



LED Committee Report

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Nov. 30, 2010

An Information Service of the NCSL Labor and Economic Development Committee

UPCOMING MEETINGS

Virtual Meeting on Workforce Development – Dec. 16, 2010 –Legislators and Staff Needed!

NCSL is working with the U.S. Department of Labor's Employment and Training Administration to hold a virtual meeting to gather opinions from state legislators and legislative staff regarding workforce development, including legislative roles and leadership qualities for effective workforce programs. The virtual meeting will take place on Thursday, December 16, at 2:00 Eastern, 1:00 Central, 12:00 Mountain, 11:00 Pacific. The opinions of legislators and staff will be compiled and added to those from other public sector groups, such as local leaders and statewide elected officials, to develop a comprehensive overview of the current status of workforce programs. This will help ETA to focus on what works most effectively in workforce development and to identify outstanding leaders and programs. We urge you to please consider participating in the virtual meeting. To register for the meeting, please visit <http://events.constantcontact.com/register/event?llr=yjubyubab&oeidk=a07e331fop3f0a3d3b1>. Space is limited, so please register as soon as possible. For more information, contact Jeanne Mejeur or James Ward.

Committee Agenda for the Fall Forum

Final plans are in place for the Labor and Economic Development Committee's activities at the NCSL Fall Forum meeting, December 9-11, 2010, in Phoenix, Arizona. The Committee will present four programs and an Issue Briefing. Below is the Committee's agenda.

Thursday, December 9, 2010

10:30 am – 12:00 pm

Standing Committee Officers Orientation/Steering Committee Meeting

This organizational session will provide an overview of the committee process and discussion of the roles of committee officers. Also, each committee will report on their policies and programs for the Fall Forum meeting.

2:45 pm – 4:30 pm

Offender Reentry and Collateral Consequences

(Joint with Law and Criminal Justice Committee and the Labor and Economic Development Committee)

State and federal reentry initiatives seek to interrupt the costly cycle of incarceration and crime. This two-part session will discuss how states can make the most of federal Second Chance Act grants; and explore criminal records and employment issues. Potential NCSL policy also will be discussed.

Presiding: Assemblymember William C. Horne, Nevada

Speakers: Lesley Buchan, U.S. Department of Justice, Washington, D.C.

Representative Michael A. Costello, Massachusetts

Maurice Emsellem, National Employment Law Project, California

Senator Linda Gray, Arizona

Charles Ryan, Arizona Department of Corrections

4:30 pm – 5:30 pm

International Trade Policy and the States

States have a key role to play in international trade and their views are vital to effective trade regulations and agreements. This session will consider current trade initiatives and offer a forum for state legislators to provide input on ways to improve trade relationships and enhance economic opportunities for the states.

Moderator: Representative Brent Yonts, Kentucky

Facilitator: Robert Stumberg, Georgetown University Law Center
Karen Cordry, with the National Association of Attorneys General

Friday, December 10, 2010

8:30 am – 10:00 am

The Growing Problem of Employee Misclassification

Misclassification of workers as independent contractors can save a business up to 30% of its labor costs. It's also illegal, costs state governments millions of dollars in lost tax revenue, creates a competitive disadvantage for businesses that play by the rules, and leaves workers unprotected. This session will examine the growing problem of employee misclassification and explore state and federal efforts to curb abuses.

Moderator: Representative Brent Yonts, Kentucky

Speakers: Senator Jeanne Kohl-Welles, Joint Legislative Task Force on the Underground Economy Washington

Drew Cahill, Director, Joint Enforcement Task Force on the Underground Economy and Employee Misclassification, Massachusetts (invited)

10:00 am – 11:30 am

Strategic Planning for Arts and Economic Development

Arizona is a leader in promoting the arts and has reaped significant financial benefits from making strategic investments to support the state and local economies. The city of Phoenix adopted a five-year strategic plan for arts and culture, which has created a \$361 million economic impact for the area. Learn how Arizona and the city of Phoenix serve as models for involving businesses, arts organizations, and government agencies in developing a long-range vision for the community.

Moderator: Representative Julie Fisher, Utah

Panelists: Robert C. Booker, Executive Director, Arizona Commission on the Arts

Edward Lebow, Public Art Program Director, Phoenix Office of Arts and Culture

Greg Esser, Director of Civic Art, Los Angeles County Arts Commission and founder and former Executive Director, Roosevelt Row Community Development Corporation

1:30 pm - 3:00 pm

Jobs, Jobs, Jobs: State Actions to Boost Employment

While the longest recession since the Great Depression has ended, the unemployment rate is still over nine percent. The economy is showing green shoots but state revenues remain down and the prospects of a jobless recovery seem very real. This session will look at state and national unemployment trends, explore strains on the state-federal partnership in providing unemployment benefits, and provide legislators with concrete examples of what states are doing or can do to boost employment. (Issue Briefing)

Moderator: Representative Lana Gordon, Kansas

Andrew Baldwin, Program Administrator, Arizona Unemployment Insurance Administration

Elizabeth Echols, Regional Administrator, U.S. Small Business Administration

For more information on the Fall Forum, including registration, hotel and agenda details, please visit the main meeting page, at: <http://www.ncsl.org/Default.aspx?TabID=714&tabs=2638,122>

IN THE NEWS

U.S. Labor Department Proposed Rule on Annual Funding Notices for Pension Plans

Pursuant to a requirement imposed by the Pension Protection Act of 2006, the U.S. Department of Labor's Employee Benefits Security Administration announced a proposed rule to implement the annual funding notice requirement under section 101(f) of the Employee Retirement Income Security Act. The proposed regulation requires administrators of all defined benefit plans that are subject to Title IV of ERISA to provide an annual funding notice to the Pension Benefit Guaranty Corp., each plan participant and beneficiary, each labor organization representing such participants or beneficiaries and, in the case of a multi-employer plan, to each employer that has an obligation to contribute to the plan. Prior to implementation of the Pension Protection Act, only multi-employer plans were required to disclose any funding information.

<http://www.dol.gov/opa/media/press/ebsa/EBSA20101595.htm>

U.S. Labor Dept. Study Reveals Positive Impact of Unemployment Insurance

The U.S. Department of Labor announced the findings of a multi-year study of the impact of the Unemployment Insurance program in stabilizing the economy during a deep recession. The study was commissioned by the department and undertaken by IMPAQ International LLC and the Urban Institute.

Among the key findings:

- For every dollar spent on UI, economic activity increases by two dollars.
- During each quarter of the recent recession, UI benefits kept an average of 1.6 million Americans on the job.
- At the height of the recession, UI benefits averted 1.8 million job losses and kept the unemployment rate approximately 1.2 percentage points lower.
- UI benefits reduced the fall in GDP by 18 percent. Nominal GDP was \$175 billion higher in 2009 than it would have been without UI benefits. In total, unemployment insurance kept GDP \$315 billion higher from the start of the recession through the second quarter of 2010.

<http://www.dol.gov/opa/media/press/ETA/ETA20101615.htm>

Webinar: Career Pathways in the Substance Disorder Field Partnering for Success

If you missed the webinar, it's now available online for viewing at your convenience. The substance disorder field has a workforce shortage that has been well documented. This shortage is expected to become more severe when the Affordable Care Act (Health Care reform) increases access to services for people needing addiction and recovery services. This Webinar will discuss employment opportunities in the substance use disorder services field and will highlight an innovative program involving collaboration between New York State's Substance Abuse Agency and its Workforce Investment Board (WIB).

<https://www.workforce3one.org/view/5001027446863595967/info>

State Unemployment Rates Stable in October 2010

Nineteen states, the District of Columbia and Puerto Rico saw their unemployment rates fall in October, according to statistics released by the Bureau of Labor Statistics on November 23, 2010. The rates in 17 states remained unchanged. Only 14 states experienced increases in unemployment during the month of October.

<http://www.ncsl.org/default.aspx?TabId=13308>

National Unemployment Remains Steady at 9.6% For October 2010

The unemployment rate for October 2010 remained unchanged, at 9.6%, according to figures released by the Bureau of Labor Statistics on November 5, 2010. Unemployment has been high but relatively stable throughout the year. The national unemployment rate for the first three months of the year was 9.7%, followed by a slight increase to 9.9 percent for April, then dropping down to 9.7 percent for May and 9.5 percent for June and July, and remaining steady at 9.6% for August, September and October.

<http://www.ncsl.org/default.aspx?TabId=13307>

NEW REPORTS

Bureau of Labor Statistics Reports

Monthly Labor Review Online – October, 2010

Feature articles are: The Composition of the Unemployed and Long-Term Unemployed In Tough Labor Markets; The Impact of the 2007–09 Recession on Workers With Disabilities; and Disability and Occupational Projections.

<http://www.bls.gov/opub/mlr/2010/10/mlr201010.pdf>

Labor Force Flows in the Most Recent Recession

Flow statistics can help in understanding the sources of changes in unemployment and employment during the recession that began in December 2007. Unemployment increased from 7.7 million at the December 2007 business cycle to 15.6 million in October 2009. It then decreased gradually, reaching 14.6 million by June 2010. It had increased by approximately 1 million from March 2007 to December 2007, before the official start of the recession.

<http://www.bls.gov/opub/ils/pdf/opbils85.pdf>

Congressional Budget Office Reports

Estimated Impact of the American Recovery and Reinvestment Act on Employment and Economic Output From July 2010 Through September 2010

The American Recovery and Reinvestment Act of 2009 (ARRA) contains provisions that are intended to boost economic activity and employment in the United States. Section 1512(e) of the law requires the Congressional Budget Office (CBO) to comment on reports filed by recipients of ARRA funding that detail the number of jobs funded through their activities. This CBO report fulfills that requirement. It also provides CBO's estimates of ARRA's overall impact on employment and economic output in the third quarter of calendar year 2010. Those estimates--which CBO considers more comprehensive than the recipients' reports--are based on evidence from similar policies enacted in the past and on the results of various economic models.

<http://www.cbo.gov/ftpdocs/119xx/doc11975/11-24-ARRA.pdf>

Monthly Budget Review – November, 2010

The federal government recorded a total budget deficit of \$1.3 trillion in fiscal year 2010, \$122 billion less than the deficit incurred in 2009. The federal deficit fell as a share of the nation's gross domestic product (GDP) from 10.0 percent in 2009 to 8.9 percent in 2010--the second-highest deficit as a share of GDP since 1945 and about four times the average deficit as a share of GDP recorded between 2005 and 2008.

<http://www.cbo.gov/ftpdocs/118xx/doc11873/NovemberMBR.pdf>

Congressional Research Office Reports

The Proposed U.S.-South Korea Free Trade Agreement (KORUS FTA): Provisions and Implications

On June 30, 2007, U.S. and South Korean trade officials signed the proposed U.S.-South Korean Free Trade Agreement (KORUS FTA) for their respective countries. If approved, the KORUS FTA would be the second largest FTA that South Korea has signed to date, after the agreement with the European Union (EU). It would be the second largest (next to North American Free Trade Agreement, NAFTA) in which the United States participates. South Korea is the seventh largest trading partner of the United States and the United States is South Korea's third largest trading partner.

<http://fpc.state.gov/documents/organization/151976.pdf>

Trade Promotion Authority and the Role of Congress in Trade Policy

Trade Promotion Authority (TPA) is the authority Congress grants to the President to enter into certain reciprocal (free) trade agreements. TPA defines how Congress exercises its constitutional authority over a particular aspect of trade policy, while presumably giving the President added leverage to exercise his authority to negotiate trade agreements by effectively assuring U.S. trade partners that final agreements will be given

swift and un-amended consideration. TPA expired in July 2007. A congressional decision on TPA renewal could affect multiple trade negotiations and pending agreements.
<http://fpc.state.gov/documents/organization/152034.pdf>

General Accountability Office Reports

Private Pensions: Changes Needed to Better Protect Multiemployer Pension Benefits.
GAO-11-79, October 18, 2010. <http://www.gao.gov/new.items/d1188.pdf>

H-2B Visa Program: Closed Civil Criminal Cases Illustrate Instances of H-2B Workers Being Targets of Fraud and Abuse.
GAO-10-1053, September 30, 2010. <http://www.gao.gov/new.items/d101053.pdf>

Mortgage Foreclosures: Additional Mortgage Servicer Actions Could Help Reduce the Frequency and Impact of Abandoned Foreclosures.
GAO-11-93, November 15, 2010. <http://www.gao.gov/new.items/d1193.pdf>

U.S. Dept. of Commerce

Patent Reform: Unleashing Innovation, Promoting Economic Growth & Producing High-Paying Jobs
A White Paper from the U.S. Department of Commerce
Stimulating economic growth and creating high-paying jobs are key priorities for economic recovery. This paper provides data demonstrating that technological innovation is a key driver of a pro-growth, job-creating agenda. It further demonstrates that patent reform legislation, by accelerating the pace of growth and of job creation, will be a powerful and deficit-neutral mechanism for expanding America’s ability to innovate.
http://www.commerce.gov/sites/default/files/documents/migrated/Patent_Reform-paper.pdf

NCSL LegisBrief

Employee Misclassification
November-December, 2010. Employee misclassification is the practice of identifying workers as independent contractors, rather than as employees. A recent GAO report estimated that, in 2006 alone, the federal government lost out on \$2.72 billion in Social Security, unemployment and income taxes because of employee misclassification. States report similar losses. Rhode Island estimated that 6 percent of its workers are misclassified, costing the state an estimated \$50 million in uncollected taxes. An Illinois study showed the state lost close to \$125 million in income tax revenue between 2001 and 2005. A New York task force investigating workplace fraud found that, in 2008, misclassification cost the state more than \$4.8 million in unemployment taxes alone. <http://www.ncsl.org/default.aspx?TabId=21614>

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~~~~~ **NCSL Standing Committee on Labor and Economic Development** ~~~~~

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