An analysis of how the 2016 election results will influence America’s workforce development system

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How the 2016 Election Impacted the Nation’s Workforce Programs and Policies

During an election season when much of the political rhetoric revolved around strengthening the economy and creating American jobs, it would stand to reason that the nation’s workforce development industry would receive priority status among the newly-elected public officials hoping to use their administrations to fulfill campaign promises.

However, with President-Elect Donald Trump’s transition process barely begun, the impact of new leadership on national workforce policy and funding is highly speculative at best. What’s more, the United States House and Senate have yet to choose committee and subcommittee chairs, which could have a major influence on the workforce development industry in the months and years to come.

As such, this summary is offered as a preliminary forecasting of how the 2016 elections have already impacted the nation’s workforce programs and policies. It is also shared with an expectation that a rapidly evolving process will occur throughout government within the next several months that will result in more substantive workforce developments.

**U.S. Senate**

Republicans retained their majority position in the U.S. Senate. Mitch McConnell (KY) will remain Majority Leader and Chuck Schumer (NY) will be the new Minority Leader who will replace retiring Senator Harry Reid. There will be seven new Senators and the Republican majority will drop to 52. Given its closely divided makeup, the Senate has had to focus legislative action on the limited areas where consensus has been achievable. The need for broad agreement could change if the Senate modifies its rules regarding the super majority of 60 votes for most actions. In that case, the Senate could quickly move major policies of President-elect Trump, most notably budget/appropriation legislation and a Supreme Court nominee.

The Senate *Committee on Education and the Workforce* is likely to remain under the chairmanship of Lamar Alexander (TN). However, Patty Murray (WA), who is the current ranking member, may relinquish this position for other leadership opportunities in the Democratic Party. If so, Bernie Sanders (VT) is said to be seeking the ranking member slot. Johnny Isakson (GA) and Al Franken (MN) will remain *Workforce Innovation and Opportunity Act (WIOA)* subcommittee chair and ranking member, respectively. Gone from the committee will be retiring member Barbara Mikulski (D-MD) and Mark Kirk (R-IL) who was defeated in the election.

While workforce legislation was finally reauthorized in 2014, *Temporary Assistance for Needy Families (TANF)*, under authority of the tax-writing *Finance Committee* has eluded a bipartisan reauthorization for several years. The committee’s makeup will be virtually unchanged in 2017 with Orrin Hatch (UT) remaining chairman and Ron Wyden (OR) holding the ranking member position. Considering the upcoming Trump administration’s focus on tax issues, it seems likely that TANF reauthorization will be far down the list of priorities. Action, if any, would likely occur in the summer or later.
U.S. House of Representatives
All 435 members of the U.S. House of Representatives were up for election on November 8. Republicans had a strong night, losing a net six seats when predictions had been that they would lose a double-digit amount. The next House will be controlled by Republicans 241-194. When Louisiana finishes its election process there will be about 50 new members in the House or a little over 10 percent change. But at the leadership level and on key committees it is expected there will be few changes on issues central to workforce policy and funding.

The biggest change on the Education and the Workforce Committee is the retirement of Chairman John Kline (MN). Also retiring are veterans Matt Salmon (R-AZ) and Ruben Hinojosa (D-TX). Joe Heck (R-AZ) ran for the Senate but lost the election. While some House members may choose to move to other committees, significant change for the 2017-18 term appears unlikely. Most observers expect Virginia Foxx (R-NC) to be elected as the new committee chair, although other candidates may emerge. Bobby Scott (D-VA) will continue as ranking member.

The next U.S. House of Representatives will be controlled by Republicans (241-194)

The most significant change on the Appropriations Committee will be the selection of a new chairman because Hal Rogers (KY) is termed-out of serving a third tenure and has indicated that he will not seek a waiver. Rodney Frelinghuysen (NJ) is favored to succeed Rogers. Tom Cole (R-OK) and Rosa DeLauro (D-CT) head the subcommittee responsible for WIOA funding at this time.

TANF is authorized in the Committee on Ways and Means. Most of the conversations seeking a bipartisan deal to reauthorize TANF took place in the House of Representatives. However, as noted above, given that President-elect Trump has placed high priority on tax policy, which is the central role of this committee, it seems unlikely that TANF reauthorization will receive serious consideration - at least not early in the year.

Workforce Funding in 2017
The biggest workforce issue going into 2017 will undoubtedly be tied to an overall debate and tug-of-war between priorities for domestic programs and those for defense programs; coupled with consideration of changes to tax policy that could significantly alter long-range federal deficit projections.

The federal government is currently operating through a continuing resolution (CR) that funds the government through December 9.

Congress is now in its lame duck session with two options regarding funding:

1. Pass a new CR through March or thereabouts, allowing the Trump administration to propose revisions to current spending plans for the last half of the fiscal year (began Oct. 1, 2016)
(2) or pass an omnibus funding bill (as agreed upon earlier this year) that would fund the
government through September 30, 2017.

Most workforce advocates favor the omnibus approach since it might include small increases in
domestic funding. This approach is also favored by some advocates for increased defense spending.
They had obtained additional funds for several hardware and research projects through the year-long CR
that will have to wait until next year if the short-term strategy wins.

Most observers now believe that the Trump transition team is supporting the short-term CR. This
approach is favored by deficit hawks who see an opportunity to reduce domestic funding next year
through a mix of savings in the current fiscal year coupled with reductions in the domestic budget for
fiscal year 2018, which begins next October. In addition, through a process known as reconciliation, it is
possible that programs not included in what is referred to as domestic discretionary programs could also
face budget cuts. Programs in this category include workforce-related programs such as SNAP, TANF,
and Pell Grants. In the Senate, reconciliation requires only a simple majority rather than 60 votes.

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WIOA Funding & Regulations
Subparts of WIOA received small increases or at worst level funding for the current federal fiscal year
(Program Year beginning July 1, 2017) in the agreement that will now expire on December 9. Most or all
of the increase, however, goes to the state set-asides, which are restored to the legislatively authorized
level of 15%. As noted above, WIOA funding could remain at a slightly enhanced level under a funding
outcome that extends the entire fiscal year. On the other hand, a short CR through March likely would
end in funding losses in the range of 5 to 7 percent across the board for domestic programs when the
final levels are settled next year. (This could be an optimistic guesstimate).

Meanwhile, the President is required by law to submit a comprehensive budget by the first Monday in
February (the 6th in 2017). Nothing happens when the President fails to meet this rule and it would not
be surprising to many insiders if the budget is late next year. The point, however, is that serious work
on a Fiscal Year 2018 budget will be well underway even if the 2017 spending plan has not been
finalized. Even the most optimistic would seem to see funding levels close to the current ones as the
best to be hoped for and the pessimists will forecast large reductions to workforce programs. Still, the
Trump base was weighted toward blue-collar workers and there could be some surprises in a Trump
proposal.

While attention is mostly on budget and appropriation matters, the implementation of WIOA will
continue. House Republicans on the Education and the Workforce Committee will be sympathetic to
the concern that many WIOA areas seem to be avoiding robust competitive procurement at all cost. In
particular, Rep. Foxx will be open to looking into the issue. However, the general outlook, especially in
the Senate, will more likely be to “give the new system time” before reaching judgments. Many
Republicans will likely want to defer in the short run to the views of the next Secretary of Labor. Thus, it may well turn out that the new Secretary and/or Assistant Secretary for Employment and Training will set the tone for how House Republicans look at the early stages of WIOA implementation.

The Department of Labor is expected to issue further guidance on one-stop operators, competitive procurement and firewalls within the workforce system by mid-December. Since it will be “guidance”, it will not have the same force as a regulation. However, expect federal and state auditors and monitors to use it as their guide. It could be modified by the next Labor Department team, however, it is likely to be the guide for procuring services that commence on or before July 1, 2017.

When it looked as though there would be a Clinton administration, a number of the political appointees at the Labor Department (and many other departments as well) were at least considering serving for a few weeks or months to assist in the transition. Now, they will all be gone by January 20. Going with them might well be a number of senior staff in liberal-leaning agencies such as Labor and Education who have accrued enough years to retire. As a result there may not be much action on the WIOA front from Labor for a few months.

It is important to note that for business interests the real concerns at the Labor Department relate to rules coming from OSHA, MSHA, Wage and Hours and pensions.

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**Job Corps**

Yes, Job Corps is part of WIOA but in the policy world it tends to stand on its own merits. Among its positives are the presence of strong bi-partisan support in the Congress and a reasonably strong record of performance. Time will tell, but Job Corps might well be philosophically attuned to the values of some in Trump’s inner circle. Among its challenges are its cost (for Tea Party adherents) and the fact that it is federally administered by Labor. (The original WIA reauthorization by House Republicans proposed to give it to the governors to control.) For now, it might have to absorb the across-the-board cuts that all domestic programs will face, however, legislative changes are unlikely.

**Infrastructure Funding**

All of the pundits seem to be in agreement that President-elect Trump will propose a large investment in infrastructure programs that will provide jobs for at least some of those in his base voting group. Such an investment would offer a great opportunity for the workforce system to take a proactive stance in filling the pipeline of qualified workers. But it was learned with the Obama stimulus strategy that shovel-ready projects are rarely ready as quickly as politicians promise and the number of jobs is much lower than initial estimates suggests. Nonetheless, if Congress approves significant funding, the workforce system should get in front of the process.
**Workforce Policy in the Longer View**

At this juncture, it appears that spending, tax reform, a Supreme Court vacancy, immigration, defense issues and foreign relations will consume most of the congressional clock in 2017. TANF could come up for reauthorization by mid-year, but it does not look likely at this point.

Pressure for further modifications to the workforce system will be driven by funding pressures more so than policy considerations. With the federal government under Republican control and given that there will be 33 Republican governors next year, there will be growing interest in a workforce block grant to the states that might combine everything from TANF to WIOA to adult education and more. House Republicans on the Education and the Workforce Committee have already championed such an approach. If Rep. Foxx becomes the next committee chair she might want to bring that approach back in a year or two. Granted, there are a number of jurisdictional barriers because programs exist in different committees and federal agencies. Also, some programs have powerful advocates who have helped block past efforts at consolidation.

For those who support local control as the most responsive approach to addressing business and community needs, the emergence of workforce boards as effective policy and oversight bodies - instead of small training/placement agencies - will be critical. And even Democrats seem to agree on that point.