



Washington Update

Developments in Federal Workforce Policy

November-December, 2008

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Stimulus Edition

Background

With the U.S. economy now officially mired in a recession, losing half a million jobs in November alone, momentum is gathering on Capitol Hill for a massive new economic recovery package. While full details of the legislation are still being worked out, there appears to be a growing consensus that the bill should include, among other things, significant investments in infrastructure and other financial assistance to states, as well as some additional funding for workforce development and social services. Democratic leaders in the House and Senate have indicated that the package may top \$600 billion, and they are working to have the bill ready to sign by the time President-elect Obama takes office on January 20.

Congressional Republicans and the administration have generally resisted the call for a new stimulus package, and in particular oppose infrastructure spending as too slow to be truly stimulative. Congressional Democrats had floated the idea of trying to move at least a small economic recovery bill before the end of the year, but this was shelved while lawmakers discussed a bailout for the automotive industry. However, Congress was able to pass a short-term extension of unemployment insurance (H.R. 6867) at the end of November, providing an additional seven weeks of benefits to unemployed workers (20 weeks total) and an additional 13 weeks for workers in high unemployment states (33 weeks total).

TWA has engaged with congressional staff and national stakeholder groups to ensure that job training and education are part of the discussions around economic recovery.

Workforce Development Funding

[As we reported in our last Washington Update](#), the House of Representatives passed at the end of September a \$61 billion stimulus package (H.R. 7110) which included approximately \$500 million for job training, including \$200 million for both the WIA Dislocated Worker and WIA Youth programs, and \$100 million for reemployment grants under Wagner-Peyser. The Senate did not vote on their own \$56 billion package (S.3604), which included approximately \$600 million split between the WIA Dislocated Worker and Youth programs. The Senate bill did not

include funding for Wagner-Peyser reemployment grants; neither of the bills included additional funding for the WIA adult program or other federal job training or education programs.

In late October, responding to reports that Congress was contemplating a larger \$100-150 billion dollar package, TWA joined with a number of national workforce groups in a [letter to House and Senate leadership](#) requesting that workforce development funding in the stimulus bill be increased to \$1.5 billion. The letter called for \$500 million for dislocated workers; \$500 million for disadvantaged youth; \$250 million for low income adults; and \$250 million for reemployment grants, and noted that increased funding would allow more than 350,000 additional workers to receive training services.

Congress will almost certainly boost spending for job training in a new stimulus bill; the real question now is by how much? With the package expected to reach more than \$600 billion (some organizations are now calling for as much as \$1 trillion), and with the purpose of the bill transforming from pure economic stimulus to longer-term job creation, the workforce development community must seriously consider expanding on earlier asks. Not only will the field face sharply increasing demand for services—due both to rising unemployment in some sectors and job creation in others—but we are facing an era of staggering federal deficits—accompanied by a strong push for fiscal discipline—in the wake of this bill. In other words, this may represent the best opportunity we will have for some time to come to make our case for significant federal investments in enhancing the skills of the U.S. workforce. TWA will continue to advocate for proportional funding for training, and we strongly encourage workforce development professionals to contact their members of Congress to reinforce the importance of job training and education programs as part of any economic recovery strategy. Lawmakers too often focus exclusively on job creation and rapid attachment during economic downturns, and we must work together to ensure that training is not an afterthought.

Infrastructure Funding

Infrastructure, broadly defined, is shaping up as a centerpiece of the package. Investments in infrastructure are being touted not only as part of a short-term job creation strategy—it is [estimated](#) that every \$1 billion in infrastructure spending supports as many as 42,000 jobs—but also as a longer-term investment in U.S. competitiveness. Unfortunately, little attention has been paid to creating and expanding job training capacity that will be required to ensure a skilled workforce is available to support these projects.

The stimulus bill passed by the House in September included funding for a range of infrastructure projects, including \$13 billion for highways and bridges, \$3.6 billion for mass transit, and \$3 billion for school construction. The bill introduced in the Senate also had substantial funding for infrastructure, although not as much as the House legislation provided. Neither bill included money specifically for job training to support funded projects (beyond the increased investment in WIA funding). In the intervening months, a number of groups have offered spending recommendations: the American Association of State Highway Transportation Officials (AASHTO) identified \$64 billion worth of highway and bridge projects that could be underway within 180 days, while the National Conference of Mayors has [recommended investments](#) of about \$73 billion, including spending for green jobs, mass transit, and public

housing. In early December meetings with President-elect Obama and House Speaker Pelosi, the National Governors Association called for \$136 billion in federal investments. In his weekly radio address on December 6th, Obama laid out the broad outlines of his [economic recovery plan](#), which will prioritize investments in roads and bridges, school construction and modernization, expanded broadband internet coverage, enhanced use of electronic records by medical professionals, and energy efficiency improvements to federal buildings.

For workforce development professionals, the infrastructure discussion is both an opportunity and a challenge. On the one hand, hundreds of billions of dollars may soon be flowing to states and localities to create well-paid, family-supporting jobs across a range of industries. On the other hand, there may be strong resistance to diverting capital funding for highways, schools, and other projects into training and education activities. TWA strongly encourages workforce development professionals to communicate with policymakers about the need for training to ensure that workers and employers have the necessary skills to take advantage of these emerging opportunities.

TWA will continue to advocate for necessary training resources as part of an economic recovery package, and will continue to provide updates on key developments in this process.



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