill authorizes \$1.9 billion in formula funding annually to states for FY 2013-2018 for a State Youth Workforce Investment Fund to provide services to disadvantaged youth, with an emphasis on completing school;
- \$218 million in formula funding is provided annually to states for FY 2013-2018 to support a Veterans Workforce Investment Fund to serve veterans' employment and training services; and

- The bill authorizes \$581 million annually in formula funding to states for FY 2013-2018 for a Targeted Populations Workforce Investment Fund to assist special populations including Native Americans and migrant and seasonal farmworkers.

The bill gives governors greater power to designate workforce areas, and requires state and local officials to establish common performance measures for all employment and training programs. It also permits states to submit single workforce development plans for all job training and related programs, including TANF and Perkins. It also repeals authorization for a number of current job training programs including Jobs Corp, Senior Community Service Employment Program (SCSEP), Wagner-Peyser programs and others.

Congressman Joe Heck (NV) also introduced the Local Job Opportunities and Business Success Act (HR 3611), to “strengthen the role of America’s job creators in workforce investment decisions and help workers receive training for jobs that are in demand.” The bill focuses on board composition and requires that 2/3 of the Board be employers. It would eliminate board mandates for WIA partner programs, including labor and local education representation, and requires local boards to reserve a minimum percentage of funding for training according to criteria set by the board.

According to Committee Chairman John Kline (MN) these two bills, in combination with Congressman Buck McKeon’s (CA) Workforce Investment Improvement Act of 2011 (HR 2295) introduced in June 2011, will serve as the foundation for the committee’s work to reauthorize the Workforce Investment Act.

Bi-Partisan Jobs Creation Act

On Tuesday, December 6, Senators Susan Collins (ME) and Claire McCaskill (MO) announced agreement on a common-sense jobs bill and introduced the Bi-Partisan Jobs Creation Act. The legislation aims to create jobs by cutting taxes on business and investing in the nation’s critical transportation infrastructure; and it is paid-for with a surtax on taxpayers earning more than \$1 million annually and an end to tax giveaways to big oil companies. The proposal includes an extension of the payroll tax cut.

The plan, which the Senators’ said can earn broad bi-partisan support, aims to put Americans back to work by extending the tax cuts for small businesses and American workers; providing an infusion of tens of billions of dollars to rebuild and repair roads and bridges and help ensure a sage water supply; cutting federal red tape for manufactures and employers; and consolidating and strengthening federal job training programs.

The bill requires OMB to reduce the number of job training programs and administrative costs at the federal, state, and local level. All remaining programs would be consolidated under one federal agency, with half the resulting savings going to ITAs and the other half going to deficit reduction. According to Senator McCaskill’s staff, this bill is not an endorsement of the Foxx WIA bill.

American Jobs Act

On Friday, October 21, a day after the Senate rejected a substantially scaled-back version of President Obama’s jobs bills, Senate Majority Leader Harry Reid (NV), Transportation Secretary Ray LaHood, and Senator Amy Klobuchar (MN) unveiled the “Rebuild America’s Jobs Act.” The legislation will be paid for through a 0.7 percent surtax on modified adjusted gross income in excess of \$1 million a year. The bill also includes a portion of the jobs plan Obama has been promoting.

On Thursday, October 20, the Senate rejected The Teachers and First Responders Back to Work Act (S 1723), as well as a competing Republican tax proposal – the Withholding Tax Relief Act (S 1726) that would have repealed a controversial law requiring the withholding of 3 percent of payments to government contractors. Democrats argued that their jobs bill would prevent layoffs of teachers and emergency response personnel, while Republicans pushed their legislation as relief for small businesses.

On a 50-50 vote the Senate rejected a procedural move to advance the education and first-responders jobs measure that would allocate \$30 billion in grants to states and local governments to spend on teachers and \$5 billion in grants to governments and other groups to pay for law enforcement officers and emergency personnel.

President Obama introduced the American Jobs Act in September 2011 to help small businesses, fund construction-related jobs in school repair and modernization, create jobs for teachers and first responders, and fund job training and reemployment assistance to the unemployed.

The President's bill would provide \$5 billion to expand job opportunities for low-income youth and adults through a new Pathways Back to Work Fund. The President is proposing to provide hundreds of thousands of low-income youth and adults with opportunities to work and receive necessary training in growth industries through:

- ***Subsidized Employment (\$2 billion)*** - This work opportunity for unemployed, low-income individuals builds off the successful TANF Emergency Contingency Fund wage subsidy program that successfully supported 260,000 jobs in 2009 and 2010; resulting in permanent placement to create taxpayers and move these individuals off government assistance and also saving small businesses from going under;
- ***Competitive/Innovative Work-Based Grants (\$1.5 billion)*** - This Innovations Fund supports promising and innovative local work-based job and training initiatives to redesign the local workforce system, resulting in accelerated learning for low-income unemployed adults and youth to improve performance outcomes by placing them in jobs more quickly; and
- ***Summer/ Year-Round Jobs for Youth (\$1.5 billion)*** - This builds off of successful programs that supported over 370,000 such jobs in 2009 and 2010 (insert local/regional data on youth employment, Summer Jobs here).

Unemployment

On Friday, January 6, the Bureau of Labor Statistics reported that the total number of jobs increased by 200,000 in December; and the unemployment rate dropped down to 8.5 percent, its lowest level since February 2009. The unemployment rate has declined for four straight months. The hiring gains cap a six-month stretch in which the economy generated 100,000 jobs or more in each month, which hasn't happened since April 2006. In 2011, the economy added 1.6 million jobs and the unemployment rate averaged 8.9 percent, down from the average 9.6 rate in 2010.