



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

Legislative Update

April 25-26, 2013
Seattle, WA

Introduction

In March, both the House and Senate passed their own FY 2014 budget – setting up a contentious battle to reconcile the two vastly different plans. The House budget plan, *Pathway to Prosperity*, introduced by Budget Committee Chairman Paul Ryan (WI), eliminates U.S. deficits within 10 years through deep cuts in healthcare and spending on other social safety net programs, compared to the Senate plan. The Senate version, *Foundation for Growth*, calls for \$1 trillion in additional tax revenues, \$100 billion in new infrastructure and job spending and modest cuts to health care programs. The passage of both blueprints now sets the stage for a conference committee to negotiate a compromise measure. It remains unclear, however, whether one will be established.

On March 15, House Republicans passed the Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act (HR 803) to reauthorize the Workforce Investment Act (WIA). The SKILLS Act consolidates dozens of federal job training programs into a block grant that states may deploy according to their own plans. The bill authorizes \$6.2 billion per year through 2018 for this Workforce Investment Fund. The Obama Administration and most Democrats oppose the SKILLS Act and it is unclear whether the Senate will consider the House-passed version of the bill.

Workforce Legislation

SKILLS Act

On Friday, March 15, the U.S. House of Representatives passed the Supporting Knowledge and Investing in Lifelong Skills (SKILLS) Act (HR 803), which will consolidate and streamline 35 federal job-training programs, create a Workforce Investment Fund and freeze current spending for the legislation at about \$6 billion a year for the next 7 years. The bill, first introduced on February 21 by Higher Education and Workforce Training Subcommittee Chairwoman Virginia Foxx (NC), is meeting resistance from the White House and Democrats who say they were not consulted in writing the bill and believe the legislation will eliminate programs that help disadvantaged individuals seeking jobs. Among the programs being consolidated are those for veterans, Native Americans, ex-offenders, seasonal farmworkers and youth.

On Thursday, March 14, House members approved a rule for the bill that allowed an hour of debate and then consideration of five amendments, plus a manager's amendment. The manager's amendment, introduced by Foxx, provided an application process for local and regional boards to be designated as a local workforce investment area and authorized the Government Accountability Office (GAO) to complete two studies related to Workforce Investment Act (WIA) programs. The five amendments to the legislation considered were:

1. Added "advanced manufacturing in the state and local plans sections to assist American Veterans obtain better job opportunities in that field;"
2. Changed the "percentage of authorized State Allotment funding set aside for American Indian, Alaska Native, and Native Hawaiian employment and training grants, and replaced a provision that limits the set-aside to no more than 1% of total funding with a fixed 1% guarantee;"
3. Expressed a "sense of Congress that any administrative costs to federal, state, or local entities as a result of this act be off-set by funds currently being used for marketing and outreach at the U.S. Department of Agriculture;"

4. Required that "if reports due to Congress that evaluate the programs that are covered by this legislation are not transmitted on or before the time period specified for that report, amounts authorized to be appropriated under this title shall be reduced by 10 percent for the next fiscal year and reduced by an additional 10 percent for each subsequent fiscal year until such report is transmitted to Congress;"
5. Reauthorized "the Workforce Investment Act in a responsible way that ensures workers can obtain jobs and build careers through strategic partnerships and enables businesses to identify and hire qualified personnel to grow and continue our economic recovery" (the Democrats' alternative bill).

On Wednesday, March 13, the U.S. Conference of Mayors (USCM), National Association of Counties (NACo), the National League of Cities (NLC) and the National Association of Workforce Boards (NAWB) sent a letter expressing significant concerns over provisions in the SKILLS Act to House Speaker John Boehner, Majority Leader Eric Cantor, Minority Leader Nancy Pelosi, and Minority Whip Steny Hoyer.

The legislation will now head to the Democratic-led Senate.

Appropriations/ Budget FY 2014

On Thursday, March 21, Congress passed the Continuing Resolution (CR) that will keep the government funded through the end of FY13 in September - preventing a possible government shutdown on March 27. The \$1.2 trillion stopgap spending bill, which locks in the \$85 billion in automatic spending cuts mandated by the sequester. The legislation includes a full appropriations bill for the Department of Defense and Department of Veterans Affairs – providing Defense flexibility in dealing with sequestration by shifting \$10.4 billion to the operations and maintenance budget. Under the CR, existing Labor-HHS funding will carry over from FY12.

On Thursday, March 21, the House also passed Budget Committee Chairman Paul Ryan's (WI) FY14 spending plan, *The Path to Prosperity*, on a 221-207 vote. The plan would cut spending by \$4.6 trillion over the next decade and aims to balance the budget in 10 years by reducing funding for Medicare, Medicaid and programs to aid the poor – including food stamps – and government spending would hit its lowest levels in 65 years. The House plan would also repeal President Obama's health care reform law and does not include cuts to Social Security.

On Saturday, March 23, on a 50-49 vote, the Senate adopted its first budget in four years -- the Democratic fiscal blueprint, *Foundation for Growth*, introduced by Budget Chairwoman Patty Murray (WA). The Democrat's budget estimates a deficit reduction of \$1.85 trillion over 10 years, with \$960 billion intended to replace the sequester cuts that went into effect earlier this month. Under the Democratic legislation, the deficit reduction would be evenly split between spending cuts and tax increases. It would reduce projected spending by approximately \$975 billion, which includes a reduction of \$493 in domestic spending; \$240 billion in defense spending; and \$242 billion in interest savings. The legislation proposes \$100 billion for road and bridge construction and repairs, as well as \$10 billion for worker training.

Democrats have increased pressure on Republicans to convene a budget conference committee to examine both the Senate and House budgets and identify areas of agreement, but House Budget Committee Chairman Paul Ryan (WI) has said he wants a pre-conference framework before convening the committee. All 17 Democrats on the House Budget Committee have sent a letter to House Speaker John Boehner (OH), who has defended the GOP approach, demanding he convene a committee. There seems to be no hope of a

House-Senate conference committee being appointed and Appropriations Committee leaders are making plans to move ahead with vastly different assumptions. House Appropriations Committee Chairman Hal Rogers (KY) is being asked to meet a discretionary spending target of \$966.4 billion for FY14, with just \$414.4 billion in non-defense spending, while Senate Appropriations Committee Chairwoman Barbara Mikulski (MD) will operate from a level of \$1.058 trillion, with \$506 billion for non-defense spending – a \$91 billion gap.

President's Proposed FY 2014 Budget

On Wednesday, April 10, President Obama released his FY14 budget, the Consolidated and Further Appropriations Act, 2013 (HR 933), which provides \$12.1 billion in discretionary funding for the Department of Labor (DOL), an increase of over \$20 million from FY 2012 levels. The President's budget proposal undoes the most recent sequestration cuts to workforce development and education, and many programs received increases in funding when compared with FY 2012 levels (comparisons to FY 2013 levels are difficult to calculate and misleading due to sequestration).

LABOR

The President's budget provides a slight increase in job training to states – WIA Adult Training is funded at \$792 million, a \$21 million increase over FY 2012 levels. Youth training is increased by \$23 million to \$847 million, and dislocated worker assistance is funded at \$1.27 billion, a \$36 million increase over FY 2012 levels.

The budget includes funding for an \$8 billion Community College to Career Fund (jointly administered by DOL and the Department of Education -- \$500 million to each agency per year for 8 years), designed to improve access to job training across the nation and support state and community college partnerships with business. This initiative builds on the Trade Adjustment Assistance Community College and Career Training Grants program, which has its final year of funding in 2014.

It proposes a \$4 billion Reemployment NOW program to help the unemployed return to work more quickly, and also provides \$12.5 billion for a 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 \$150 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. This innovation fund specifically includes \$50 million for projects to serve veterans' employment needs.

The President's budget level funds YouthBuild at \$80 million, but proposes a cut in funding for Job Corps from \$1.71 billion to \$1.69 billion and calls for closing a small number of chronically low-performing centers and adopting cost-saving reforms.

The Budget increases funding for reintegration of ex-offenders from \$81 million to \$90, devotes \$50 million to test and replicate innovative strategies to serve young ex-offenders, and dedicates \$10 million to Pay for Success programs designed to provide employment services and reduce recidivism among ex-offenders. The budget also provides \$80 million to increase the set-aside for governors in the Workforce Investment Act formula grants from 5 percent to 7.5 percent to build state capacity for reform.

The President's budget materials for DOL reference that the Administration is "exploring opportunities to revisit how the Federal Government funds job training and employment services, including the possibility of reorganizing some of the existing training programs that serve overlapping populations," and also specified that the Administration "looks forward to working with the Congress and other stakeholders on job training reform this year."

EDUCATION

The President's budget requests \$71.2 billion in discretionary funding for the Department of Education for FY14 -- an increase of \$3.1 billion or 4.6 percent over the FY13 (pre-sequester).

The proposed budget increased the maximum reward for the Pell grant program to \$5,785 for over nine million students and includes measures that ensure full program funding through the 2015-2016 academic year. In FY14, the Department of Education will shift the focus of the Race to the Top Competition to promoting comprehensive reforms in postsecondary education, which is supported by the proposed investment of \$1 billion for these competitive education grants.

The budget requests \$300 million for a new program to redesign high schools to strengthen college and career-readiness and focus on providing students with challenging, relevant learning experiences. It also provides \$1.1 billion to support the reauthorization of the Career and Technical Education program to improve alignment with workforce demands, strengthen linkages to postsecondary education, and promote innovation and reform.

Department of Labor Secretary

On Thursday, April 18, the first nomination hearing for Thomas E. Perez, President Obama's nominee for Secretary Labor, was held. Perez told the Senate Health, Education, Labor and Pensions Committee his main focus as head of the Department would be jobs – part of which would be getting Congress to reauthorize the Workforce Investment Act. He also defended his record against criticism from Republicans regarding some of his work at the Justice Department. On Sunday, April 14, Republicans released a report that accuses Perez of abusing his power and negotiating a deal with the city of St. Paul, Minnesota to drop a housing discrimination case in exchange for a Justice Department agreement to withdraw two whistleblower cases against the city. The next nomination hearing is scheduled for Thursday, April 25.