



## **WDC Board Meeting**

### **Legislative Update**

**April 23, 2008  
New Orleans, LA**

## **Introduction**

The second session of the 110<sup>th</sup> Congress commenced Tuesday, January 15, 2008. The post-recess agenda includes several economic proposals. House and Senate negotiators are still trying to reconcile differences in legislation introduced to stabilize the economy, prevent foreclosures and create a new regulatory framework for the financial sector. During the eight-week work period before Memorial Day, lawmakers will try to address the big problems in the housing markets and the even bigger issues in the economy at large.

Lawmakers have failed to adopt a final budget resolution in each of the past three election years and Democrats, now in full control of Congress, badly want to end that record as voters weigh whether to expand the party's majorities in the House and Senate this fall.

The fiscal 2009 budget blueprints that the House and Senate (S Con Res 70, H Con Res 312) adopted the week of March 10 will require negotiators to address tension over whether Congress should try to offset the cost of a "patch" that would prevent the alternative minimum tax (AMT) from affecting more taxpayers, particularly working families, this year.

Tensions are also evident in the Senate's decision to make room in its budget blueprint for a \$35 billion economic stimulus package that would not be offset, as well as its decision to dedicate projected surpluses to extending tax laws that affect lower-to middle-income taxpayers.

## **Appropriations**

In response to the growing number of workers losing their jobs and the high number of long-term unemployed workers, on Wednesday, April 16, the House Ways and Means Committee approved the Emergency Extended Unemployment Compensation Act of 2008 (HR 5749) by a 23-13 vote. The legislation, introduced by Jim McDermott (WA) and Phil English (PA), is expected to be a key element of a second economic stimulus package. In relation to past economic downturns, Congress has routinely provided federal extended unemployment benefits in recognition of the fact that many workers are losing their jobs and having difficulty becoming reemployed due to a depressed labor market. Citing three straight months of declining private sector employment, many economists have suggested the current economy is very near to, or already in, recession.

The *Emergency Extended Unemployment Compensation Act* would:

- Immediately provide up to 13 weeks of extended unemployment benefits in every state.
- Provide an additional 13 weeks (for a total of 26) in states with high unemployment (six percent or higher)
- Be financed by the federal unemployment trust funds, which now have more than enough reserves to cover the cost.

Without this legislation, a projected 3 to 3.5 million Americans will exhaust their unemployment benefits without finding work. Across America the unemployment rate is rising; nationally, the rate stands at 5.1% and leading economists believe the downturn has not yet bottomed out.

Congressional Democrats anticipate moving the stimulus package in the coming weeks as part of the FY '08 war supplemental spending bill.

The House Democratic leadership is close to finalizing a decision to combine all outstanding Bush administration requests for war funding—totaling at least \$170 billion—into one huge bill, according to lawmakers and aides. On top of the war funding, Democrats also want to attach billions of dollars in domestic spending initiatives to the measure, which could be the only appropriations bill enacted this year.

Democratic leaders have not decided yet how to attach the domestic funding to the supplemental, or whether the total bill would fall within the \$170 billion range. The Senate panel is considering including around \$24 billion in domestic funding, with about \$10 billion of that to be set aside for infrastructure projects such as bridge and road repairs. It also could include funding for economic “stimulus” items, such as unemployment insurance, as Democrats try to link the war’s cost to the struggling economy.

On Thursday, April 17, Senate Finance Committee leaders released a bipartisan package of extensions to existing and expired tax breaks, reigniting a debate that lawmakers dropped last year. The proposal (S 2886) from Chairman Max Baucus (MT) and Ranking member Charles Grassley (IA) would provide another one-year “patch” to the alternative minimum tax (AMT) and extend dozens of expiring provisions through the end of 2009. That approach, several lawmakers said, would give tax writers breathing room for major legislation next year. However, the starter tax breaks may be strenuous given that the Baucus-Grassley proposal, for example, contains no offsets, even as House Democrats press for compliance with the pay-as-you-go budgeting rules they have championed throughout the 110<sup>th</sup> Congress.

Offsets would be expensive, though the committee has not released a cost estimate. Based on previous estimates, the cost will likely average \$100 billion, a daunting figure as lawmakers consider over a tenth of that amount in the long-stalled farm bill (HR 2419). The Baucus-Grassley bill, however, includes tax breaks for research and development, production of alternative energy and motorsports tracks, along with provisions benefiting broader groups, such as college students, teachers and residents of states without income taxes.

### **Summer Jobs Reinstatement**

Senator Murray (WA) continues to advocate for the authorization of a \$1 billion youth jobs program under the Workforce Investment Act in the economic stimulus package that will create up to 1 million jobs for teens this summer. This critically needed jobs program meets the stimulus package's goals by focusing on the economically disadvantaged with a short term program. Passage of this legislation would make funding available only until December 31, 2008, which can only be used for summer jobs and not other year-round activities.

## **Workforce Investment Act Reauthorization**

WIA reauthorization has stalled in Congress. Neither chamber has begun serious discussions on the Workforce Investment Act, and it is growing increasingly unlikely that work will be completed on the Workforce Investment Improvement Act (HR 3747) this year in the face of the current budget negotiations.

## **Trade Adjustment Assistance Act**

Democrats in both chambers continue to push for Trade Adjustment Assistance expansion. On Tuesday, April 8, 2008, House and Senate Democratic leaders said the Trade Adjustment Assistance (TAA) program, which is designed to help workers who lose their jobs as a result of foreign competition, must be expanded before the Columbia trade agreement (HR 5724) could be considered. The TAA program (PL 110-89) expired at the end of 2007, though the fiscal 2008 omnibus spending law (PL 110-161) included funding to keep the program going through September 30. Efforts are underway in the Senate to craft a bipartisan TAA bill.

## **Higher Education Act Reauthorization**

House and Senate Education Committee leaders on both sides of the aisle have been in discussions concerning reauthorization of the Higher Education Act. Negotiators have made progress toward producing a compromise reauthorization bill, but a few contentious issues might delay completion until at least next month. The target date for completing the conference was April 30, when the latest extension of the act will expire. The most contentious issue is believed to be a House provision, supported by Chairman George Miller (CA), that would deduct the federal aid of states that slash their higher education funding to a level less than a rolling average of the previous five years.

## **H-1B Visa Expansion**

On Wednesday, April 16, Republican Senate members, Lamar Alexander (TN), Orrin Hatch (UT), Kay Bailey Hutchison (TX) and John Cornyn (TX), pushed for steps to boost the economy by expanding the H-1B visa program, making the research and development tax credit permanent and increasing funding for science education. The senators believe that allowing more highly skilled foreign workers to stay in the United States after they receive their college degrees would help prevent companies from moving jobs overseas. Research on this issue estimates that each H-1B visa holder would produce five jobs.

## **No Child Left Behind Act Reauthorization**

The House Education and Labor Committee is currently in the process of reviewing public input regarding its NCLB discussion draft. Mark-up is pending under the direction of Chairman George Miller (CA).