



The U.S. Conference of Mayors  
Workforce Development Council  
Congressional Forum

**Legislative Update**

September 12 – 13, 2011  
Washington, DC

## **Introduction**

On Thursday, September 8, President Obama addressed a joint session of Congress on the state of our economy and revealed his jobs agenda, the American Jobs Act -- an almost \$450 billion jobs package -- to Congress in an effort to reignite the economy. With 14 million people out of work and an unemployment rate of 9.1 percent, the President challenged Congress to assist him in rebuilding the American economy through increased hiring, financing infrastructure, preserving and increasing teacher and first-responder jobs, and assisting the long-term unemployed.

On August 2, after months of negotiations and debate, the 112<sup>th</sup> Congress passed a debt limit and deficit reduction package (S 365). President Obama signed the bill hours before the government default deadline set by Department of Treasury Secretary Timothy Geithner. Many lawmakers reluctantly accepted the bill, which sets up another partisan battle late this year when more than \$1 trillion is carved from the budget.

The Senate Committee on Health, Education, Labor and Pensions (HELP) has released its Workforce Investment Act (WIA) Reauthorization staff discussion drafts for Titles I through VI, but have yet to put mark-up of the bill on the Committee agenda.

House Education and the Workforce Committee Chair John Kline (MN) has indicated that the committee will make an effort to advance legislation that streamlines federal spending by eliminating more than 40 duplicative K-12 education programs, but this has also not been scheduled.

## **White House Jobs Agenda**

The President's Jobs plan, the American Jobs Act, unveiled in a speech on September 8 to a joint session of Congress, includes \$5 billion for a "Pathways Back to Work" fund to provide hundreds of thousands of low-income youth and adults with job training. The Initiative includes funding for 1) Summer and year-round jobs for youth; 2) Subsidized employment opportunities for low-income individuals who are unemployed, building off the successful TANF Emergency Contingency Fund wage subsidy program; and 3) Promising and innovative local work-based job and training initiatives to place low-income adults and youths in jobs quickly.

The American Jobs Act calls for an extension on unemployment insurance and jobless benefits for the long-term unemployed and require states to overhaul their re-employment service, allowing them more flexibility in how they pay certain jobless benefits. The legislation also provides a tax credit of up to \$4,000 to companies that hire people who have been looking for work for more than six months and provides special tax credits to companies that hire long-term unemployed veterans.

The jobs package also expands a reduction in the employee share of the Social Security payroll tax through 2012, cutting the levy in half at a cost of \$175 billion, and expands the Social Security tax cut to the employer share, cutting that tax in half for the first \$5 million paid in wages and eliminating the tax for new hires or wage increases up to \$50 million. The legislation also proposes numerous jobs programs, providing \$50 billion to upgrade highway, transit, rail and aviation facilities; provides \$35 billion to states for immediate use to prevent teacher and first-responder layoffs and make new hires; and uses \$10 billion to create a national infrastructure bank to leverage private and public capital for investment in infrastructure projects that have national or regional significance.

When specific legislation is released, along with the funding offsets, we will provide additional analyses.

We have much work ahead of us to help get a strong jobs agenda approved by Congress. We are delighted that the President has recognized workforce development as a crucial component of his plan to create jobs and put Americans back to work -- so we are off to a good start, but we must continue to push hard. We will be discussing and outlining a WDC advocacy strategy during the WDC Congressional Forum next Tuesday, and will have further information in the weeks ahead.

## **USCM Jobs Agenda**

On Friday, September 2, U.S. Conference of Mayors President Los Angeles Mayor Antonio R. Villaraigosa – joined by Vice President Mayor Michael A. Nutter of Philadelphia and Second Vice President Mayor Scott Smith of Mesa – held a press conference call to be held to release The United States Conference of Mayors jobs plan -- "A Common Sense Jobs Agenda."

The plan outlines a practical set of proposals designed to create millions of new jobs by immediately investing in infrastructure and spurring investment in small business, manufacturing, trade and tourism. The four areas of recommendations are: invest in infrastructure jobs; provide immediate relief to employers and workers; stimulate manufacturing, trade and tourism; and maintain smart investments in key domestic priorities (such as WIA, CDBG and COPS).

Mayor Villaraigosa and USCM leadership will be in Washington, DC on September 19-21 advocating for the Common-Sense Jobs Agenda and focusing on the surface transportation bill, the Joint Select Committee on Deficit Reduction, and FY 2012 appropriations.

## **Appropriations**

On Wednesday, September 7, the Senate Appropriations Committee voted to approve a \$1.043 trillion government spending plan for FY12, as required by the debt limit law. The Labor-HHS-ED level is \$157.134 billion, which is about \$300 million less than the FY11 enacted level of \$157.434 billion.

In May 2011, the House 302(b) proposed allocations cut another \$30 billion from discretionary spending and had a proposed total of \$1.019 trillion in cuts to the FY12 budget. The Subcommittee on Labor, HHS and Education had a proposed cut of \$18.2 billion from FY11 levels, which is \$41.6 billion below the President's FY12 proposed budget.

Also on Wednesday, September 7, House Majority Leader Cantor (VA) announced that the House will vote the week of September 19 on a stop-gap spending measure to keep the government running past the end of the current fiscal year. Cantor said the CR would last "through late fall" but provided no details on spending levels or potential policy riders.

On September 8, the 12-member joint panel on deficit reduction held its first public event at the Rayburn House office building, where the six Democrats and six Republicans from the House and Senate on the super committee gave opening statements and discussed the rules under which the panel would operate.

The super committee is charged with finding at least \$1.2 trillion to \$1.5 trillion more in budgetary savings over the next 10 years, and to come up with those recommendations by November 23, with Congress having to vote on them by December 23. President Obama urged the panel to cut more than \$1.5 trillion from 10-year spending plans in his speech to a joint session of Congress on September 8.

A second public appearance by the panel has been set for Tuesday, September 13, when it will hear from Congressional Budget Office Director Douglas Elmendorf. The committee has announced no other public meetings.

## **WIA Reauthorization**

The Senate Health, Education, Labor, and Pensions (HELP) Committee mark-up of the Workforce Investment Act (WIA) reauthorization legislation, scheduled for August 3, was delayed and has yet to be put back on the Committee agenda. On Tuesday, August 30, the House Committee on Education and the Workforce held a field hearing in Nevada's Third Congressional District to examine the need for responsible reforms to federal job training services. Committee Chairman John Kline (MN) was joined by Representatives Joe Heck (NV) and Buck McKeon (CA) at the field hearing. During the hearing, witnesses testified about the challenges facing state and local economies, explored the role of job training services in enhancing the career opportunities of workers and discussed the need to update the 1998 Workforce Investment Act (WIA).

On Thursday, June 23, Representative Buck McKeon (CA) introduced the Workforce Investment Improvement Act (HR 2295), which will strengthen job training opportunities for workers and job seekers. The bill aims to support job training opportunities by eliminating duplication, enhancing the role of employers, improving accountability, increasing state and local flexibility to better serve the nation's workers, and renews workforce development programs under the Workforce Investment Act (WIA). Representative McKeon stated that the key goal of the new reauthorization bill is to ensure the nation's workforce development system is resourced to respond quickly and effectively to the changing needs of job seekers and those in need of training through modernizing America's job training infrastructure.

## **Debt Ceiling**

On Tuesday, August 2, after months of negotiations and debate, Congress passed a debt limit and deficit reduction package (S 365), and President Obama signed the bill, hours before the government default deadline set by Department of Treasury Secretary Timothy Geithner. Many lawmakers reluctantly accepted the bill, which sets up another partisan battle late this year when more than \$1 trillion is carved from the budget.

The legislation increases the debt ceiling by at least \$2.1 trillion and cuts spending by as much as \$2.4 trillion over 10 years. The bulk of the cuts will be made through a new budgetary process set up by the legislation. A new joint congressional committee, with equal numbers of Republican and Democratic members, will recommend legislation to trim future deficits by at least \$1.2 trillion. If the committee's plans flounder, automatic cuts would reduce defense and non-defense spending equally, while sparing some entitlements.

The final debt deal contains many provisions that were contained in House Speaker John Boehner's (OH) plan (S 627), passed by the House on July 29. Discretionary spending will be capped for FY12 and FY13, effectively freezing it at current levels. The joint committee is directed to find between \$1.2 trillion and \$1.5 trillion in additional savings by November 23. The House and Senate will have to vote on the committee's proposals by December 23 and, if the savings are not enacted, the automatic cuts would be triggered.

## **Trade Adjustment Assistance**

President Obama has been urging lawmakers to revive the expanded Trade Adjustment Assistance benefits, which were put in place as part of the 2009 stimulus package and expired in February. Labor supporters say that expanded TAA benefits need to be in place to counteract any adverse effects caused by rising exports. A TAA deal worked out between the President and legislators would renew a health care tax credit for recipients but scale it back to cover 72.5 percent of premiums.

A dozen Senate Republicans have pledged to help speed consideration of a stand-alone TAA measure, which could also help move three trade agreements. In a letter to President Obama released Friday, July 22, the 12 Republicans, led by Congressmen Rob Portman (OH) and Roy Blunt (MO), pledged to support procedural motions to limit debate on compromise legislation that would renew expanded TAA, which offers benefits for U.S. workers displaced by free trade.

The dozen Republicans said their support for TAA would be contingent on enactment of the three trade pacts. Senate Minority Leader Mitch McConnell (KY) has said that he saw a clear path to approving the trade agreements after the August recess. The three trade agreements are protected from amendment under fast-track trade procedures, under which Congress must vote up or down on the trade pacts within 90 days of receiving them.

## **Unemployment**

On Friday, September 2, the U.S. Department of Labor Bureau of Labor Statistics reported that the economy added no jobs in August – the worst number since September 2010 -- leaving the number of employed persons at 14 million, and the unemployment rate held at 9.1 percent. In addition, employment in local government continued to decline. Since employment peaked in September 2008, local government has lost 550,000 jobs. Nonfarm payroll and employment in most major industries changed little in August. Health care continued to add jobs, and government employment continued to trend down. The rate has shown little change since April.