



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

Legislative Update

April 12-13, 2012  
Kansas City, MO

## **Introduction**

Both House Republicans and Democrats have recently introduced legislation to reauthorize the Workforce Investment Act (WIA). The House Republican legislation ‘The Workforce Investment Improvement Act of 2012; introduced on March 29, builds off of Congresswoman Foxx’s December 2011 proposal and would consolidate 27 programs into one flexible Workforce Investment Fund. The House Democratic workforce bill, introduced on March 20, would require states to create a single state plan that streamlines multiple existing job training programs and allow individuals to immediately access services whenever they become needed. It would also allow local governments to contract directly with community colleges to provide group training classes that provide skill-sets sought by area employers, and would authorize funding for a community college grant proposed by the President to expand capacity for training workers in high-growth industries.

On March 20, House Budget Committee Chairman Paul Ryan unveiled the House Republicans FY13 Budget blueprint, The Path to Prosperity. The plan, largely contrasting President Obama’s FY13 proposed budget, proposes to significantly cut spending and enact significant tax and entitlement reform. The plan claims \$5 trillion in savings over 10 years below the President’s budget proposal, spends \$3.5 trillion less over 10 years than the current spending levels, and brings deficits below 3 percent of GDP by 2015.

The American economy has added more than 850,000 jobs between December and March – the largest growth in that category in two years. March marked the fourth straight month of a decrease in the employment rate, yet indicated a deceleration of job growth with the addition of only 120,000 new jobs.

## **Workforce Legislation**

### **WIA Reauthorization**

On Thursday, March 29, House Republicans introduced their proposal to reauthorize the Workforce Investment Act (WIA) and "reform the nation’s network of job training programs." The Workforce Investment Improvement Act of 2012 (H.R. 4297) consolidates 27 programs (down from the 33 consolidated under Subcommittee on Higher Education and Workforce Training Chairwoman Foxx's bill introduced previously) into one flexible Workforce Investment Fund. The proposal builds on previous legislative efforts by Chairwoman Foxx (NC), Representative Howard “Buck” McKeon (CA), and Representative Joe Heck (NV). There will be a legislative hearing on the bill on April 17, with mark-up to follow the week after.

On Tuesday, March 20, Democratic Representatives John Tierney (MA), Ruben Hinojosa (TX), and George Miller (CA) introduced the Workforce Investment Act of 2012 (H.R. 4227), which would overhaul the Workforce Investment Act (WIA) of 1998 by streamlining multiple training programs into one system while significantly expanding services. The bill would require states to create a single state plan that streamlines multiple existing job training programs and allow individuals to immediately access services whenever they become needed. It would also allow local governments to contract directly with community colleges to provide group training classes that provide skill-sets sought by area employers, and would authorize funding for a community college grant proposed by the President to expand capacity for training workers in high-growth industries.

There is bipartisan agreement in both chambers that the 1998 Workforce Investment Act is outdated and in need of an overhaul. Senators Patty Murray (WA), Michael Enzi (WY), and Johnny Isakson (GA) authored a bi-partisan draft bill in June 2011 that would set up a national system and eliminate the piecemeal, state-by-state programs that exist. House Education and the Workforce Committee Chairman John Kline's (MN) WIA bill is not expected to garner Democratic support in the Senate.

### **White House Job Search Plan**

On Monday, March 12, the Obama Administration announced its proposal, the Universal Displaced Worker Program, that streamlines two existing job training programs -- the Trade Adjustment Assistance program and the Workforce Investment Act Dislocated Worker program. Administration officials said consolidating these two programs would help simplify the re-employment system for Americans who have been displaced from jobs and make federally supported training and employment services more readily available.

The new program would provide about half of the workers eligible with as much as \$4,000 a year for up to two years to pursue training in technical fields, provide stipends for child-care and transportation, give relocation allowances, and offer wage insurance for older workers to partially offset earnings losses in new jobs that pay less than their previous jobs. President Obama is also proposing \$50 million to improve and expand workforce centers, which includes a new website that will bring together all federally supported One-Stop Career Centers and electronic resources - providing a single point of access for job-seekers and businesses. The proposals in the Universal Displaced Worker Program build on efforts laid out in the President's State of the Union address and FY13 budget, including the Community College to Career Fund.

### **Appropriations/ Budget FY 2013**

On Thursday, March 29, on a 228-191 vote, the House passed the GOP budget plan (H Con Res 112) with spending cuts up to \$5.3 trillion below President Obama's budget through 2022. The blueprint, introduced by House Budget Chairman Paul Ryan (WI), would consolidate existing federal workforce programs into a career scholarship program with fewer funding streams, overhaul entitlement programs, endorse a flatter tax code and set a lower cap for discretionary spending. Under the plan, Medicare would be reduced by \$205 billion and other entitlement programs would be cut by nearly \$2 trillion.

The bill cuts discretionary programs by \$352 billion below the levels requested by President Obama over 10 years. Accordingly, House spending bills will have to come in well below the caps set last July. The House plan sets spending on domestic programs \$19 billion below the limit in last summer's Budget Control Act. Chairman Ryan's plan also mandates the repeal of Obama's health care law, assumes the elimination of the government-backed mortgage giants Fannie Mae and Freddie Mac, and orders an overhaul of the tax code.

The legislation also includes instructions that direct six House authorizing committees to draft plans to cut the deficit by \$261 billion. The Agriculture, Energy and Commerce, Financial Services, Judiciary, Oversight and Government Reform, and Ways and Means committees are each given a savings total they are expected to meet or exceed through cuts and are to submit plans to the Budget Committee by April 27. The bill is not expected to pass in the Democrat-controlled Senate.

On March 20, Senate Democrats set discretionary spending limits for FY13 and budget enforcement levels for the Senate through 2022. Senate Budget Committee Chairman Kent Conrad (ND) filed the ‘deeming’ resolution, which adheres to the reduced discretionary spending levels established in last summer’s Budget Control Act. Chairman Conrad’s action allows Senate Appropriations Committee Chairman Daniel Inouye (HI) to proceed with drafting spending bills for FY13 and ensures the Senate will have the tools to enforce those limits when the bills are considered.

## **President’s FY13 Budget**

On Monday, February 13, President Obama released his FY13 budget, which provides \$12 billion in discretionary funding for the Department of Labor, a small reduction from the FY12 level of \$12.5 billion. The budget level funds job training grants to states at \$2.83 billion--WIA Adult Training is funded at \$769 million, a \$2 million increase over FY12 levels. Youth training is level funded, and dislocated worker assistance is funded at \$1.24 billion, a \$232 million increase over FY12 levels.

It also includes a \$12.5 billion Pathways Back to Work Fund to support summer and year-round jobs for low-income youth, and connect the long-term unemployed and low-income adults to subsidized employment and work-based training opportunities. To complement this investment, the budget provides \$100 million in continued support for a Workforce Innovation Fund to encourage cities, states and regions to break down barriers among programs, test new ideas, and replicate proven strategies for delivering better employment and education results in a more cost-effective way.

The budget also provides \$8 billion to the Departments of Education and Labor to fund a new initiative designed to improve access to job training across the nation and support state and community college partnerships with businesses to build the skills of American workers.

The President’s budget level funds YouthBuild at \$80 million, but proposes a cut in funding for Job Corps from \$1.7 billion to \$1.65 billion and launches a bold reform effort to improve program outcomes and strengthen accountability. The budget also proposes closing a number of chronically underperforming Job Corps centers.

The Budget provides \$803 million for Department Justice prisoner re-entry programs, including \$100 million for grant assistance under the Second Chance Act and \$30 million for residential substance abuse treatment programs in State and local prisons and jails. In addition, the Budget provides \$85 million for Department of Labor programs that provide employment-centered services to adult and youth ex-offenders and at-risk youth.

The Administration continues key investments in Pell grants by increasing the maximum award amount to \$5,635 to support nearly 10 million students as they pursue higher education. The President’s Budget recommends reauthorization and reform of the Career and Technical Education (CTE) State Grant program, currently set to expire in 2013. The Administration’s \$1.1 billion reauthorization proposal would restructure CTE to align what students learn in school with the demands of 21st Century jobs. The Budget also invests \$1 billion through immediate job-creation measures to increase the number of students enrolled in Career Academies.

## **TAA Community College and Career Training Grant**

On Friday, February 24, Vice President Joe Biden joined Department of Labor Secretary Hilda Solis and Dr. Jill Biden in Thomasville, N.C. to announce the availability of \$500 million in a second round of the Trade Adjustment Assistance Community College and Career Training grant program. Vice President Biden stated that these funds will help community colleges partner with local businesses to expand and improve education and career training programs, which prepare workers with the skills those employers need. In September 2011, the Department of Labor awarded approximately \$500 million in the first round of the program. Availability of additional funds will be announced later this year.

## **Senate HELP Committee Hearing/ GAO Report**

On Thursday, February 16, the Senate Health, Education, Labor and Pensions (HELP) Subcommittee on Employment and Workplace Safety, chaired by Senator Patty Murray (WA), held a hearing to focus on innovative public-private partnerships that address regional workforce needs. Among the witnesses for the hearing was Workforce Development Council of Seattle-King County CEO and WDC Vice President Marléna Sessions. Also testifying was Andrew Sherrill, Director of the U.S. Government Accountability Office (GAO), who discussed the newly released GAO report Workforce Investment Act: Innovative Collaborations between Workforce Boards and Employers Helped Meet Local Needs that highlights successful public/private workforce partnerships, as well as the February 2011 GAO report, Multiple Employment and Training Programs: Providing Information on Co-Locating Services and Consolidating Administrative Structures Could Promote Efficiencies, calling for consolidation of workforce programs.

GAO released the new report on Wednesday, February 15. This report outlines the important role workforce programs play in forming collaborations between workforce boards, employers, and other organizations to help bridge the skills gap. It also addresses the growing recognition that federally-funded workforce programs should better coordinate with employers to align services and training with their needs.

## **Unemployment**

On Friday, April 6, the Bureau of Labor Statistics reported that nonfarm payroll employment rose by 120,000 in March, with the unemployed rate little changed at 8.2 percent. The private sector added 121,000 new jobs in March, while government employment edged down 1,000. Manufacturing had strong gains, with factories adding 37,000 new positions.

The jobs generated in March are well below the 205,000 expected by economists, breaking a three-month streak of payroll growth in excess of 200,000. The economy has lost about 5.3 million jobs since the start of the 2007-2009 recession. At the recent pace of growth, those jobs will not be recouped before 2014.