



## January 2017

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### **Labor Department: U.S. Employers Added 156,000 Jobs in December**

The Labor Department released its monthly employment report last Friday showing that U.S. employers added 156,000 jobs in December, “capping a year of slower but solid hiring,” the [AP](#) reported. In addition, the unemployment rate rose to 4.7 percent from a nine-year low of 4.6 percent, while hourly pay “jumped 2.9 percent from a year earlier, the biggest increase in more than seven years.” The AP characterizes the increase in hourly pay as “a positive sign that the low unemployment rate is forcing businesses to offer higher wages to attract and keep workers.” The [Washington Post](#) reported that economists surveyed by Bloomberg “had expected American companies to add 180,000 jobs in the month.” The Post added that the number of new jobs added each month “has gradually slowed as the economy recovers from the depths of the recession, from average monthly gains of 251,000 in 2014 to 229,000 in 2015 and 180,000 in the first 11 months of 2016.”

On its front page, the [Wall Street Journal](#) said the gains were down from November and 2016 had the fewest new jobs since 2011. The Journal added that unemployment continues to be low, and that it is the longest period of continued job growth since modern records began in 1939. The Journal contrasted the good news with slow growth in wages, a low rate of labor force participation, and many in part-time jobs who would like to have full-time work. It also reported that average hourly earnings were up the most in over seven years at 2.9 percent in December over

the year before. In a separate article, the [Wall Street Journal](#) offered an analysis, saying that the report should mean that the Federal Reserve can continue to raise interest rates.

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### **Tight Labor Market Could Lead to Shortage of Skilled Workers**

The [AP](#) reports some economists “are waving caution flags about an increasingly tight labor market in which key industries are finding it more difficult to secure the highly skilled employees they need to continue flourishing.” The article profiles Massachusetts’ economy, which is nearing full employment, according to the editorial board of MassBenchmark. While that is normally a good thing, the board writes, “These tight labor market conditions could lead to worker shortages in certain occupations now or in the near future. ... Based on anecdotal reports from selected employers, wages appear to be rising rapidly for skilled manufacturing and construction workers, indicating a scarcity of qualified workers.”

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### **Jobless Claims Hit 40-Year Low, But Workforce Issues Remain**

[The Hill](#) reports applications for jobless benefits “plunged to a nearly 44-year low last week,” which The Hill characterizes as “a sign of a healthy labor market.” First-time claims for unemployment insurance “fell 28,000 to a seasonally adjusted 235,000, just above the record low of 233,000 reached in late November, the Labor Department said Thursday.” In addition, the four-week moving average for claims “dropped 5,750 to 256,750.” Last week’s low makes 96 consecutive weeks of below-300,000 jobless claims.

[USA Today](#) reports that while the unemployment rate “is low at 4.7 percent” and “employers are increasing wages to snag fewer available workers,” the “number of people jobless six months or more” still represents “a quarter of all those unemployed, about the same as a year ago and up from 18 percent before the recession began in late 2007.” Meanwhile, “the tight market is more clearly benefiting groups such as high school graduates, whose unemployment rate has fallen the past year even while the rate for college grads has been stagnant.”

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### **Legislators “Moving Rapidly” To Address Federal Regulations**

In a “trio of House bills,” the [San Francisco Chronicle](#) reports, Republicans are “moving rapidly” to “gut the administrative process used for decades to implement the practical details of such landmark laws as the Food and Drug Act, the Clean Air Act and the Fair Labor Standards Act.”

The “centerpiece” of the Republican action was the REINS Act – supported by the National Association of Manufacturers and other industry groups – which “cleared the House on Friday, with an amendment that extended its reach to include all regulations adopted by federal agencies within the past 10 years.” The act would “require any rule costing industry more than \$100 million – a dollar figure that amounts to any significant regulation – to be submitted to Congress. If either chamber fails to approve the rule within 70 days, the rule would die.” The rules “could affect everything from” food labeling to performance standards for residential wood stoves and energy efficiency standards in grocery store coolers.

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## **Fed Predicting “Somewhat Faster Economic Growth” Under Trump Administration**

Minutes of the Federal Reserve’s most recent meeting in mid-December show that while central bank officials expect President-elect Trump’s election “to result in somewhat faster economic growth over the next several years,” the Fed “plans to raise interest rates more quickly if growth accelerates,” the [New York Times](#) reports.

In his [Wall Street Journal](#) column, Greg Ip writes what while the surge in stock prices since President-elect Trump’s victory raises the possibility that the U.S. economic growth is about to improve thanks to improved business and investor confidence, at some point, that confidence must be matched by results. While President-elect Trump’s Administration will bring a great deal of business experience to government, Ip writes, how they apply that experience to government will determine their impact on the economy.

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## **House Approves Bill to Overturn Recent Obama Rules with One Vote**

[Reuters](#) reports that the House last Wednesday passed a measure that will move forward a “campaign to strip down federal regulations” and give Congress the power “to kill dozens of” recently enacted regulations. [The Hill](#) said the Midnight Rule Relief Act would allow Congress “to repeal in a single vote any rule finalized in the last 60 legislative days of the Obama administration.” If approved by the Senate and signed by President-elect Trump, “the legislation would amend the Congressional Review Act to allow lawmakers to bundle together multiple rules and overturn them en masse with a joint resolution of disapproval.”

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## **Businesses Support Smarter Regulatory Reform**

[Politico Pro](#) reports that while both President-elect Trump and Speaker Paul Ryan “have spoken forcefully in favor of an aggressive deregulatory effort,” businesses “may not be ready to follow

along with most far-reaching Republican proposals.” NAM Vice President for Labor, Legal, and Regulatory Policy Rosario Palmieri is quoted saying, “Business has a balanced view of regulation. ... When we think about regulatory reform legislation, we don’t want legislation that would stop all regulation.” Instead, he says, businesses “support reform legislation...that would encourage smarter regulation, that would streamline the process, [and] that would clean up unnecessary steps while still maintaining important protections.”

In a [Shopfloor](#) article, Palmieri said a recent NAM study “calculated the cost of recent labor regulations to the economy to be \$85 billion, more than 400 million hours of paperwork and up to 155,000 jobs lost over the next 10 years.” To turn that around and “get the U.S. Labor Department working smarter,” he said, the Senate “should move swiftly to confirm President-elect Donald Trump’s choice for labor secretary, Andrew Puzder.” Listing some of the “worst-offending policies,” Palmieri concluded saying, “It’s time for more balance: a labor policy that can achieve both a positive work environment and create new job openings in manufacturing and in other sectors for all Americans.”

In a separate [Shopfloor](#) piece, NAM Vice President of Energy and Resources Policy Ross Eisenberg wrote that manufacturers are “hopeful” to have a new administration that will bring a “balanced environmental approach.” Responding to President-elect Trump’s “announcement of Attorney General Scott Pruitt for Administrator of the Environmental Protection Agency (EPA),” NAM President and CEO Jay Timmons said AG Pruitt’s nomination made him “hopeful the next administration will strike the right balance between environmental stewardship and economic growth.” The NAM’s “Competing To Win” white papers for environment and energy present “a bold agenda for the new EPA Administrator, and call on that person to issue policies that protect health, safety and jobs.” Eisenberg added, “We call for regulations – on air, water, waste and chemicals and even greenhouse gases – but we want them to be done better and in a more balanced way.”

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## **Corporate Tax Reform Expected to Come This Year**

Neil Irwin writes in the [New York Times](#) “The Upshot” that U.S. corporate tax policy “is a mess,” pointing out that the U.S. has a higher tax rate for businesses, but collects less money as a percentage of GDP than do most other countries. Irwin expects that to change significantly, especially if Republicans base their plan on one proposed by House Republicans last summer that would have enacted a “destination-based cash flow tax with border adjustment.” Irwin says it would be the biggest change since the corporate income tax was first enacted. The plan would tax “domestic cash flow” rather than income, which Irwin explains, would end efforts to manipulate income and corporate inversions because neither would affect tax liability. The policy is, however, likely to harm firms that rely on selling imported goods.

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## **Legislative Action to Reconsider Ozone Standards Will Remain Open**

[Bloomberg Government](#) reports on the future of the EPA's ozone standards, saying Congress "is expected to have a busy schedule in 2017," including possible action on the standards. NAM Vice President of Energy and Resources Policy Ross Eisenberg "told Bloomberg BNA that he expects there will be the 'political will' to address ozone implementation concerns as members of Congress hear from metropolitan areas that will struggle to meet the standards, as well as industries that will be subject to emissions reduction requirements." He added, "I still think there's a legislative path for fixing some of the bigger challenges that plague the [national ambient air quality standards] process. ... I do think that that avenue will remain open." Bloomberg also says administrative action by the EPA "is possible" but "would potentially take years and be subject to legal challenges." Eisenberg is quoted saying, "That's certainly an option, but it's not a quick option. ... Ultimately, the science will dictate where this all lands, because it has to, but we think there are process issues that would justify a reconsideration."

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## **Legislators Planning to Repeal Affordable Care Act**

The [New York Times](#) reports Vice President-elect Mike Pence and the top Republicans in Congress "made clear on Wednesday, more powerfully and explicitly than ever, that they are dead serious about repealing the Affordable Care Act." The Times says "a determined Republican president and Congress can gut the Affordable Care Act, and do it quickly: a step-by-step health care revolution in reverse that would undo many of the changes made since the law was signed by President Obama in March 2010." The legislation "would probably leave the most popular provisions of the health law intact, such as the prohibition on insurers' denying coverage to people with pre-existing conditions." Instead, the Times adds, the legislation would eliminate the tax penalties imposed "on people who go without insurance and on larger employers who do not offer coverage to employees," limit state Medicaid funds, and repeal public marketplace subsidies.

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## **NAM Supports Bill Repealing Health Insurance Tax**

NAM Vice President for Infrastructure, Innovation and Human Resources Policy Robyn Boerstling writes in a [Shopfloor](#) article that Representatives Kristi Noem (R-SD) and Kyrsten Sinema (D-AZ) have "introduced important legislation that repeals section 9010 of the Affordable Care Act, a provision which levies a \$100 billion tax on fully insured health plans – the primary health care option for many small and medium sized manufacturers." Although officially a tax on health insurance plans, "it is a 'pass-through' and the obligation is placed directly on those who are purchasing full-insured health plans." Boerstling adds that the NAM "has long supported repeal of this tax as it raises the cost of health care and provides an additional burden for employers who are also struggling to manage the overwhelming health care mandates and paperwork demands required by the ACA."

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## **Manufacturers Call for More Infrastructure Spending**

[Environmental Leader](#) reports the National Manufacturers Association “is lining up behind President-elect Trump’s initiative to expand the nation’s infrastructure, saying that it will benefit businesses across the country by facilitating everything from transportation to waterways to airports.” According to the article, the NAM “says that its surveys” have found that energy infrastructure is “a source of common ground” in an otherwise divided political landscape, and that “clear majorities in each state support increasing domestic energy production.” NAM President and CEO Jay Timmons is quoted saying, “It’s time to finally make critical investments in our infrastructure that will support domestic energy development” and keep “manufacturers of all sizes competitive.”

In an analysis, [National Journal](#) writes on Trump’s proposed \$1 trillion infrastructure package and the timing of passing legislation to support a plan. While the article said the timeline could be pushed “down the calendar,” the infrastructure community is not going “to hold off because they don’t hear an adviser mention it in an interview,” said NAM Vice President, Infrastructure, Innovation and Human Resources Policy Robyn Boerstling. She added, “Everybody has a list of projects that will help the economy, support businesses in their districts, and industries. This is a real opportunity to break the ice and try to accomplish what we haven’t been able to do, which is meet these unmet needs.”

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## **Rep. Darrell Issa Reintroduces Legislation to Reform H-1B Visa Program**

[USA Today](#) reports Rep. Darrell Issa (R-CA) last Wednesday reintroduced the Protect and Grow American Jobs Act, which aims “to change eligibility requirements for H-1B visa exemptions and limit the outsourcing of jobs.” The article reports the legislation “is sure to be a hot-button issue this year amid repeated vows by President-elect Donald Trump to reform immigration laws,” but “faced opposition last year in Congress, and could encounter more resistance this time around.”

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