The U.S. Conference of Mayors
Workforce Development Council (WDC)
Board and Annual Meeting

Legislative Update

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Introduction

House Appropriators are aiming to unveil a Fiscal Year 2013 (FY13) measure funding the Labor, Health and Human Services, and Education departments later this month, which likely will be the most controversial spending bill for FY13. The Senate Appropriations Subcommittee on Labor-HHS has scheduled mark-up on the FY13 appropriations bill for Tuesday, June 12.

The House Committee on Education and the Workforce held a full committee mark-up on Thursday, June 7, of the GOP-introduced workforce legislation, the Workforce Investment Improvement Act of 2012 (HR 4297). The legislation was approved in by the Committee in a vote of 23 to 15.

Democratic and Republican leaders are still negotiating offsets for the student loan interest rate extension, but are seemingly closer to a deal after Senate Majority Leader Harry Reid sent a letter to GOP leaders on Thursday, June 7, proposing two new potential off-sets to pay for the one-year extension.

WIA Reauthorization

On Thursday, June 7, the House Committee on Education and the Workforce, chaired by Congressman John Kline (MN), approved the Workforce Investment Improvement Act of 2012 (HR 4297) in a vote of 23 to 15. The legislation seeks to help close the skills gap and modify the current workforce development system by consolidating 27 programs into one large jobs training block grant, strengthening the role of employers in workforce development decisions, and promoting new tools and initiatives that will help put more Americans back to work. It also would allow governors to merge additional programs if they have a 'responsible' plan to do so and states would be required to adopt a common set of performance measures to judge the success of all programs.

As passed by the committee, the legislation will eliminate 37 programs, including 29 identified by the Government Accountability Office as offering overlapping job training services and create a single flexible Workforce Investment Fund and allow state and local leaders to create programs to support workers. It also eliminates 19 federal mandates governing the workforce investment board representation and increases the number of employers on the board to a two-thirds majority; requires states and local workforce investment leaders to outline the strategies they will implement to serve youth, individuals with disabilities, and other workers with unique barriers to employment; and establishes common performance measures and requires an independent evaluation of programs at least once every five years.

The panel approved Congresswoman Virginia Foxx's (NC) substitute amendment that added provisions to increase the state set-aside for statewide activities and to expand the statewide grants for individuals with barriers to employment to include at-risk youth. It would also require that two-thirds of the members of each local workforce board be employers, in order to help ensure that job training meets the needs of businesses.

Democrats argued that restructuring the workforce system would shut out major stakeholders and shift funding away from those with the greatest need and toward those with greatest political influence. The panel rejected 15-23 a Democratic substitute amendment, based on stand-alone legislation (HR 4227), that would enable local governments to contract with community colleges to train workers in soughtafter skills, a priority for the administration. It also would offer grants to colleges to train workers for in-demand jobs.

Student Loans

On Thursday, June 7, Senate Majority Leader Harry Reid (NV) sent a letter to GOP leaders outlining two pension-related changes to cover the $5.9 billion cost of extending the current 3.4 percent interest rate on federally subsidized undergraduate loans for one year. Reid's first proposal would expand a change to employer pension funding contributions that the Senate overwhelmingly approved in March as a way to offset part of the cost of its surface transportation bill, which would generate approximately $9.5 billion.

His second proposal would increase the premiums paid by employers for the insurance provided by the Pension Benefit Guaranty Corp (PBGC), to generate up to $8 billion. Senate Minority Leader Mitch McConnell (KY) and House Speaker John Boehner (OH) did not dismiss Reid's proposal, indicating that Congress may finally be ready to agree on an offset and avert a scheduled doubling of the interest rate on July 1 for the 7 million students expected to take out loans for the upcoming school year.

Budget

On Wednesday, May 16, the Senate rejected five separate Republican budget resolutions. On separate votes, they defeated motions to proceed to three Republican budget proposals, and rejected the House-passed Ryan budget (H Con Res 112), along with a GOP-introduced budget (S Con Res 41) based on the Administration's budget proposal.

The Senate Appropriations Committee will now move forward with regular FY 2013 spending bills based on budget allocations set by Senate Budget Committee Chairman Kent Conrad (ND) under the cap provided in the Budget Control Act.

Experts have warned that allowing all of the Bush-era tax cuts to expire, combined with the automatic 'sequester' spending reductions required by the August Budget Control Act taking effect in January 2013, would have more than a $7 trillion impact over a decade, and could throw the economy into a recession next year.

Some lawmakers are indicating that an extension of existing temporary tax cuts, and delay of the automatic "sequester" spending cuts until early 2013 is inevitable, in order to give the two parties time to work out their differences during the lame-duck session after the November elections, and avoid fiscal disaster. Accordingly, there have been increasing talks about extending the tax cuts that expire at the end of the year for three to six months, and postponing the sequester for the same period.

Career and Technical Training Act

On Tuesday, May 1, U.S. Department of Education Secretary Arne Duncan released the Administration's blueprint for transforming career and technical education (CTE) by reauthorizing the Carl D. Perkins Career and Technical Education Act. The last Perkins authorization, in 2006, introduced important changes in federal support for CTE, helping to improve the learning experiences of students;

however, the Administration feels it did not go far enough to systematically create better outcomes for students and employers competing in today's global economy.

The Administration's FY13 budget allocates a $1 billion investment in the Perkins program. The blueprint transforms the program by incentivizing secondary schools, institutions of higher education, employers, and industry partners to work together to ensure that CTE programs offer high-quality learning opportunities. It also ensures the skills taught in CTE programs reflect the actual needs of the labor market so that CTE students acquire the 21st century skills necessary for in-demand occupations within high-growth industry sectors. The blueprint would require programs to show, through common definitions and related performance measures, they are improving academic outcomes and enabling students to build job and technical skills.

Unemployment

On Friday, June 1, the Bureau of Labor Statistics reported that the unemployment rate rose a tenth of a percentage point to 8.2 percent in May, reversing a yearlong downward trend. Nonfarm payroll changed little in May, adding only 69,000 jobs – well below even the lowest expectations. Economists predicted jobs growth of 150,000 and the unemployment rate to remain at 8.1 percent.