Opening Statement for Robert C. "Bobby" Scott Ranking Member
Committee on Education and the Workforce "*Examining the Policies and Priorities of the U.S. Department of Labor*"
Full Committee Hearing – Rayburn 2175
March 16, 2016, 10 a.m.

Thank you, Mr. Chairman, and thank you, Secretary Perez, for being with us this morning.

We know that the United States has emerged from the depths of the Great Recession with steady economic growth. Here are some of the facts:

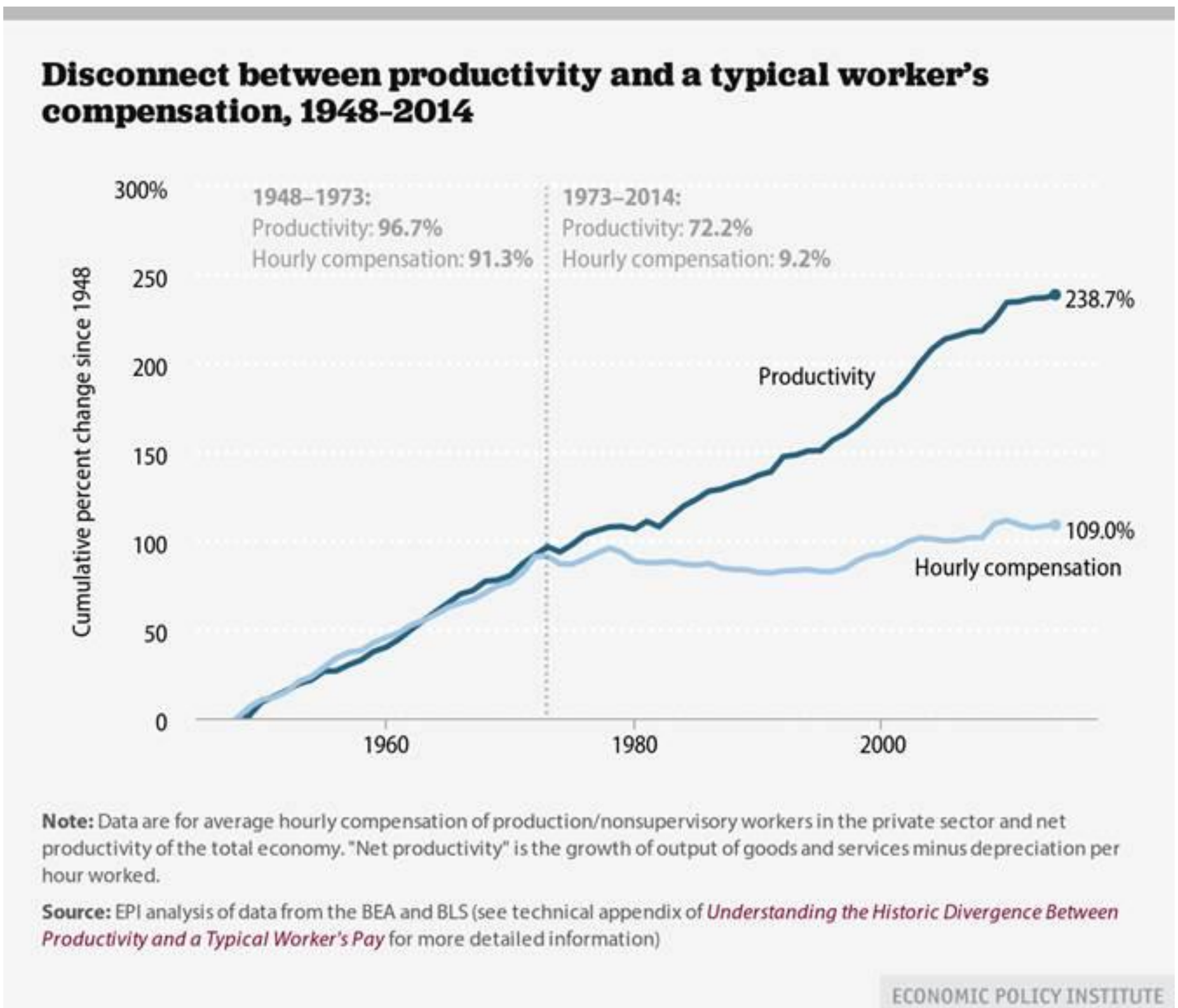
- More than 14 million jobs have been created over the past six years, extending the longest streak of private-sector job growth on record.
- 242,000 jobs were created in February, and the employment rate has dropped to 4.9 percent from a high of 10 percent.
- Over the past six months, labor force participation has grown as more people are re-entering the workforce and finding jobs.

- Although growth in the global economy is slowing to the lowest level since 2009, the U.S. now has the highest growth rate compared to other advanced economies. This is occurring even while domestic companies are battling economic headwinds from a strong dollar that makes our exports more expensive in global markets.

Despite this economic good news, we also know that America's middle class has not fully recovered, and too many Americans remain under-employed. For example, over 15 million people are working part time, not because they want to, but because they cannot find full time work. Others are unemployed or discouraged from seeking work. Wages have been stagnant for the middle class in real terms for the past four decades, while over 90 percent of new income created during this recovery has been concentrated in the hands of the 1 percent.

It is well established that the link between productivity gains and wages in our economy has been broken for most Americans for the past generation.

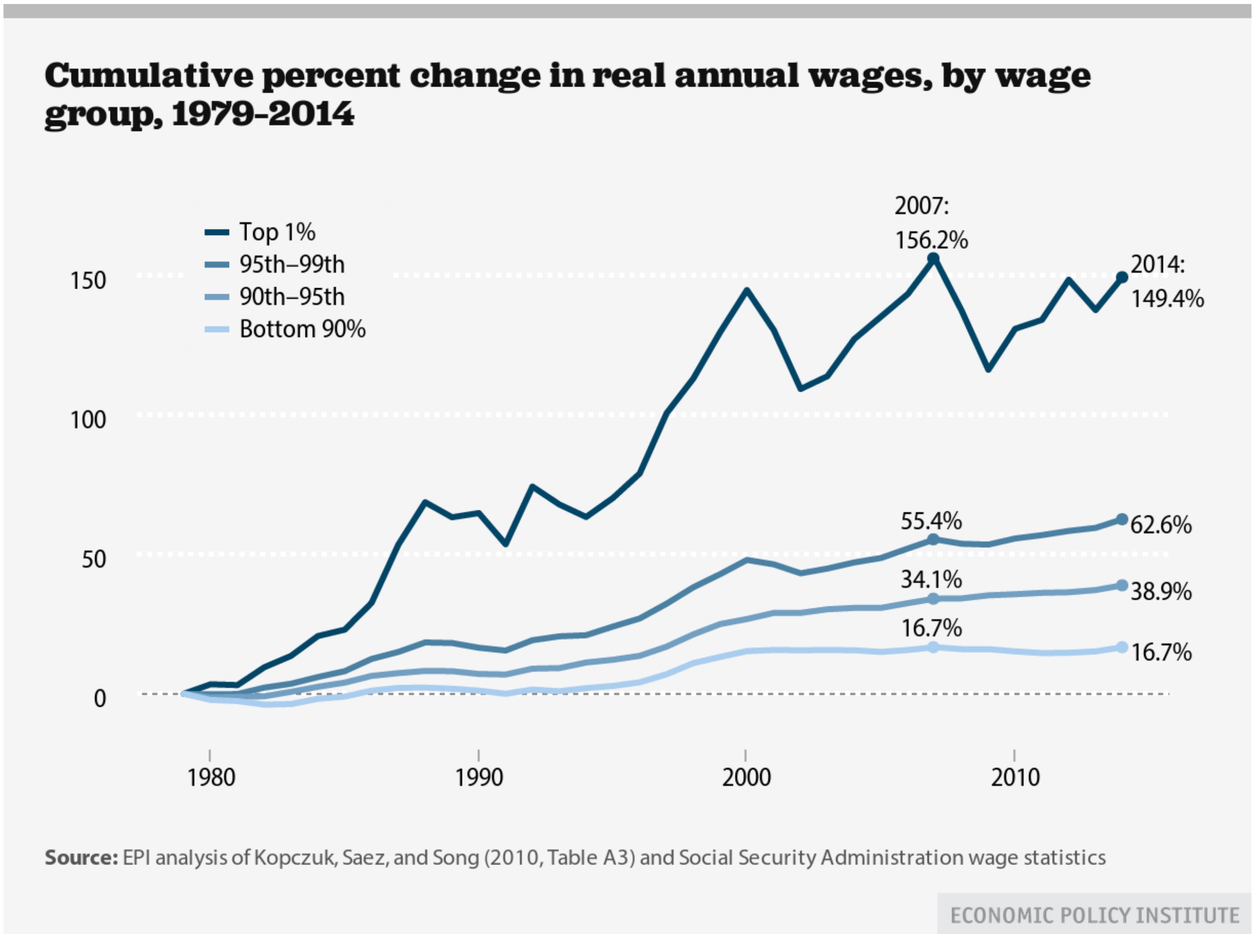
[Chart 1]



As the chart shows, between 1948 and 1973, productivity and hourly compensation grew at nearly equal rates – productivity increased by almost 97 percent and hourly compensation for typical worker increased by 91 percent. However, in the 41 years that followed, productivity skyrocketed while wages barely rose. From 1973 to 2014, hourly compensation of a typical worker rose just 9 percent in real terms while productivity increased 72 percent. In other words, workers aren't receiving a fair share of the wealth they create. The rich are getting richer while middle class families are being squeezed to the limit. And middle- and low-wage earners are being squeezed the most.

Standard and Poors has studied whether the U.S. economy would be stronger with a narrower income gap and concluded that inequality is one factor holding back economic growth. S&P reduced its projections for annual growth from 2.8 percent down to 2.5 percent due to widening inequality. Again, let me repeat that point—economists on Wall Street are telling us that extreme inequality is holding back economic growth.

[Chart 2]



This next chart illustrates the extraordinarily rapid growth of annual wages for the top 1 percent compared with everybody else: top 1 percent wages grew 149 percent, while wages of the bottom 90 percent grew just 16.7 percent between 1979 and 2014. Today's discussion contrasts two very different views of the role of policy – one where policies concentrate the economic gains disproportionately among those in the top income bracket, on the premise that these gains eventually trickle down, and another which calls for public investments in training, infrastructure, and research in order to produce sustainable growth.

The question before us is whether we will choose to pursue prosperity economics or austerity economics? Will we adopt policies that advance middle class jobs or perpetuate poverty wage jobs? Will our labor policies and workforce investments concentrate wealth in the hands of the top 1% or will our policies grow and strengthen working families?

The choices we make here in Congress, and here in this Committee, will shape that answer. The President's budget recognizes this reality and proposes a way to make the investments our country needs by responsibly ending sequestration. Democrats and many Republicans agree that the mindless cuts mandated by sequestration are bad policy and do not benefit our economy or our national defense. But instead of addressing the situation head on, the debate has focused on extending tax cuts for the wealthiest Americans while robbing the country of resources needed for education, infrastructure and research. We saw this again last year where another $600 billion in tax cuts drained resources from investments.

The DOL's priorities and budget request offer proposals to narrow the extreme and growing economic inequality in our country, while closing the pay gap between men and women.

The fact is that concrete steps must be taken to move the nation in the right direction. One step is to adopt policies that pay workers a living wage – and enable them to balance work and family. A raise in the minimum wage is overdue and it's the right thing to do. The minimum wage, adjusted for inflation, would have increased to over $18 per hour by now had it kept pace with growing productivity.

Another step to take is to protect retirees and their hard earned retirement savings to ensure that our fellow Americans can rest with dignity after a lifetime of hard work. Likewise, protections are needed to keep workers safe and healthy on the job.

We must also adjust the overtime threshold, guarantee access to paid sick days for federal contractors, and ensure that workers on federal contracts are paid fairly by requiring contractors to provide pay stubs.

All of these are long overdue and I applaud the Administration for proposing rules in these areas.   Economic growth and strong regulatory protections are not mutually exclusive. After all, the absence of regulation allowed Wall Street to run amok, and cause a credit freeze in 2008 that destroyed 800,000 jobs per month.

Finally, I know that Secretary Perez remains focused on preparing the nation's workforce for the jobs of today, and more importantly, for the jobs of tomorrow. These priorities are reflected through the Department's budget which focuses on funding for summer and year round jobs, opportunities for disconnected youth, apprenticeships, and programs that expand training for in-demand jobs.

Mr. Secretary, I look forward to hearing more about your Department's agenda and your vision for a more prosperous economy and a more prosperous middle class.