

Statement of Andy Stern
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Before the U.S. House of Representatives
Committee On Financial Services
Hearing on:
Prospects for Employment Growth: Is Additional Stimulus Needed
February 23, 2010

Chairman Frank and Ranking Member Bachus, thank you for the opportunity to testify before your committee today about one of the most important issues facing this country: the prospects for employment growth.

As the President of the nation's fastest-growing union, which represents more than 2.2 million people, I know that our members are struggling with the same challenges that every working family across this nation faces. They're scared that the American Dream—owning your own home, having a decent job with affordable healthcare and retirement security, providing a better life for your children—is slipping away.

We are now 26 months into the worst economic crisis since the Great Depression, a crisis that has cost a staggering 8.4 million jobs. And in a sign of how deep the crisis has been *and* how weak the economy was before the crisis, we began 2010 with fewer jobs than we had in 2000, though the labor force has grown by almost 11 million workers since then.

We are in an unusual situation right now. The recession appears to have ended and economic growth is slowly improving. There are many pundits and politicians who are now cheerfully predicting a strong recovery, who don't believe the government needs to do more to reduce unemployment.

I think they are wrong -- dangerously wrong. There are currently more than 6 unemployed workers for every job opening. There are nearly 15 million unemployed workers in America; more than 6 million have been jobless for over six months. Worse yet, there are now almost 26 million workers who are either unemployed or underemployed. That is the equivalent to the population of 18 states. The scope and scale of the jobs crisis is clearly a national emergency.

There are many obstacles to a strong economic recovery. Despite the rosy forecasts I noted above, we cannot lose sight of the fact that America lost \$11 trillion in wealth in 2008. Or that the crisis came at the end of several years of “recovery” in which median wealth declined—before the crisis hit. The impact on American families has been devastating. Lost jobs, lost wages, lost wealth, in an economy where consumption drives 70% of our growth – where is the fuel for recovery supposed to come from?

Members of Congress who voted for the American Recovery and Reinvestment Act clearly understood this challenge. Remember that when it was signed, we had lost more than 2 million jobs in just one quarter. The Recovery Act has been a tremendous success – it stopped the freefall of our economy. It is responsible for creating between 2.5 and 3 million jobs *and* almost all of the economic growth we have seen in the past two quarters.

The benefits of the Recovery Act have been real and immediate—for SEIU members and our communities.

For people like Akbar Chatman, a substance abuse counselor for the Department of Mental Health in Los Angeles County, the Recovery Act played a critical role in helping him do his job. With the \$111 million in Recovery Act funding that the county received, counselors like Chatman were able to provide better care for their patients.

As successful as it has been, it's clearly not enough. Unemployment is at 9.7 percent, and many experts expect it to rise further this year. In the face of a persistent jobs crisis, the bulk of ARRA's fiscal relief will scale down later this year, just as states and local governments start to really feel the impact of their budget shortfalls. States will confront an estimated \$180 billion budget gap for the coming fiscal year. To address the shortfall, governors are proposing a new round of deep budget cuts that would increase unemployment and threaten the fragile economic recovery. Without further federal aid, the actions states will have to take to close their budget gaps could cost the economy another 900,000 jobs.

Painful cuts are being proposed everywhere, including:

- Nevada, where cuts to the State's Medicaid program include plans to ration adult diapers, eliminate denture and hearing aid programs, and force personal care assistants to buy their own disposable gloves;
- Arizona, where there are plans to eliminate the state's children's health insurance program that covers 47,000 children and repeal Medicaid coverage for more than 310,000 adults with low incomes and/or serious mental illnesses;
- California, where the governor has proposed eliminating the entire welfare program (Cal Works) and reducing eligibility for in home services for the elderly and disabled by 87%.

The magnitude of this jobs crisis and the deteriorating budgets of state and local governments demand serious action to create jobs. This means that the federal government should continue the most successful aspects of the ARRA – providing

immediate fiscal relief for states and local governments, extending unemployment insurance and COBRA, and expanding investment in infrastructure and green jobs – and doing more, like putting millions of Americans to work in a public jobs program. SEIU has a comprehensive 10-point jobs program which I have attached to this testimony and that calls for these actions.

I would also note that we've overlooked the role that healthcare reform can play in promoting a robust economic recovery. The healthcare industry remains a critical driver of job creation in every community in the nation, adding 631,000 jobs since the recession began.¹ If Congress sends a health care bill to the President, the legislation could add between 2.5 and 4 million jobs over the next decade.² Economic recovery efforts must include reform of the healthcare system and a focus on the crucial role of the healthcare industry in rural and urban communities as both an employer and provider of services.

Unless we act aggressively, I fear we will repeat the mistake this country made in 1937-- when the Roosevelt administration decided that the Great Depression was

¹ http://www.bls.gov/news.release/archives/empsit_01082010.pdf

² January 2010. "New Jobs Through Better Health Care: Health Care Reform Could Boost Employment by 250,000 to 400,000 a Year this Decade." Center for American Progress. David Cutler (CAP and Neeraj Sood(Leonard D Schaeffer Center for Health Policy and Economics).
http://www.americanprogress.org/issues/2010/01/pdf/health_care_jobs.pdf

over, government pulled back, and the economy promptly fell back into depression.

That doesn't mean we can ignore our long-term fiscal outlook--on the contrary. For too long, we've put off the hard conversations and hard choices we need to make to put our country on sound long-term footing. We can't continue the same tired debates in Washington based on ideas that have clearly failed. We need a new dialogue, with all Americans, about how we fund vital government programs and restore long-term fiscal discipline. We need to define a clear, progressive vision for our nation's future. A vision that is grounded, first and foremost, in the acknowledgment that the foundation of a strong economy is the creation of good jobs with decent wages.

Thank you for the opportunity to address the Committee.

SEIU's 10 point jobs program

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SEIU's 10 point jobs program will create millions of jobs in the short term and lay the groundwork for a sustainable economy that rebuilds the American dream.

1. Extending the safety net, including increasing unemployment insurance and expanding work sharing programs to provide unemployment benefits for reduced hours of work. Estimates indicate that strengthening the safety net would create 931,000 jobs in one year.
2. State and local governments are crippled by their budget deficits as a result the recession. Extending Medicaid funding and dramatically expanding other federal fiscal relief to states and local governments will save an anticipated 900,000 jobs and the vital services in our communities. Helping states and local governments avoid jobs cuts is as effective as creating new jobs.
3. Establishing a public jobs program that targets the fastest-growing sectors of human services such as child care, in-home services for the elderly and disabled, and other services our communities need. This will create jobs in the public and private sectors and ensure our communities are healthy, educated and well-cared for.

Other Public Jobs are needed as well. State and local governments should get funding to support public jobs or non-profits that can quickly employ residents of the targeted communities while delivering a needed service.

4. We need to leverage private investment with public dollars to promote energy-efficiency and renewables as a major source of job creation, in both the short and the long term. By acting now, America can lead the way on green technology.
5. Expanding the retrofitting programs begun under the Recovery Act to include commercial and public buildings will create good jobs in construction and related industries. The jobs we create today will lay the groundwork for the industries of tomorrow.
6. Investing in our aging and failing infrastructure by rebuilding our schools, roads and bridges and building our future economy with high speed rail and a smart grid will put millions to work. We need to leverage private investment to begin to develop the large scale, regional projects that are critical for America to succeed in the 21st century economy.
7. Expanding worker training programs on a national scale so that young people are prepared for new industries and workers can learn the skills necessary to compete for new jobs. It's time to provide flexible lifelong training for the new economy.
8. Using TARP funds to increase credit for small businesses.
9. Planning for the passage of healthcare reform, which will add tens of millions of Americans to the healthcare rolls and create between 2.5 and 4 million new and different jobs in healthcare and related industries in the next decade.
10. Passing of the Employee Free Choice Act to protect workers' freedom to form unions and allow them to share in the prosperity of a new 21st century economy.