

**STORIES FROM THE KITCHEN TABLE:
HOW MIDDLE-CLASS FAMILIES ARE
STRUGGLING TO MAKE ENDS MEET**

HEARING
OF THE
**COMMITTEE ON HEALTH, EDUCATION,
LABOR, AND PENSIONS**
UNITED STATES SENATE
ONE HUNDRED TWELFTH CONGRESS
FIRST SESSION
ON
EXAMINING MIDDLE CLASS FAMILIES

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JUNE 23, 2011
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THURSDAY, JUNE 23, 2011

U.S. SENATE,
COMMITTEE ON HEALTH, EDUCATION, LABOR, AND PENSIONS,
Washington, DC.

The committee met, pursuant to notice, at 10:06 a.m., in Room SD-430, Dirksen Senate Office Building, Hon. Tom Harkin, chairman of the committee, presiding.

Present: Senators Harkin, Franken, Bennet, Whitehouse, Blumenthal, and Enzi.

OPENING STATEMENT OF SENATOR HARKIN

The CHAIRMAN. Good morning. The Senate Committee on Health, Education, Labor, and Pensions will come to order.

This is the second in a series of hearings this committee will be holding to explore the economic State of America's middle class. Last month, we heard testimony from, among others, former Labor Secretary Bob Reich, who spoke about the long-term economic changes that have left middle-class families squeezed and our economy reeling.

Today, we will expand on that topic with testimony from Jared Bernstein, the former chief economist to the Vice President, and by hearing from a diverse group of voices who will bring that story down to the level of America's kitchen tables.

A strong America is built on a strong middle class, which means good jobs, steadily improving wages and benefits, and a healthy and happy retirement. But sadly, over the last 30 years, that strong middle class has been disappearing.

In the decades after World War II, our economy grew as our middle class flourished. In those years, rising worker productivity was met with equally rising incomes. We expanded access to high-quality, affordable education. Retirement security was bolstered by a partnership of individual savings, private defined-benefit pension plans, and Social Security. Strong unions provided workers with the ability to negotiate for basic rights on the job like pay raises, workplace safety standards, sick days, overtime pay.

All of these combined to make our middle class the driving force of our economy by giving middle-class families the ability to spend their hard-earned rising paychecks without taking on huge debt. This, in turn, stimulated the demand needed to convince businesses to expand. And I might add, when businesses expanded dur-

ing that period of time, they expanded here in America, not overseas.

But since the 1970s, that social contract has disappeared. Real family income has barely budged, despite our workforce becoming more productive than ever. Unions have deteriorated, and defined-benefit pensions have all but disappeared.

Our manufacturing base has been shipped overseas. Large corporations have put returns for their shareholders and higher pay for their executives over their workers' economic security. Income and wealth inequality today are at levels not seen since immediately before the Great Depression.

The testimony we will hear today will help shed light on how families across America are coping with these changes. One of our witnesses, Amanda Greubel, a Family Resource Center director from DeWitt, IA, wrote me a very moving letter, inviting me to spend a day with her in her job at the Family Resource Center at their local school district.

Well, I wasn't able to make it to DeWitt. So I thought I would bring her here to Washington instead. In her letter—and I know she will talk about this—she said,

“As parents and public servants, hearing that the Government wants to cut funding for education and other important programs while giving tax breaks to people who don't need them sends a strong message that our child does not matter to you.”

Well, I couldn't agree with her more and look forward to hearing more about her experiences.

But the experiences we will hear about today from all are sadly too common across the country. I just want to note for the record, to build on this hearing and the stories that we will hear, my State staff is embarking this week on a 99-county tour of Iowa to collect more testimony from Iowa's middle class.

I am convinced that we need to do more to help reverse these long-term trends and rebuild our middle class. There is no doubt the economy is in better position than it was before President Obama took office. But the trend toward wealth concentration continues.

Simply put, I feel there can be no real economic recovery without the recovery of the middle class. Most Americans don't expect to be rich or famous, but we do expect a living wage and good American benefits for a hard day's work.

I hope it is time we get back to that basic concept, and I look forward to our discussion.

With that, I will yield to Senator Enzi.

STATEMENT OF SENATOR ENZI

Senator ENZI. Thank you, Mr. Chairman.

We are holding this hearing on how American families are struggling in this very difficult economy. There is no doubt that many, many people are suffering. Over 14 million Americans are unemployed.

It is obvious that the economic recovery has stalled. Unfortunately, the efforts taken by this Administration to stimulate the

economy have not created enough jobs and have put us further in debt.

Worse, many of the actions this Administration has taken are actually preventing and slowing job creation and making things worse. I hope my colleagues will agree that an average 9.5 percent unemployment rate since May 2009 is unacceptable. Solving the job crisis should be the top priority of this committee.

This is the second hearing on the middle class the HELP Committee has held, and I understand that a third has been scheduled. If the goal is to hear from real middle-class Americans working in the private sector about how to get the economy going, I would suggest we do a better job with the witness invitations.

At the last hearing, the majority invited an economist, a policy advocate, and a legal counsel for organized labor. The minority was pleased to invite an actual job creator that is still locked in a senseless legal battle with the National Labor Relations Board about where jobs can be created and who gets them.

Today, again, I see that the majority has invited a DC economist and a policy advocate filmmaker. I am pleased that we have two witnesses today who are on the front lines of this economy, but I wish there were more. We need to hear from the small businesses and industries that are actually creating the jobs America so desperately needs.

It is very important that this committee pay attention to the economic problems facing the middle class and all Americans. I don't like doing this based on polls. But I do think polls give an indication of the mood of our country, perhaps even more so than the testimony of policy advocates.

Recent polls show that the country is very worried. Seventy-eight percent of Americans feel the country is on the wrong track. Seventy-four percent believe the economy is the most important problem facing the country.

Fifty-one percent think their situation is worse than it was 2 years ago after President Obama took office. Only 6 percent of Americans believe the stimulus package created jobs, and 57 percent believe that it had no impact or is making things worse.

These statistics are startling. I hope this hearing will be a wakeup call to the Administration. The failure of the stimulus is not a laughing matter to most Americans, and they are not looking for excuses. The time to take action is now, before things get worse.

There are a number of steps the Administration could take to create jobs and boost this economy. Most of them involve Washington just getting out of the way. They can push the free trade agreements with South Korea, Colombia, and Panama, which have been negotiated for years and will open markets to our producers, creating more jobs.

They can reduce the regulatory burden the Federal Government places on employers, especially small employers. We have heard a great deal of rhetoric about the regulatory burdens, but the only action we have seen is the creation of more regulations.

White House Chief of Staff Bill Daley recently said with regard to the onslaught of new regulations, "Sometimes you can't defend the indefensible." That is true. But it is an unacceptable excuse from a representative of the chief executive.

Mr. Daley may have also been referring to the Administration's so-called "independent boards and agencies." Two in particular have stretched their authority to tilt the scales in favor of union organizing bosses and against the rights of individual employees and employers.

Yesterday, the National Labor Relations Board announced another new rulemaking. This time, it is an expedited rulemaking to accomplish the card-check objective of eliminating an employer's opportunity to make his case during a union organizing drive.

The board is trying to rush this expedited rulemaking into place before it loses members due to Senate opposition to its actions. This amounts to nothing more than an outrageous assault on America's job creators and workers, and the opposition that it has already drawn will only get stronger as the public has a chance to read through the 145-page proposal.

Attempts to distance the Administration from the actions of these boards are misleading. President Obama nominated and appointed the Board's officers that are carrying these actions out. In some cases, he appointed them against the will of the Senate.

The acting general counsel of the National Labor Relations Board, who is pursuing the complaint against Boeing and also suing States over voter referendums protecting the secret ballot, is an administration appointee and nominee. Since his nomination is pending before this committee, we do know that very well. If the President did not agree with this assault on a U.S. company creating thousands of U.S. jobs in the middle of a recession, he could withdraw the nomination.

I will note that the acting general counsel's complaint against Boeing has come under strong criticism from many quarters, including an editorial in the *Washington Post* this weekend. With consent, I will put that editorial in the record.

The CHAIRMAN. Yes.

[The information referred to follows:]

[THE WASHINGTON POST, JUNE 19, 2011]

FLIGHT RISK FOR BOEING

(By Editorial)

THE OPENING of a manufacturing plant with nearly 1,000 jobs should be cause for celebration. But Boeing Co.'s \$1 billion facility in South Carolina has met a different, less welcome response.

The National Labor Relations Board, spurred by the International Association of Machinists and Aerospace Workers, *hit Boeing with a complaint of unfair labor practices*. The board charges that Boeing illegally shipped jobs to South Carolina from the company's Washington State facility in retaliation for past strikes by unionized workers in Puget Sound. Both facilities will have a hand in building the company's new and mammoth 787 Dreamliner.

The NLRB pegged its case to "coercive" threats by Boeing executives who told the media that disruptions caused by the strikes played a role in deciding to build in South Carolina. They also spoke of the need to "geographically diversify" to avoid shutdowns caused by natural or man-made disasters and to control costs, which would be easier to do in a "right-to-work" State through lower labor costs.

As punishment, the NLRB is seeking to compel Boeing to move the Dreamliner jobs in South Carolina to Washington State—which the company says would essentially force it to shut the plant. Boeing calls the proposed punishment "indisputably the most consequential and destructive remedy ever sought by an officer of the NLRB."

The law forbids employers from discriminating or retaliating against employees for lawful union activity. To prevail, an aggrieved party typically must show that

the retaliation resulted in demotions, dismissals, wage reductions or other punitive measures. In Boeing's case, these reprisals are absent; the company also claims its collective bargaining agreement gives it the explicit and exclusive right to locate work where it wishes.

The allegation that the company "transferred" jobs out of State is unconvincing because the jobs in South Carolina are new. The company has not cut jobs in Washington, nor has it demoted or slashed the wages of union workers. Boeing has added about 3,000—albeit temporary—jobs in Washington since it announced its South Carolina plans and says it is likely to add more to keep up with *demand for its commercial airliners*.

Employers who engage in unfair labor practices should be penalized. But the NLRB's move goes too far and would undermine a company's ability to consider all legitimate factors—including potential work disruptions—when making plans. It also substitutes the government's judgment for that of the company. This is neither good law nor good business.

Senator ENZI. This Administration's energy policy is actively slowing and preventing job creation. Our domestic energy production industries can offer good jobs with good pay when they are allowed to operate and expand.

Mining has been one of the few bright spots in creating private sector jobs during this recession. But we know that it could create far more jobs if the permitting process were not being slow walked. The result of this Administration's misguided energy policy is lost jobs and bankrupted American companies.

On the Gulf Coast, many of the thousands of jobs that were supported by the offshore drilling industry are simply gone due to the moratorium, and the bureaucratic permit delays on offshore drilling in the Gulf. Two victims of these policies are here with us today.

Thomas and Melissa Clements are small businesspeople who poured everything into building their American dream. Thomas acquired the specialized skills necessary to assist offshore oil exploration operations. He and Melissa worked, saved, and built relationships with customers until they got to the point where they could start their own shop. Then they hired employees, created jobs, and were on the way.

Unfortunately, the Deepwater Horizon accident occurred in April 2010, resulting in the tragic loss of 11 workers. As a result the Administration placed a moratorium on all offshore drilling permits. In October 2010, the Administration lifted the moratorium, but did not issue a permit until March 2011.

Since the accident, the Federal Government has issued 16 deepwater permits. Of those, approximately 14 were in the process before the accident happened. As Mr. Clements will point out, the moratorium and refusal to grant permits is not necessary and is ruining a profitable industry on which the Nation relies. He says it best in his testimony, "You don't ground all planes when there is a plane crash."

Since the start of the moratorium, eight deepwater rigs have left the Gulf of Mexico. Another six are being marketed for international locations. Because of the huge cost associated with the rigs, once they leave, they are not likely to return, and neither are the skilled workers who operate them.

Some production has moved to Brazil and other countries that are not impeding their domestic energy production, and we are their customers. We are buying from them instead of producing ourselves.

Ironically, one of the largest oil discoveries—reserves in the Gulf of Mexico was just announced last week. This discovery proves that there is still massive amounts of domestic energy available to help alleviate higher prices if the Government would simply get out of the way.

Unfortunately, the slowdown in exploratory drilling as a result of last year's moratorium is expected to lead to a 20 percent production decline in the next year. Again, the Administration's policies are making things worse. Thank you for being here today to explain the cost of these misguided policies, Mr. Clements.

I also want the committee to hear from the other Americans that are suffering as a direct result of administration policies. I have a statement from Debbie Stocks, an insurance broker from Glen Allen, VA, who runs a small business with two employees.

Mrs. Stocks' business is selling health and welfare insurance policies to small businesses. Agents and brokers across the country have seen their commissions slashed as a result of the new healthcare law, and this is putting thousands of people out of work.

I also have a statement from a worker who signed up to work for Boeing at its new facility in South Carolina. This employee is frustrated that a Federal agency is attempting to move his and thousands of other jobs to Washington State so it can be performed by unionized employees.

With consent, I will place those two statements in the record.

The CHAIRMAN. Without objection.

[The information referred to follows:]

PREPARED STATEMENT OF DEBBIE STOCKS, OWNER, YOUR BENEFITS PARTNER, LLC,
RICHMOND, VA

I'm a small business with two other employees, located in Glen Allen (Richmond), VA. I've been in business for myself for 6 years. I started my agency in 2005, after the insurance company I worked for restructured. I really wanted to work for myself and knew the value of creating a book of business that I could sell someday. I've worked hard these past 6 years to grow my clientele and increase revenue.

About 1½ years ago, I decided to add property and casualty insurance to my practice as I was mainly offering health and welfare (life, disability, dental, vision, etc.) benefits. We were licensed last year and began offering the beginning of this year. Thank goodness! In January, we received letters for most of the carriers announcing commission cuts for small group and individual sales (my niche). Anthem gave us a 33 percent cut! I don't know too many businesses that can withstand a 33 percent cut in revenue and stay afloat.

Why the cuts in commission? When I look at the healthcare legislation (PPACA), I ask myself how could the carriers NOT cut commission? Given the required medical loss ratio of 85 percent, only 15 percent remains for administrative costs. When we consider application processing, billing, claims processing, and State taxes (though these may have been moved outside the equation—you'll have to fact check me on that), what could be left? In addition, adding dependent coverage to age 26, no annual lifetime and annual maximums, and enhanced preventive benefits, will also increase costs to the carriers (in both claims and administrative expenses). With PPACA, we've added these additional expenses to the carriers but they cannot charge more. It can't work.

The property and casualty portion has certainly carried us this year. We continue to work with our health clients to service their policies, help with claims and billing questions, etc.

The shame of this is that individuals and small businesses are the VERY people who need help from a broker. They have no HR dept. to research and shop the market. Going to the carrier will only give that carrier's plans (not competing plans). And yet, brokers in my position (servicing these smaller clients) are the ones hurt the most.

I will continue to work in the insurance business because I love it. My customers are very appreciative of the help I give and that makes me feel good. It isn't just

about the commission (I don't make that much money, in fact). I believe I provide a valuable service to my clients.

PREPARED STATEMENT OF DENNIS MURRAY

I am one of the South Carolina-based Boeing employees seeking to intervene in the National Labor Relations Board prosecution of the Boeing Company, regarding Boeing's South Carolina operations.

I reside in Summerville, SC. I am currently employed by Boeing in North Charleston, SC.

Along with my family, I have lived in South Carolina since 1981. I moved to South Carolina in 1981 when it was made my Air Force permanent duty station. I served in the Air Force for a total of 8 years, and was honorably discharged in 1984.

I went to work for Lockheed in 1984 in Charleston, SC. I was employed within a bargaining unit represented by the International Association of Machinists & Aerospace Workers ("IAM"). I was a voluntary member of the IAM for most of the time I worked there.

Eventually Lockheed ran out of contracts and I was laid off. Later, Lockheed merged with Martin-Marietta, and the jobs in Charleston were moved to the Baltimore, MD area. I remained in Charleston and did not relocate to Baltimore.

I then worked for Bayer for about 9 years, in the greater Charleston area. There was no union in that facility. I got laid off by Bayer when they downsized and sold off the facility, and I moved on to other jobs.

In 2008, I became employed by Vought, a manufacturer with a Charleston facility that assembled two aft sections of large Boeing aircraft. In approximately July 2009, Boeing bought the Vought facility where I worked, and I have been a Boeing employee since that time.

When I went to work at Vought in 2008, the IAM had been voted in as the employees' exclusive bargaining representative, but they were just negotiating a first contract. In November 2008, an IAM representative called an emergency meeting but only told 12 of the 200 union members in the unit about the meeting. A total of 13 employees attended the meeting and those few in attendance ratified the IAM's contract by vote of 12-1. Many of the provisions of the new IAM contract were worse than what Vought employees already had without a contract. For example, employees lost medical, dental, and short-term disability. The Vought employees were then extremely unhappy with the IAM's actions. This unhappiness was exacerbated by subsequent layoffs that lasted from 3 weeks to 5 months. Employees contacted IAM leaders to seek redress for the way that the contract had been ratified, but the IAM leadership turned down our requests to intervene and refused to assist us. I also contacted the NLRB and was told that this was not an unfair labor practice because the NLRB does not police internal union ratification votes.

Employees then collected more than 30 percent of signatures to decertify the IAM, but were told by the NLRB that we could not decertify until the contract expired, and we would have to wait until a 60-90 day period prior to the expiration of the contract.

In May 2009, we heard rumors that Boeing was going to buy out the facility from Vought, and we started collecting new decertification signatures. On July 30, 2009 when it was formally announced that we were no longer employees of Vought but were now employed by Boeing, we filed a decertification petition with the NLRB. The case was docketed as *The Boeing Company/IAM*, NLRB Case No. 11-RD-723. I was the named decertification petitioner in that case. After Boeing bought Vought's facility, it continued to recognize the union as our representative, but employees wanted to get out of the union nevertheless. Boeing was not hostile to the IAM in any way and did not encourage us to decertify. We filed the decertification petition entirely on our own.

Besides our lack of support for the IAM, it soon became clear to many employees that there was another good reason to decertify the union. In 2009, during all of this maelstrom and the decertification campaign, the media was reporting that Boeing was in the middle of a site election process to decide where it should create a new final assembly and delivery line for the production of large aircraft. It was reported that Boeing was looking at several sites all over the country, including Charleston. Many employees knew about Boeing's site selection process, and discussed the fact that a decertification of the IAM would make our facility in Charleston all the more attractive to Boeing, since it was common knowledge that the IAM had caused major labor problems for the company in Seattle.

Thus, many employees who wanted to decertify the IAM because of the contract ratification fiasco also realized that our facility in Charleston would be in a much

better competitive position to attract the Boeing final assembly and delivery work if we were operating non-union, without the IAM's rules and labor strife. The decertification election was held on September 10, 2009, and the IAM was voted out by a tally of 199-69. Boeing announced that Charleston was selected as the site for the new final assembly and delivery site about 2 months later.

Now that we are working in a nonunion setting, I feel that Boeing is treating employees well. Within a few weeks after the decertification was final, Boeing gave us 3 percent across-the-board raises. Overall, the wages, wage structure and benefits are better under the current non-union Boeing than under the prior unionized Vought. Most employees in my building are happy.

The Boeing Campus in north Charleston, SC is divided into three production buildings. The former Vought facility is now identified as Building 88-19. It is the Aft-Body Manufacturing building where sections 47 and 48 are made. Here the two sections are made from scratch, and then completed by the addition of all structural members and systems components. The sections are then joined together, making the rear third of the aircraft. Next is the former Global Facility, now known as Building 88-20. This is Mid-Body Assembly Facility where the mid-body sections are flown in from Italy and mated with the center wing section brought in from Japan. Once all the sections are joined and mated with the center wing section, the remainder of the systems components and wiring are installed completing the center third of the aircraft.

Last, there is the Final Assembly and Delivery Building, also known as FA&D. This is where the forward third of the aircraft is brought in from Spirit Aircraft in Kansas, the Mid-Body brought in from Building 88-20, the Aft-Body section from Building 88-19 as well as the wings from Japan and Horizontal stabilizer from Italy. All the sections are then combined to create a complete 787 Dreamliner aircraft. The interiors will come from the IRC facility being completed a few miles away, and also be installed at FA&D. After a quick flight for a high quality customer paint job, the aircraft return to the Charleston delivery center where the customers will take possession of their new airliner.

Building 88-19 is currently staffed by about 1,200 employees. Building 88-20 is currently staffed by about the same amount. FA&D currently has somewhere in the range of 800 to 1,000 employees with 10 classes going around the clock with several hundred more employees preparing to work in the FA&D building. When it is fully staffed, FA&D will employ some 3,800 employees.

Although I still work in the "old" section of the building working on the aft sections of the aircraft, it is possible that I could transfer over to the new facility.

I understand that the NLRB General Counsel seeks a remedy in this case that would force Boeing to discontinue the final assembly and delivery work in Charleston, and transfer it to Seattle. This remedy is grossly unfair and would devastate our community and my family. As noted above, I have been laid off several times in my career due to corporate re-structuring or lack of work, and it is a devastating experience.

It seems clear that many Charleston-based employees and I would lose our jobs with Boeing in South Carolina if the General Counsel's proposed remedy is adopted. The current unemployment rate here is high and jobs are scarce. If I lose my job, my family will be devastated, as my son and daughter are both looking for work but are currently unemployed due to the high unemployment rate in this geographic area. I have two grand kids from my 22-year-old daughter who are also living with us. Thanks to Boeing I am able to keep food on the table and a roof over my head for all of my family, including my grandchildren. Many other families around here are in a similar boat.

Moreover, even if Boeing gave me the opportunity to move to Washington to perform the work that the General Counsel seeks to transfer to that State, I would oppose and decline such a move because I have already gone head-to-head with the IAM union and do not want to work in a unionized IAM environment in Washington, especially in light of what they have done to us here in Charleston.

In January 2009 Vought sent me to Boeing's Everett, WA facility for training purposes. When I told those rank and file IAM members how we had been mistreated by the IAM, the rank and file workers voiced support for us. But of course the union officials were against our efforts to re-do the contract ratification and our efforts to decertify the IAM. One union official went on public record and said that he would try to keep work from coming to our plant in Charleston because of the decertification. I would not want to work in such a hostile unionized environment, nor do I believe that I should have to in order to earn a living and feed my family. The union bosses are trying to spank us like unruly children, by having all our jobs taken away. And we're fighting back.

I have chosen to exercise my rights as a citizen of the United States to live and work in South Carolina. I have chosen to exercise the rights provided to me under the State and Federal laws that prohibit compulsory unionism, and allow employees to refrain from joining or supporting any labor union. I served in the military to uphold every citizen's basic constitutional rights, which includes the right not to be compelled to join or support any private organization. Moreover, along with a large majority of my coworkers, I have already chosen to exercise my rights under the NLRA to decertify the IAM when it was our representative at the same facility. I have nothing against unions, but I do not think they should be compulsory. I do not think employers should be told by the Federal Government where they can establish their operations.

Senator ENZI. Too many Americans are suffering in this economy, and far too many are suffering because of some policy being carried out by the Administration. I look forward to hearing everyone's testimony.

The CHAIRMAN. Thank you very much, Senator Enzi.

And now, we will turn to our panel. I will introduce them all, and then we will hear from them as we go from left to right.

First, we have Jared Bernstein, who recently left his position as the chief economist to the Vice President, and is currently a senior fellow at the Center on Budget and Policy Priorities. During his time in the White House, he served as the executive director of the White House Middle Class Task Force. He was previously a senior economist at the Economic Policy Institute and chief economist at the Department of Labor.

Next, we have Susan Sippelle, a multimedia journalist who is currently working on a documentary entitled, "Over 50 and Out of Work," which is an ongoing project that details the impacts of the great recession on Americans that are 50 and older. She is a graduate of the Columbia University Graduate School of Journalism and New York University's Stern School of Business.

Her work has been published widely, including in the *New York Times*. Ms. Sippelle is joined by her husband, Dwight, and three of their children whom I just met—Clare, Troy, and Lynne—along with her film colleague Sam Newman.

Next, we have Amanda Greubel from DeWitt, IA, about whom I spoke. She is the Family Resource Center director in the Central Clinton Community Schools. She wrote a very moving letter to my office earlier this year, and I am pleased that she is able to join us to share her story with the committee.

Ms. Greubel has a bachelor's degree in social work from Wartburg College and a master's degree in social work from St. Ambrose. Her husband, Josh, is the band director in the local schools, and they have a 5-year-old son, Benen.

And Thomas Clements, about whom Senator Enzi just spoke, is the co-owner of Oilfield CNC Machining LLC, a small business in Broussard, LA, which he owns with his wife, Melissa. Their business specializes in machining metal parts for oilfield equipment used on offshore drilling rigs.

To each of you, thank you for being here, and your statements will all be made a part of the record in their entirety. I will ask if you could sum up—the clock says 5 minutes, but let us say 7 minutes. And if you go 1 minute over, I won't get too excited. But once it starts going over that, I might get a little nervous, OK?

So, Mr. Bernstein, welcome, and please proceed.

**STATEMENT OF JARED BERNSTEIN, SENIOR FELLOW, CENTER
ON BUDGET AND POLICY PRIORITIES, WASHINGTON, DC**

Mr. BERNSTEIN. Thank you, Chairman Harkin, Ranking Member Enzi. I thank you for this opportunity to testify before the committee, and I applaud the committee for once again bringing these critical issues to the forefront of your work.

As you mentioned, Senator, I am currently a senior fellow at the Center on Budget and Policy Priorities, and before that, along with my chief economist post to the Vice President, I was executive director of the White House Task Force on the Middle Class.

More often than not, the stories we heard on that task force were of middle-class families having a much harder time than they expected not just making ends meet, but in meeting their aspirations. Such aspirations typically included a decent house in a good neighborhood with quality schools for their kids; the ability to save enough for their kids' college education, as well as parents' belief that their children should do better or at least as well as they did; the ability to afford decent health coverage; working hard but also finding enough time to enjoy your families; saving for retirement.

Some families went further, talking to us about an implicit social contract between their families, their government, and their employers. The terms of this contract were that if they worked hard and played by the rules, they would have a good chance of realizing those aspirations I just elaborated.

Need I tell you, many folks now believe that contract is broken. While many of us are currently focused on the cyclical problems remaining from the great recession that began in late 2007, it is important to stress that the so-called middle-class squeeze did not begin with the great recession, and it won't end when that downturn is finally behind us.

No question the great recession put even more downward pressure on the living standards of the middle class. But for many in the middle class, the downturn presented a new problem on top of an old one. Historical context is helpful here.

Over the three decades from 1947 to 1979, the real income of the median family grew almost in lockstep with productivity as both more than doubled. But over the next 30 years, median income growth was about one-eighth that of productivity growth. That divergence between middle-class incomes and the economy's productivity is clearly a structural long-term development, not a cyclical short-term one.

Understanding why economic growth has increasingly eluded the middle class is essential. Globalization and technological change favoring more highly skilled workers plays an ongoing role for sure. But other contributors have more to do with the reduced ability of middle-class workers to bargain for their fair share of economic growth.

High unemployment is a major culprit here. And as I have shown in recent research, the economy operated with much less slack over the period when productivity and middle-class incomes grew in sync. I would say in today's American economy with extensive globalization and diminished union power, middle-class workers have no better friend than full employment. And of course, we remain very far from such conditions today.

Another factor worth noting is the “financialization of growth,” strong profit growth in sectors where middle-class workers are less likely to be employed. In this regard, I wanted to be sure to point out that the recent data show that while corporate profit rates are returning to their pre-recession peaks, the paychecks of average workers are now lagging behind inflation.

The recession hit middle-class families hard. Between 2007 and 2009, middle-class families lost over \$2,000 in real terms, about 4 percent of their incomes. For African-Americans, the loss was much greater, 7 percent.

Finally, I want to say a few words about policies currently under discussion that could help or exacerbate the challenges faced by middle-class families today. When families talked with our task force about the economic squeeze they were facing, it was often in the context of how their family budgets didn’t seem to go as far as they used to, particularly in the areas of healthcare coverage and college tuition.

In fact, while overall inflation has grown by a factor of 3 since the late 1970s, college tuition and fees, according to the price index, has grown by a factor of 10. It is true that student aid has grown over this period as well, and that has been extremely important to these families in offsetting the climb in the sticker price of inflation.

Retirement is also less secure for many older persons. One important factor here is the shift away, as you mentioned, sir, from defined-benefit pensions to defined contributions—a change that shifts the risk of income inadequacy in retirement from employers to workers and their families. As I show in my written testimony, there has been a complete reversal in the share of coverage between a guaranteed and variable pension benefits.

In this regard, it bears repeating that Social Security, a guaranteed pension for retirees, is the first line of defense in retirement security. Though it is often mistakenly thought to be unimportant to seniors, in fact, for recipients age 65 and up, Social Security is about two-thirds of their income, and that share grows with age.

Last, on our task force, we heard from families that health coverage is another source of the squeeze and as the cost of family health insurance premiums have gone up many times faster than their earnings. The Affordable Care Act is targeted at this problem and is expected to lower the growth of healthcare spending and premium costs relative to their expected trend.

But in the near-term debate, it is important to the middle class to protect the Medicaid program against deep spending cuts. Though Medicaid coverage is generally thought of as serving the low-income population, the program is the primary payer for 64 percent of nursing home residents.

With savings and other insurance, middle-class seniors may be able to initially pay for home healthcare or nursing home services. But over time, many spend their savings and eventually need Medicaid to step in as Medicare provides limited coverage for these services.

Thank you very much.

[The prepared statement of Mr. Bernstein follows:]

PREPARED STATEMENT OF JARED BERNSTEIN

Chairman Harkin and Ranking Member Enzi, I thank you for this opportunity to testify before this committee. There are few topics as important to America's economic success as the well-being of the broad middle class and I applaud this committee for once again bringing these issues to the forefront of your work.

I am currently a senior fellow at the Center on Budget and Policy Priorities.¹ Prior to my current position, I was chief economist to Vice President Biden, as well as the executive director of the White House task force on the Middle Class. Some of what I reference below derives from the activities of that task force.

THE MIDDLE-CLASS SQUEEZE AND THE SOCIAL CONTRACT

It is commonly thought that the economic life of the American middle class has grown increasingly difficult over the past few decades. This sentiment has given rise to the notion of the "middle-class squeeze," which is generally understood to imply that middle-class families are having a harder time achieving a set of economic aspirations that we often associate with the American middle class.

These economic aspirations typically include a decent house in a good neighborhood with quality schools for their kids; the ability to save enough for their children's college education, as well as parents' belief that their kids should do as well or better than they did; the ability to afford decent health care coverage; working hard, but also finding enough time to actually enjoy their families; saving for their retirement.

It is also argued that for many years, there was an implicit social contract between government, private firms, and the middle-class. If folks "worked hard and played by the rules," they would have a good chance of realizing those aspirations. But in recent decades, both policy and structural economic changes, it is argued, have broken that contract with the middle class.

Some of these concepts are handily measurable. It is clearly the case, for example, that the cost of health care premiums has risen much faster than middle-class incomes and that the locus of risk of saving for retirement has shifted from employers and firms to workers and their families. It is also true that real median family income grew more slowly in recent decades than in earlier periods, and that this slowdown is particularly sharp relative to productivity growth.

But other aspects of this story are less amenable to empirical economic analysis. Economists have neither a widely accepted definition of "middle-class" nor a construct of a "middle-class squeeze." Certainly, there is no obvious metric for measuring the breaking of an implicit social contract, one that clearly didn't cover everyone (women, minorities) anyway.

Given those limits, this testimony evaluates the economic evidence for the middle-class squeeze where hard evidence exists. On other matters, like the broken social contract, I will, as best I can, extrapolate from the data and my experiences in this field of study to judge the claims being made.

THE EMPIRICAL EVIDENCE BEHIND THE MIDDLE-CLASS SQUEEZE

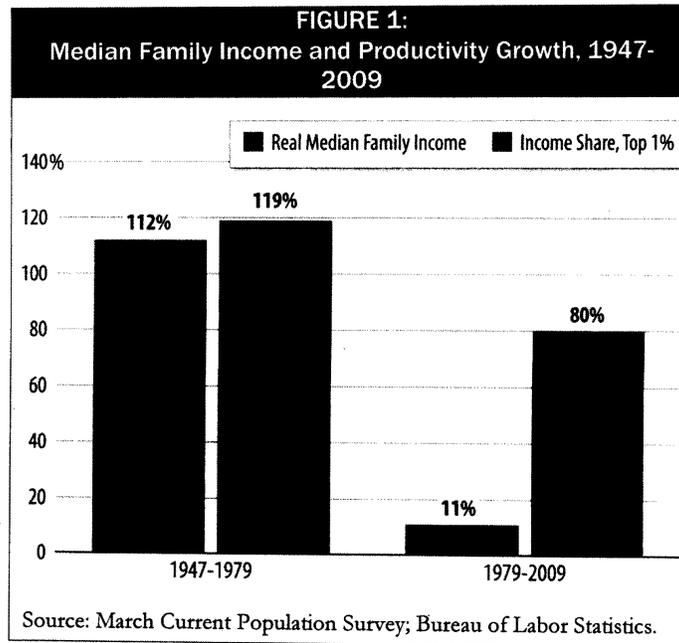
Median Family Income Growth

I begin this section with an analysis of median family incomes, but before presenting these data, it is important to stress that the so-called "middle-class squeeze" did not begin with the Great Recession and it will not end when that downturn is fully behind us. As shown below, it is demonstrably the case that the Great Recession put even more downward pressure on the living standards of the middle class. But policymakers can neither understand nor address the problems documented herein if their analysis begins only a few years ago.

Note, for example, Figure 1. Over the three decades from 1947–79, real median family income grew almost in lock step with productivity growth. But over the next 30 years, middle-income growth was about one-eighth that of productivity. That divergence between middle-class incomes and the economy's productivity is clearly a structural development, not a cyclical one.²

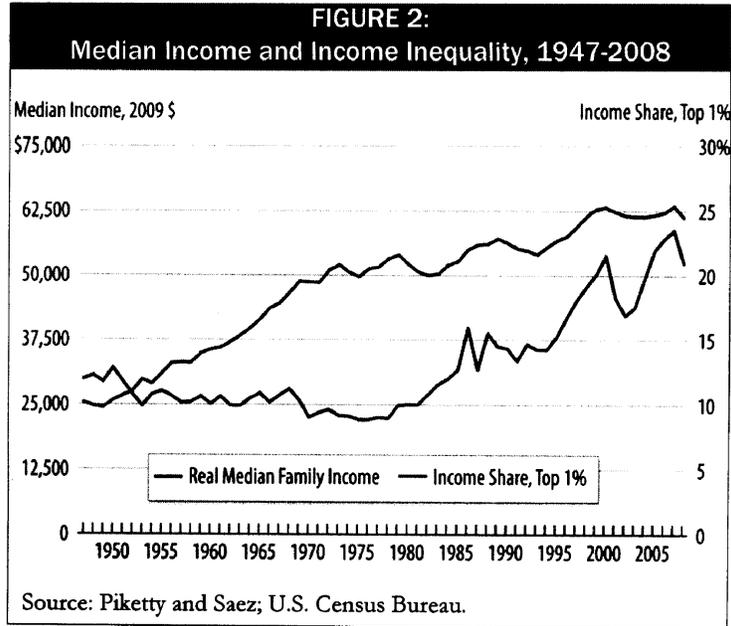
¹I thank Arloc Sherman for the data work on the middle-class hours and earnings data. Hannah Shaw and Kelsey Merrick provided valuable research assistance. Any mistakes are my own.

²A technical issue raised here involves the different price deflators for family income, which uses a consumer price deflator, and for productivity, which uses a product-side deflator. Using a product deflator on family income closes 40 percent of the productivity/median-income gap, but when considering family well-being, it is not the right approach, since families face consumer, not producer, prices. For example, it's true that machine tool prices are rising more slowly than health care prices, but it is that latter that matters to consumers.



What explains these very different outcomes? First, they reflect the sharp increase in economic inequality since the 1970s. Yes, the productivity of the American economy downshifted over the past 30 years (though it accelerated post-1995) compared to prior decades, but it slowed much less than the growth of median family income. Clearly, a larger share of growth over this period flowed to those at the top of the income scale.

This fact is corroborated by a broad set of inequality statistics, including the much referenced work of economists Piketty and Saez (P/S). Figure 2 plots the time series of real median family income against the P/S data for the income share of the top 1 percent. The two trends broadly show that while real middle-income growth is not wholly “zero-sum”—i.e., a gain at the top does not necessarily come at the expense of the loss in the middle—median incomes grew much more strongly during the period when income inequality was flat or falling.



Referencing once again the percent changes shown in Figure 1, median incomes more than doubled while the top 1 percent share fell by a couple of percentage points, 1947–79. Since then, when median family income grew by only 10 percent, the top 1 percent share grew by a striking 13.6 percentage points.

Correlation is not causation, and it would be wrong to argue that rising inequality *caused* the flatter middle-class income growth, post-1979. The literature has identified many factors that at least partially explain both of these developments, including globalization, technological change favoring more skilled workers, much diminished union power, the declining minimum wage, “financialization” of growth (strong profit growth in sectors where middle-class workers were less likely to be employed), along with a set of policies that journalist Harold Myerson labels shareholder vs. stakeholder capitalism, implying policies (like financial market deregulation) that favor holders of financial instruments over wage earners.

But the main point of this part of the analysis is that the post-1970s slowdown of real median family income growth is (a) a key factor behind the middle class squeeze, and (b) related to the increased inequality of income as the benefits of productivity growth eluded many in the middle class over the past few decades.

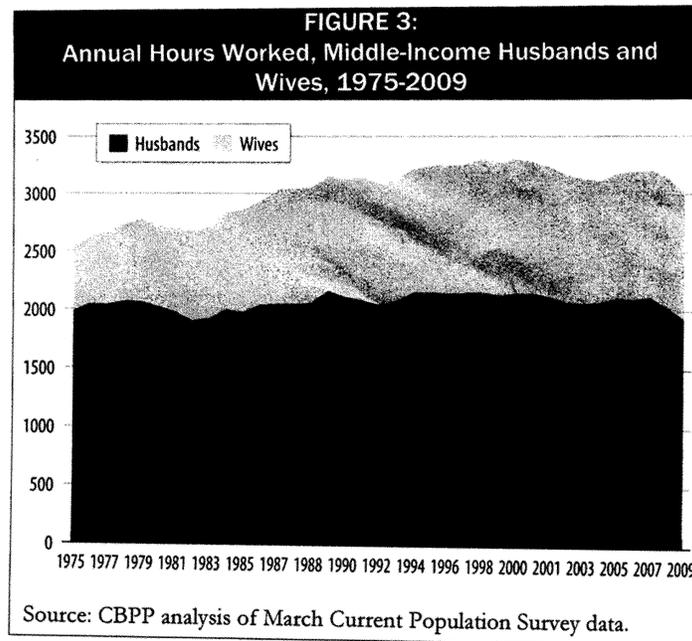
Work in the Paid Labor Market (Labor Supply)

The fact that family income growth slowed for many in the middle-class is *not* because they worked less. As is well-known, women’s labor force participation grew significantly, almost doubling, over the period shown in the above figure, from about 32 percent in the late 1940s to almost 60 percent in recent years.

To get a closer look at what these changes mean to middle-class families, and how they might relate to the middle-class squeeze, we examined the annual hours worked in the paid labor market by middle income,³ “prime-age” (25–54), husbands and wives with children, 1975–2009, along with low-income single mothers.

Figure 3 shows annual hours of work by middle-income husbands and wives, 1975–2009. While middle income husbands in this age range generally worked full-time, full-year over this period, hours worked in the paid labor market by middle-income wives grew steeply, by over 400 hours, as shown in table 1.

³ “Middle income” refers to household in the middle 20 percent of the distribution when households are ranked nationally by cash income.



For working-age, middle-class families, opportunities in the job market are at the core of their living standards. A detailed analysis of these opportunities would look at the types of jobs by industry and occupation available to heads of such families. Here, I look more closely at outcome measures, including hours worked and hourly earnings.

The data shed light of the squeeze hypothesis in the following ways:

- Almost 100 percent of middle-income husbands consistently worked full time, yet suffered stagnant hourly wages and thus overall earnings;
- Middle-income wives and single mothers significantly increased all dimensions of their labor market work, including participation, weeks per year, and hours per week; and
- Their earnings also rose, though of course from a significantly lower base than men's earnings.

Certainly, the increased labor market work and better earnings opportunities for women represent an important societal advance. But as these are families with children, it also represents a stress factor in families' lives, contributing to another dimension of the squeeze; the challenge of balancing work and family life. Middle-income wives increased their participation by 11 percent, added 9 weeks, on average, over these years, amounting to over 400 extra hours of working the paid labor market. That's about 2.5 months of full-time work, added to the family schedule.

And while wives' earnings clearly helped to offset husbands losses, if we add their earnings together in these two periods, their real income rises by about \$6,000 over about 30 years, or about 0.5 percent per year.

There is another important point to consider regarding these data. As the figure above shows, middle-income wives hours have not grown since 2000, and in fact they fell by about 40 hours, 2000–7 (and further in the recession). The same is true (not shown) for low-income single mothers, though even more so (about 80 hours lost). Research has not determined whether this is a "ceiling effect"—mothers have topped out on the amount of hours they can work given current family responsibilities and divisions of labor—or a function of weaker demand for the jobs and hours they'd like to work. But if more women, working more weeks per year and more hours per week at rising wages was a primary offset mechanism for stagnating men's wages, that route may not be as available to middle- and lower-income families going forward.

Table I—Labor Supply and Earnings, Middle-Income Married Couple
(Families With Children and Mid/Low-Income Single Mothers)

	Earnings	Hours	Share work [in percent]	Weeks per year	Hours per week	Hourly wage
Husbands:						
1977–79	\$36,150	2,059	95	49	44.3	\$17.56
2005–7	35,343	2,109	96	50	44.0	16.76
Change	-807	50	1	1	-0.3	-0.80
Wives:						
1977–79	\$ 6,050	666	56	36	33.1	\$ 9.07
2005–7	12,956	1,084	68	45	35.6	11.95
Change	6,906	418	12	9	2.5	2.9
Single Mothers, Average of Bottom 60 Percent:						
1977–79	\$14,017	1,115	70	40	37.3	\$12.58
2005–7	18,594	1,386	78	45	38	13.42
Change	4,577	271	8	5	0.7	0.85

Notes: Data are from March CPS Surveys. Three-year averages were taken to smooth out volatility. Sample for husbands and wives, 25–54, parents of children under 18, middle-income fifth. Sample for single mothers same as above but data are for bottom 60 percent of families. Quintiles use cash income and have equal numbers of households.

THE MIDDLE CLASS IN THE GREAT RECESSION

As noted, for many in the middle class struggling with the challenges raised thus far in this testimony, the recession that began officially in late 2007 represented a new problem on top of an old one. Income that was stagnant during the 2000s fell steeply when the economy turned down. As Table 2 reveals, households lost between \$2,000 and \$3,000 in real 2009 dollars in just 2 years (data for 2010 is not yet available).

Table II—Middle Class Incomes in the Recession: Households Take a Hit
(Median Household Income, 2009 Dollars)

	All	White	African- American	Hispanic	Asian
2007	\$51,965	\$53,912	\$35,086	\$40,013	\$68,382
2009	49,777	51,861	32,584	38,039	65,469
Real Dollar Change	-2,188	-2,051	-2,502	-1,974	-2,913
Percentage Change	-4.2	-3.8	-7.1	-4.9	-4.3

Source: U.S. Bureau of the Census

For minority households, especially African-Americans, those losses came off of a lower base, so the percent decline—7 percent—was historically large (the second largest 2-year loss in a series going back to 1967).

We can also use our data series on middle-income, prime-age families in this context. As shown in Table 3, earnings and hours worked fell particularly steeply for middle-income husbands, who lost an average \$3,600 and 184 annual hours of work, the equivalent of over 1 month of full-time work. Working wives did better than their husbands, but low-income single mothers also lost considerable ground, with a particularly sharp decline in their employment rates. This finding—why low-income single mothers lost more ground in the recession compared to middle-income wives—is worthy of further study. Putting aside child support, single mothers are by definition the sole breadwinners of their families, and these families are economically more vulnerable than most two-parent families.⁴

⁴Low-income, married women (e.g., wives for quintiles one and two) had work and earnings patterns over the recession that looked more like middle income wives than like single mothers.

Table III—The Impact of the Great Recession on Middle- and Low-Income Families With Children

	Annual earnings	Hours	Share work [in percent]
Husbands:			
2007	\$36,149	2,118	96.2
2009	32,529	1,934	93.9
Change	-3,620	184	2.3
Wives:			
2007	\$13,003	1,090	67.1
2009	12,944	1,066	67.4
Change	-59	-24	.03
Single Mothers, (Bottom 60 Percent):			
2007	\$18,602	1,379	78.8
2009	17,157	1,279	74.2
Change	-1,445	-100	-4.6

Notes: Data are from March CPS Surveys. Three-year averages were taken to smooth out volatility. Sample for husbands and wives, 25–54, parents of children under 18, middle-income fifth. Sample for single mothers same as above but data are for bottom 60 percent of families. Quintiles use cash income and have equal numbers of households.

OTHER DIMENSIONS OF THE MIDDLE CLASS SQUEEZE

In my work with Vice President Biden on the White House task force on the Middle Class, we heard middle-class families discuss the kinds of basic income and inequality problems documented thus far. We also heard a good deal about working harder yet getting ahead more slowly.

But more often than that, we heard the squeeze discussed in the context of how family budgets didn't seem to go as far as they used to, particularly in areas such as health care coverage and college tuition.

These concerns are supported by the data. For example, according to BLS price data, overall inflation has grown by a factor of three since the late 1970s; college tuition and fees, according to their price index has grown by a factor of 10. It is true that student aid has grown over this period as well, a very important development that I'll discuss in a policy section below.

Retirement is also less secure for many older persons. One important factor here is the shift away from defined benefit pensions to defined contribution, a change that shifts the risk of income adequacy in retirement from employers to workers and their families. As figure 4 reveals, there has been a complete reversal in share of coverage between a guaranteed and variable pension benefits.

Finally, the cost of health coverage for middle-class families is another source of the squeeze. Data from the Kaiser Family Foundation (KFF) show that the share of family coverage paid by covered workers has been relatively constant at about 27 to 30 percent.⁵ But it is also the case that the cost of premiums has gone up much faster than middle-class earnings, meaning that families are paying a similar share of a larger amount. Census Bureau data show that median family income rose about 23 percent, not accounting for inflation, 1999–2009. According to KFF, the nominal premium costs of family coverage rose by 134 percent over this period.⁶

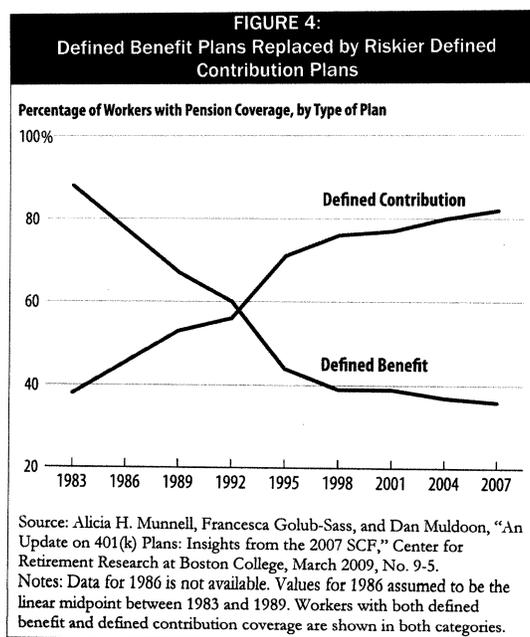
WHAT ARE THE POLICIES THAT COULD HELP THE MIDDLE CLASS?

This committee has long been committed to tackling many of the policy challenges implied by the data and discussion above. Here, I briefly list a few policy areas that could make a difference. I offer few specifics and more generally just point out areas worthy of more policy research.

- **Retirement Security:** Social Security, a guaranteed pension for retirees, is often the first line of defense in retirement security. Though it is often mistakenly thought to be unimportant to most seniors, in fact, for recipients age 65 and up, Social Security is about two-thirds of their income and that share grows with age—for the old-elderly, it's closer to 70 percent of their income. For a third of those over 65, Social Security accounts for at least 90 percent of their income.

⁵ See <http://ehbs.kff.org/pdf/2010/8085.pdf>, Exhibit 6.1.

⁶ See <http://ehbs.kff.org/pdf/2010/8085.pdf>, Exhibit 1.13.



So protecting Social Security benefits is a key component of a retirement security agenda. Beyond that, increasing access to pension savings through work would help future retirees. The Obama administration has put forth various proposals to encourage pension participation and incentivize employer participation. Also, with seniors living longer, presenting retirees with annuity options is also worth a close look.

- **Health Care:** The Affordable Care Act was clearly targeted at helping to improve middle-class health care security, by lowering the growth of health care spending and premium costs relative to their expected trend. Analysis by the President's Council of Economic Advisors that by lowering the growth rate of health care costs, the real income of middle-class families in 2020 will be \$2,600 higher than would otherwise be the case.⁷

In the near-term debate, however, it is very important to the middle class to protect the Medicaid program against deep spending cuts. Though Medicaid coverage is generally thought of as serving the low-income population, the program is the primary payer for 64 percent of nursing home residents. With savings and other insurance, middle-class seniors may be able to initially pay for home health or nursing home services, but over time many spend their savings and eventually need Medicaid to step in, as Medicare provides limited coverage for these services.

- **Support for College Tuition:** As noted above, college tuition has significantly outpaced inflation and middle-class income growth. But the large increase in government tuition assistance in recent years has helped offset these costs for both middle-class (American Opportunity Tax Credit) and lower-income students (Pell grants). These measures can lower the net cost of tuition well below the "sticker price," and in doing so, help relieve income-strained families.

- **Jobs and Incomes:** The ability of middle-income families to meet the challenges noted thus far, from saving for retirement, balancing work and family, paying for college and health care, and retirement security, will all depend on quantity and quality of jobs available to middle-class families. While it is beyond the scope of this testimony to discuss a jobs agenda policy set, the ideas that President Obama outlined in his "winning the future" agenda, including investments in new industries such as clean energy, infrastructure, and education should certainly help generate more opportunities.

⁷ See: http://www.whitehouse.gov/assets/documents/CEA_Health_Care_Report.pdf.

But there is much more for policymakers to consider in this area, including manufacturing policy (including aggressive pushback against unfair trade practices), a strong, efficient public sector, a balanced playing field for union organizing, appropriate workplace regulation to protect workers' safety and basic rights, decent minimum wage levels, and consumer protections.

These types of ideas have the potential to form the basis of a new social contract, one that could once again give the American middle class a fighting chance to loosen the squeeze and regain their economic footing.

The CHAIRMAN. Thank you, Mr. Bernstein.
Ms. Sipprelle, welcome. Please proceed.

**STATEMENT OF SUSAN M. SIPPRELLE, MULTIMEDIA
JOURNALIST, ENGLEWOOD, NJ**

Ms. SIPPRELLE. Thank you, Mr. Chairman, Ranking Member, and members of the committee, for giving us the opportunity to talk about "Over 50 and Out of Work" at this morning's hearing.

For the past 16 months, filmmaker Sam Newman and I have traveled across the country using video to chronicle the stories of unemployed older Americans, almost all of them middle class. Sam is sitting at the press table in the tan suit.

We have conducted 100 interviews with individuals who are currently jobless, including steelworkers, bankers, IT project managers, auto workers, carpenters, engineers, fishermen, and office workers. Their 3- to 7-minute videos can be seen on our Web site. But for today's hearing, we prepared a short video that includes 21 of our interviewees and highlights many of the issues revealed by our multimedia documentary project.

Maybe we could show it now? It is 3 minutes long.

[Video presentation.]

Before I continue my oral testimony, which is an abbreviated version of our submitted written testimony, I want to clarify that our interviewees were not prescreened or preselected. Their powerful and moving eloquence about their lives and experiences is unrehearsed and unscripted.

We focused the video you just watched on many of the issues that emerged out of our "Over 50 and Out of Work" multimedia documentary project—job loss and the erosion of job security, financial hardship, strained marriages and family relationships, foreclosure, lack of health insurance, dependence on children or on parents to help defray mortgage and living expenses, and the inability to pay for children's college education.

The job search success rate of our 100 interviewees mirrors the results of an ongoing national unemployment survey that is being conducted by the Center for Workforce Development at Rutgers University. Only 7 out of our 100 interviewees have found full-time jobs with salaries comparable to what they earned previously. Most of our interviewees are severely underemployed, struggling to make ends meet, and approximately one-third are still without any job at all.

Overall, our project dispels the myth that unemployed older workers are not trying to find jobs and prefer relying on unemployment insurance to survive. They prove to be persistent and resilient, but thwarted by the current dearth of available jobs.

But the most powerful theme that emerges from our documentary project is the shock that older middle-class Americans experi-

ence when they realize that they are no longer set for life. The collapse of the housing and financial markets often eroded the values of their homes and savings even before they faced the dislocation and pain of losing their jobs.

Now they are struggling to get back to work, trying to reinvent themselves and compete for job openings in a depressed labor market, while facing the double hurdles of age discrimination and a bias against the long-term unemployed. They are recalibrating their expectations downward, both for their own futures and for the future of their children and their grandchildren.

They are fearful that they will not be able to hang on to their middle-class status, despite their desire and determination to work, and afraid that the American dream, which they worked very hard to achieve, is slipping away, both for themselves and for their families.

[The prepared statement of Ms. Sipprelle follows:]

PREPARED STATEMENT OF SUSAN M. SIPPRELLE

Mr. Chairman and members of the committee, since February 2010, filmmaker Samuel D. Newman and I have been traveling across the country using video to chronicle the stories of older unemployed Americans, almost all of them middle class. We conducted 100 interviews with individuals who are currently jobless, covering as broad an array of professions and occupations as possible, and we concentrated our interviews in States with the highest rates of unemployment.

Out of these video interviews, we created *Over 50 and Out of Work*, a multimedia documentary project.

All 100 3- to 7-minute interviews can be viewed on our Web site at www.overfiftyandoutofwork.com. A list of our interviewees' names and occupations, as well as their cities and States of residence, is attached (Appendix A).

For today's committee hearing, we prepared a short video testimonial that includes 21 of our interviewees and highlights many of the issues revealed by our multimedia documentary project. Subsequent to today's hearing, we will add the testimonial to the Videos section of our Web site on the Documentary page. The names, occupations and cities and States of residence of our interviewees included in the testimonial are also attached (Appendix A).

CONTEXT

I never in my wildest dreams thought that at age 50 I'd be out of work for an extended period of time.—Tom Bertin, 50, industrial fluid power salesman, Rochester Hills, MI.

Although the Great Recession was declared over in June 2009, the outlook for unemployed older middle-class Americans has evolved and become more complex, but it has not brightened. The collapse of the housing and financial markets often eroded the value of their homes and savings even before they faced the pain and dislocation of unemployment due to the economic downturn.

When older workers lose their jobs, their homes and their financial security, they confront a vulnerable reality—they have less time than younger workers to recoup and regain their financial footing. Moreover, as their needs escalate and globalization races ahead, government at all levels is cutting back on programs and services that could help them regroup and re-enter the labor force, which would not only help them personally, but would reduce fiscal pressures on the U.S. budget.

The unemployment rate of 6.4 percent for workers 50 and over compares favorably to the national unemployment rate of 9.1 percent, but once older workers lose their jobs, they find it increasingly difficult to get rehired. The average length of time that older workers are jobless has been climbing since 2008 and now exceeds 12 months, 3 months longer than the average time for all unemployed workers (Appendix B). Decades of structural changes in the U.S. economy, accelerated by the Great Recession, have resulted in the highest rate of unemployment among older middle-class workers ever recorded.

The number of Americans who are 50-plus and jobless remains around 3 million, but this figure does not take into account: workers who have dropped out of the labor market due to discouragement, individuals forced to claim disability payments or Social Security at the earliest possible date because they cannot find jobs to sup-

port themselves, and, last, the growing numbers of boomers who are seriously underemployed.

Seven of our one-hundred interviewees have returned to work in jobs that provide salaries and benefits comparable to the compensation they received previously. Nine have gotten back to work in full-time positions where they are now paid one-half or less of their prior salaries.

I'm making one-third, compared to what I used to make before.—Joseph Wong, 60, IT specialist, Castro Valley, CA.

Most of our interviewees, however, are now eking out a living by taking on one or two part-time jobs or by trying to redefine and market themselves as independent consultants.

I'm currently part-time employed, still looking for other [work]; I need two jobs.—Mark Miller, 63, computer consultant, New Orleans, LA.

Over one-third of our interviewees remain jobless.

In sum, although most of our unemployed older workers have proven themselves resilient and adaptable to changing workforce conditions by learning new job hunting techniques, upgrading their skills, networking and volunteering (both to do good and build job connections), the outcome of their lengthy job search has not been rosy. Even if they found work, they have not been able to recoup the financial setbacks they suffered when they drew down their savings to tide them over while unemployed, and they can no longer count on retiring.

The next 5, 10, 15 years of my life will be working my tail off. I don't anticipate retiring ever. I don't anticipate I'll be able to.—Rick Peterson, 61, IT project management, Piscataway, NJ.

We interviewed Carl Van Horn, professor of public policy and director of the John J. Heldrich Center for Workforce Development at Rutgers University, as an expert for our documentary project. Van Horn has been studying labor markets for 30 years and jointly authored *The "New Unemployables": Older Job Seekers Struggle to Find Work during the Great Recession*.

In May 2009, the Heldrich center surveyed unemployed workers of all ages and repeated the survey in August 2010. By 2010, one-third of the younger workers had been re-employed, a historically low success rate, Van Horn said. Of the older workers, only one-sixth had found new jobs, an even poorer outcome. Older workers who had gotten back to work had accepted lower pay. Half of the survey respondents were no longer able to afford health insurance. Overall, the job search outcomes for our Over 50 and Out of Work interviewees are slightly bleaker than the dismal results for the survey's participants.

THEMES

The most powerful theme that emerges from our documentary project is the shock and pain that older middle-class Americans experience when they realize that they can no longer depend on a comfortable future with a dependable job.

That's basically what was instilled upon us—that you worked 30 years in this mill—you're set for life.—Joe Magnone, 50, third generation steelworker, Weirton, WV.

My journey is one that I didn't expect. I thought I would be able to retire from Panasonic.—Dan Sato, 53, consumer electronics marketing, Denville, NJ.

I had 12 years of a job that I really, really liked every step of the way, and it hurt, it hurt a lot, to get that call to say—we're going to be letting you go.—Donna Jadis, 60, technical writer, Antioch, CA.

They are frightened and often overwhelmed by the financial setbacks and consequences they encounter as a result of job loss.

This is what we're looking at in 2009, when we got laid off: Our retirement is worth half of what it was last year; we have no equity, and we're upside down in our home, and we have all of these obligations, including, we have a daughter, who is going to be a junior in college.—Pam Buckley, 58, former restaurant manager, Berkley, MI.

When I add all of those things [the consequences of unemployment] up in my personal situation, the damage to my wife and I is going to approach half a million dollars.—Stan Bednarczyk, 60+, engineer, Rockwood, MI.

Fundamentally, our interviewees, who are all 50-plus, are struggling to understand and adjust to today's depressed labor market.

It seems like you need to be very rich or very poor and not in the middle.—Deborah Denenfeld, 58, teaching artist, Louisville, KY.

They are trying to cope with job loss, lack of job security, new methods of seeking and applying for jobs, living on reduced incomes and savings, cutting expenses and the potential need to upgrade their skills or educational levels. They are trying to figure out where job openings exist, both by location and industry. Their ability to relocate is sometimes constrained by their inability to sell their homes or because they are caring for elderly parents. They face daunting hurdles of age discrimination and a bias against the long-term unemployed. They are persistent and resilient, but troubled and worried about the future both for themselves and for their children and grandchildren.

Essentially, whether you're an employee or a consultant, you're just a hired gun. It's just the way it is. And it's business. I understand that, but having grown up with a different thinking, where you keep your nose clean, you do your job, that's what it took, back then. Now, they'll just work you until they can't work you anymore, or they don't need you.—Bob and Maura Delpizzo, 56, Flanders, NJ.

My oldest kids. . . they even tell me that the end of the world's coming, even though I tell them no. It's just that there's no jobs out there, and they don't know what to do. They're grown kids and they're still living with me, and I have to provide for them.—Rudy Limas, 61, commercial truck driver, Woodburn, OR.

UNEMPLOYMENT INSURANCE AND SAVINGS

Our interviewees accept unemployment insurance to help pay their living expenses because they cannot find jobs. They deplete their savings and, sometimes, are forced to tap or use up their retirement funds to survive.

The 17 months was long. A lot of our savings went. We had enough to keep us going, but, then, 17 months is a long time, and, if you're just getting unemployment—I only work part-time—that took all our savings.—Maurizio and Debbie Adami, 58, tool and die maker, Dearborn, MI.

In that 17-month period, we had to live off of money that we had set aside that was supposed to be for retirement. . . For a while there, we were burning through our savings something fierce.—George Ross, 48, IT project manager, Livermore, CA.

There's just not enough money anymore. As I said, my savings is pretty much gone. And it's becoming more stressful because I never thought I'd be out of work as long as I have.—George Dys, 60, product design engineer, Forestdale, RI.

I do a part-time job, working 20 hours a week, doesn't even pay the mortgage payment. That's coming from a 401K, retirement money.—Albert Yasbick, 59, electrical engineering technician, Las Vegas, NV.

DISCOURAGEMENT

Almost all of our interviewees have been working since they were teenagers, and they are proud of their work history and accomplishments. They are stunned when they cannot find work, given their level of experience and their determination to get back to work.

I've never not been able to find a job. I've always found one. I've never had a problem. . . I've worked hard and long all my life, and not to be able to find a job now. It's hard.—Joan McCleskey, 58, former bank manager, Fort Myers Beach, FL.

Many times, even if you are fortunate enough to get an interview, you just do not get any follow-up.—Marie Spalding, 62, school counselor, Louisville, KY.

I'm in the same boat as everybody else here. Nobody calls you back. There's just so many people that's out of work.—Julie Taylor-Cooper, 62, accounting manager, Conway, SC.

FAMILY RELATIONSHIPS

Our interviewees have suffered from the strains on family relationships that job loss and deteriorating financial stability can produce.

I've been out of work for a little over two years now. My wife doesn't love me anymore; my kids don't love me.—Mike Risinger, 58, draftsman, Portland, OR.

When I lost my job, it became very difficult to keep my house, and I eventually lost it. So, I'm renting a home, and I've separated from my family, and it's been a real struggle.—Anthony Lalos, sales representative, Las Vegas, NV.

FORECLOSURE

Eight of our interviewees have already lost their homes due to foreclosure or face the imminent threat of losing their homes. Many more now find that their homes are “underwater”—the amount they owe on their mortgages exceeds the values of their houses.

The condo I'm living in will be auctioned off tomorrow.—Rich Galipeau, 58, small business owner, Fort Myers, FL.

I was unable to make my mortgage payments, so one way of keeping from going completely into foreclosure, I put it on a short sale, so they had to put it on the market to sell it. Not what I really wanted to do, but that was the only other option that I had, if I didn't have the money to catch up and continue.—Deborah Salim, 60, part-time grant writer, Conway, SC.

The house across the street from this house just sold for less than what I paid for this house in 1989. . . . Yes, I own this house, but the bank owns it, but it's in my name. I'm still making mortgage payments on it. I have two roommates that help me out.—Mary Sironen, 55, bartender, Las Vegas, NV.

LACK OF HEALTH INSURANCE

Lacking health insurance coverage is one of the most frightening consequences of job loss for our interviewees. More than one-third of our project interviewees cannot afford health insurance any longer. They defer routine healthcare and are left hoping that they do not become seriously ill.

Health insurance is an issue. When I was laid off, naturally, I lost it and with the unemployment benefits that I am getting right now, health care is not affordable.—Stan Bednarczyk, 60+, engineer, Rockwood, MI.

I do not have health benefits at this point in time. When I got laid off, I had to get a car, so most of my savings went to get a dependable car. When I allow myself, I am in fear.—Barbara Such, 55, call center engineer, Randolph, NJ.

I'm upset about it because I feel I worked all these years and, now, I don't have no medical insurance. I can't afford it.—Julie Taylor-Cooper, 62, accounting manager, Conway, SC.

DEPENDENCE ON CHILDREN TO HELP PAY LIVING EXPENSES

Several of our interviewees have to turn to their children to help pay their expenses, which is difficult for them to accept, although they are grateful for the assistance.

My kids help. I'm not used to that. That's really difficult. I think that's probably the hardest part of the whole thing. I've always been the helper of the kids; they would always come to me, and so, now, it's hard.—Luanne Jones, 61, office worker, Glendora, CA.

Our one daughter is still living in the house with us, which is a blessing for us, because instead of her paying money on an apartment and living by herself, she helps us keep the mortgage payments and food and bills taken care of.—Rick Peterson, 61, IT project management, Piscataway, NJ.

DEPENDENCE ON PARENTS TO HELP PAY LIVING EXPENSES

Two of our interviewees have been forced to move back home with their parents, a difficult adjustment for adults who are 50-plus.

I'm living with my father. I'm glad to be here. I'm glad we had a place to land.—Brian King and Jessica Goldstein, 53, retail banking, Pomona, NY.

This is the house that I grew up in. My mother and I live together. She's 78 years old. She's going to be 79 this month, and she works full-time.—Lorraine de Masi, 52, 3D packaging artist, Floral Park, NY.

INABILITY TO PROVIDE FOR THEIR CHILDREN'S FUTURES

The impact of unemployment among older workers extends to their children because our interviewees can no longer provide for their futures in the way they had anticipated.

The tough part right now is I got two daughters who are—well, I got one who wants to go to college next year. I don't know how she's gonna pay for it.—Mike Risinger, 58, draftsman, Portland, OR.

Where we had before planned on him going to college, now he's thinking more and more seriously about going into the military, which is not a bad thing, but it's a recalculation from what he had originally thought his life would be like.—Bill Davis, executive recruiter, Myrtle Beach, SC.

CONCLUSIONS

Economic data alone cannot convey the multigenerational pain that unemployment and its repercussions have created among older middle-class Americans. Some will never recover. Many of our interviewees talk about hunkering down and getting

by, rather than about anticipating better times ahead. The traditional American expectation of a better future for themselves and their families has been upended, if not reversed.

Since our opportunities came upon us after World War II, what are we leaving to our children? And the answer is—not very much and it's very concerning.—David Bowes, 64, IT senior executive, Wayne, NJ.

We didn't grow up with scarcity, like my parents' generation, and I think that's major. And I think that's what this next generation is going to be dealing with.—Joel Nitzberg, 57, community educator, Somerville, MA.

Surprisingly, despite the ongoing hardships that they encounter as a result of unemployment, our interviewees speak eloquently about their belief that we can solve the economic problems of the United States and restore the American dream for the middle class. They are determined to get back to work.

It's about being able to compassionately understand the fact that, hey, we're all in this together. This is America.—Joe Magnone, 50, steelworker, Weirton, WV.

PROJECT BACKGROUND

What inspired Over 50 and Out of Work?

In 2010, I formed Tree of Life Productions to create independent multimedia journalism and documentary filmmaking. The country had been plunged into the Great Recession, and I could see the long-lasting impact that the economic downturn was having on my peers, the boomers. Filmmaker Samuel D. Newman joined the project in February 2010, and Nikolia Apostolou took charge of the project's social media in late 2010.

How did we find our Over 50 and Out of Work interviewees?

We have collaborated with State and local employment agencies, unions, technical and community colleges and job support groups. We have also received many volunteers through our Web site.

We did not pre-screen or pre-select our interviewees and their stories were not rehearsed or scripted.

Appendix A.—Over 50 and Out of Work Interviewees ¹

Name	Age	City, State	Job	Unemployed since
Dan Sato	53	Denville, NJ	Marketing & E-Commerce	March, 2009
Bob Delpizzo	56	Flanders, NJ	IT Project Manager	March, 2009
Patrick O'Donnell	57	Massapequa, NY	Operations Manager, Trainer, Auditor	May, 2009
Barbara Such	54	Randolph, NJ	Call Center Engineer/Tech Trainer ...	March, 2010
Rob Lotstein	65	Montville, NJ	Sales & Leasing	September, 2009
David Bowes	64	Wayne, NJ	Information Technology Executive ...	January, 2009
Kathy Opthof	62	Clifton, NJ	County Employee	June, 2009
Dorothy Carlos	68	Engelwood, NJ	Physician's Assistant	November, 2007
Brian King & Jessica Goldstein.	53	Pomona, NY	Retail Banker & Teacher, English/Theater.	2009
Stephen Murphy	57	Massapequa, NY	Sales, Printing Industry	Unemployed 27 months
Valentina Janek	57	West Hempstead, NY	Founder, Career Support Group	February, 2009
Bob King	55	Wantagh, NY	Controller (Securities), Price Verification.	March, 2009
Susan Kaye	55	Valley Stream, NY	Pre-K Teaching Assistant	January, 2008
Regis Thompson-Lawrence	65	Hempstead, NY	Child Care Counselor, Non-Profit	June, 2006
Lorraine de Masi	52	Floral Park, NY	3D Packagaing Artist	October, 2008
Bill Fleming	55	Little Chute, WI	Floorer	February, 2008
Steve Ludes	53	Little Chute, WI	Paper Mill Worker	September, 2008
Alice Seifert	53	De Pere, WI	Paper Mill Worker	January, 2007
Gary Willcox	57	Green Bay, WI	Welder	February, 2009
Kevin Lincoln	58	Green Bay, WI	Paper Mill Worker	Unemployed 27 months
David Garcia	59	Sheboygan, WI	Factory Worker	February, 2009
Alan Balkema	62	Washington, DC	Co-Owner, Market Research Company.	September, 2006
Carol Morgan	68	Washington, DC	Artist	August, 2007
Rick Peterson	61	Piscataway, NJ	IT Project Manager	April, 2007
Steve Borton	63	Valley Cottage, NY	Sales, Data Storage	January, 2009
Frank Pope	57	Weirton, WV	Steelworker	Unemployed 9 months
Joe Price	51	Weirton, WV	Steelworker	January, 2010
Joe Magnone	50	Weirton, WV	Steelworker	January, 2010

Appendix A.—Over 50 and Out of Work Interviewees¹—Continued

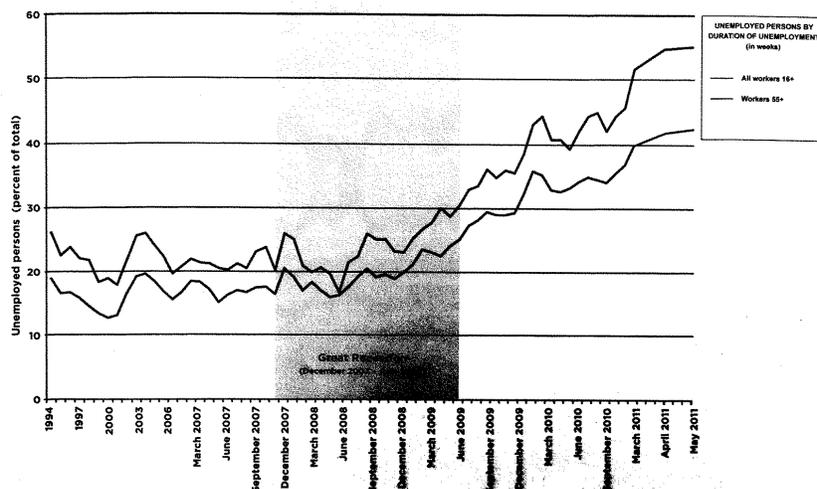
Name	Age	City, State	Job	Unemployed since
David Board	50	Weirton, WV	Steelworker	January, 2010
Gary Vinson	56	Pine Island, FL	Barge Captain	December, 2008
Deborah Shane	60	Fort Myers, FL	Entrepreneur	Unemployed 4 months
Rich Galipeau	58	Fort Myers, FL	Small Business Owner	
Joan McCleskey	58	Fort Myers Beach, FL	Bank Manager	August, 2009
Gail Stangeland	56	Lehigh Acres, FL	Event Planning & Floral Design	November, 2007
Mary Eilola	60	New Hudson, MI	Banking	January, 2010
Stan Bednarczyk	50+	Rockwood, MI	Engineer	January, 2009
Chynthia Maschat	57	Ypsilanti, MI	Government Worker	July, 2009
Michael McClatchey	63	Plymouth, MI	Information Technology	April, 2010
Maurizio & Debbie Adami	58	Dearborn, MI	Tool & Die Maker	Unemployed 18 months
Wade & Mary Gingell	50	Otter Lake, MI	Skilled Tradesperson & Machine Operator	October, 2008
Tom Bertin	50	Rochester Hills, MI	Sales, Industrial Fluid Power	June, 2009
Pam Buckley	58	Berkley, MI	Restaurant Manager	January, 2009
Mirko Vitanoski	60	Sterling Heights, MI	Machine Operator	March, 2007
Jerome Williams	67	Farmington Hills, MI	IT Project Manager	August, 2009
Ken Wadland	60	Albion, RI	Software Development Expert	Unemployed 19 months
Sheila Bliven	55	Woonsocket, RI	Human Resources	Unemployed 16 months
George Dys	60	Forestdale, RI	Design Engineer	February, 2008
Rich Fuka	50	Port of Galilee, RI	President, RI Fisherman's Alliance	March, 2007
Kelley Briggs	50	Cumberland, RI	Banking	Unemployed 19 months
Anthony Lalos	53	Las Vegas, NV	Sales	May, 2008
Edward Walker	56	Las Vegas, NV	Cook	June, 2010
Kimberly Gilek	50	Las Vegas, NV	Lab Technician & Phlebotomist	2008
Luis Martinez	66	Las Vegas, NV	Carpenter	2005
Kathleen Smith	52	Las Vegas, NV	Airline Customer Service	2008
Linda Hebert	61	Las Vegas, NV	Real Estate Marketing	January, 2008
Albert Yasbick	59	Las Vegas, NV	Electrical Engineering Technician	January, 2010
Mary Sironen	55	Las Vegas, NV	Bartender	
Joel Nitzberg	57	Somerville, MA	Community Educator	October, 2008
Diane Young	51	Fairlawn, NJ	Empowerment Coach	March, 2009
Jose Ambriz	57	La Puente, CA	Archiver & Data Entry Operator	May, 2009
Lorraine Contreras	60	Pico Rivera, CA	Bookkeeper	November, 2009
Ramiro Flores	76	Whittier, CA	Sales Representative, Graphic Arts	April, 2010
Luanne Jones	61	Glendora, CA	Office Worker	July, 2008
Darlene Palacios	54	Bellflower, CA	Administrative Assistant	February, 2008
Jose Valdez	64	Pico Rivera, CA	Printer	February, 2009
Mercedes Paez	69	Santa Fe Springs, CA	Garment Worker	August, 2008
Virginia Montelongo	55	Whittier, CA	Apartment Manager	2008
Maria, Maria, Valentin	50+	Bakersfield, CA	Fieldworkers	
Kathryn Balles	57	Newport Beach, CA	Manager, Commercial Mortgages	April, 2008
Joseph Wong	60	Castro Valley, CA	Information Technology Specialist	Unemployed 9 months
Mike Boyd	57	Tracy, CA	Teacher	2005
Sheila Cooper	53	Fremont, CA	Dental Lab Technician	June, 2010
Elizabeth Zima	57	Calistoga, CA	Healthcare Writer	2008
George Ross	58	Livermore, CA	Information Technology Specialist	December, 2010
Donna Jadis	60	Antioch, CA	Technical Writer	2010
Janet Falk	58	New York, NY	Public Relations	December, 2008
Bill Davis	59	Myrtle Beach, SC	Executive Recruiter	
Florentine Hunter-DeMougnac	68	Myrtle Beach, SC	Real Estate Marketing	2007
Deborah Salim	60	Conway, SC	Part-time Grant Writer	February, 2009
Willa Dean Weaver	68	Myrtle Beach, SC	Office Worker	2006
Craig Beaumont	59	Conway, SC	Music Industry Consultant	2009
Julie Taylor-Cooper	61	Conway, SC	Accounting Manager	January, 2009
Lou Angaran	68	Conway, SC	Customer Service	January, 2009
Barbara Dixon	68	Hammond, LA	Receptionist	Looking for work, retired
Jesus Anglero	72	Loranger, LA	Geophysicist	2009
Rick Barrett	59	Hammond, LA	Veteran & Handyman	
Stanley Ferrand	59	New Orleans, LA	Painter	Underemployed since Katrina
Mark Moore	63	New Orleans, LA	Computer Consultant	Underemployed since Katrina

Appendix A.—Over 50 and Out of Work Interviewees¹—Continued

Name	Age	City, State	Job	Unemployed since
Kay Kusy-Eliassen	54	Portland, OR	Wine and Spirits Professional	
Peter Hansen	51	Portland, OR	Food Industry Worker	
Mike Risinger	58	Portland, OR	Draftsman	2009
Rudy Limas	61	Woodburn, OR	Truck Driver	
LeRoy Ellis	59	Woodburn, OR	Sea Captain	2008
Alfred Hummer	54	Portland, OR	Carpenter	2007
Cheryl Cheney	60	Vancouver, WA	Social Worker	April, 2011
Gary Sirianni	64	Portland, OR	Product Management, Marketing	2009
Mark Chase	58	Louisville, KY	Sales	January, 2010
Deborah Denenfeld	58	Louisville, KY	Teaching Artist	2009
Marie Spalding	62	Louisville, KY	School Counselor	
Frank Kasdan	57	Louisville, KY	Small Business Owner	

¹ Note: Interviewees whose names are in bold are included in the video testimonial.

APPENDIX B: UNEMPLOYED PERSONS BY DURATION OF UNEMPLOYMENT



The CHAIRMAN. Thank you very much, Ms. Sipprelle, and for sharing the film with us.

Now we will turn to Amanda Greubel from DeWitt, IA. Welcome to the committee, please proceed.

**STATEMENT OF AMANDA GREUBEL, DIRECTOR,
FAMILY RESOURCE CENTER, CENTRAL
CLINTON COMMUNITY SCHOOLS, DEWITT, IA**

Ms. GREUBEL. Good morning, Chairman Harkin, Ranking Member Enzi, and members of the committee.

Thank you for inviting me to speak to you today.

My name is Amanda Greubel. I am 32 years old, born and raised in Iowa. I have been married for 10 years today to my high school sweetheart, Josh. He is the high school band director in the same district where I am the Family Resource Center director. We have a 5-year-old son, Benen, and our second child on the way in December.

Like a lot of American families, we have a lot of debt—mortgage, two vehicles, and because we both have master's degrees, a lot of

student loan debt. I have been invited here to speak to you today about my family and the families that I work with in my job.

Until spring of 2010, Josh and I were both accustomed to working full-time jobs. During the 2009–10 school year, the State of Iowa cut education funding mid-year, which forced our district to make some difficult choices. In the end, my contract was partially cut to three-quarters time.

As a result, our family lost \$10,000 per year in income, and we considered ourselves lucky because we knew it could have been much worse. Ten thousand dollars might not seem like a lot to some people, but that loss of income required a complete financial, emotional, and spiritual overhaul in our family.

Before the reduction, we followed a loose budget to make sure that our bills were paid and our needs were met, and then we spent what was left over as we pleased. We had just started a college account for our son and were looking at retirement options beyond our public employer retirement accounts.

After my job was reduced, we cut back our cable, Internet, phone service. We cut back spending on restaurants, entertainment, groceries, gas, and clothing. In our new budget, every penny we make and every penny we spend is accounted for on paper.

We realized quickly that living with so much debt is a liability in an unstable world, and so we set up a goal to pay off both vehicles and all of our student loans within 5 years, or at least as soon as possible. Every bit of income we have that isn't needed for bills goes toward that debt reduction effort.

Let me give you examples of what all this means in real life, rather than in general terms, on a day-to-day basis. It means that even though I don't like Wal-Mart and I would rather shop at local grocers, I shop at Wal-Mart for groceries because that is where the lowest prices are.

Sometimes the grocery money runs out before the end of the month, and then we have to be creative with what is in the cupboard. And that was a fun challenge at first, but the novelty wears off after a while.

Anyone who has been pregnant or spent time around pregnant women knows that our appetites are random and changeable and that we get nauseated very easily. I don't feel like cooking a whole lot these days. The smell of raw meat is unbearable.

But if my husband is working late, which he often does, and our restaurant money is gone, we are out of luck. My son ends up eating more cold cereal at dinner time than I care to admit. And he thinks it is wonderful fun, but I know that I am not doing the best I can for him.

It means that most of our clothing comes from Goodwill, garage sales, and the clearance racks because we try not to spend full price on anything anymore. It means that when my son brought me the snack calendar for his classroom and I saw that that month was his week to provide snack for 15 classmates, I was scared because I knew it would stretch the grocery budget even further. And we didn't have roast beef or pork chops in our house that month.

It means the only way we are able to have much of a vacation this year is through the generosity of a friend allowing us 4 days at his lake house for free.

This past spring, our son was hospitalized for 3 days, resulting in \$1,000 in out-of-pocket medical expenses beyond what our insurance covered. Then a problem with our roof required \$1,500 in repairs. Even though we have been setting aside money every month for emergencies like that, we still didn't have enough. And so, we have spent the last few months catching up.

And finally, this change in our finances meant giving very serious consideration to whether it was even a good idea for our family to have another child. Thankfully, life has a way of reminding us, through our son's brief illness and hospitalization, that some things are more important than money and that we will figure it out.

Honestly, it is exhausting to live this way, making every decision based on how it will affect your finances, and every little bit of money spent has to be carefully considered. All we ever wanted was a little bit of security. We never had dreams of great wealth. We chose careers that inspire us, knowing that we weren't going to make a lot of money at those careers.

We want security. We want a little bit of comfort. We want to know that our bills are paid, that our needs are met, that we can have a real vacation every once in a while, that our kids can pursue higher education without the burden of student loan debt that we have, and that we can choose to retire when we are ready and spend our final years together as we choose.

When I think back to our adult lives, the gentleman mentioned the social contract, and it strikes me that we did everything we were always told to do to have the American dream. We finished high school. We went to college. We got married. We work hard. We pay our bills. We have no credit card debt. We waited to have children until we believed we were ready.

We both got graduate degrees to be better at our jobs, make ourselves more marketable, and increase our worth as employees. We volunteer. We donate to help those in need, and we vote.

We did everything that all the experts said we should do, and yet still we are struggling. And when you work that hard and you still sometimes feel like you are scraping, it gets you really down really quick.

I have given you a picture of how my own family has been affected. However, my family is not the primary reason I have been here today. My family has been pretty fortunate overall. We have money to meet our needs and a few extras along the way. We don't have to choose between food and medicine or whether to pay the electric bill or put gas in the car.

I am here today on behalf of the families I work with, the ones who have lost their jobs, their health insurance, their homes, and their hope for things to get better. If my family with two master's degrees is struggling, you can imagine how bad it is for other people.

The past few years, our school district has seen our percentage of students on free and reduced lunch increase steadily. In a community that has a reputation of being very well off, over 30 percent of our elementary-level students qualified for that program this year.

I have sat with parents as they completed that eligibility application, and they cry tears of shame. And they say things like, "I

never thought I would have to do this,” and “I have never needed this help before.”

They worry that their neighbors will find out and that their kids will be embarrassed. And it is my job to reassure them that reaching out for help when you need it is no problem. It is not a shame. It is not anything to be embarrassed about. But it is a mindset that they have, that they are responsible for supporting their families.

I help parents apply for the State Children’s Health Insurance Program, and it kills me to tell them that there is no comparable program for them because they are equally in need of coverage. I have held women’s hands through pregnancy terminations because they knew they couldn’t afford to have another baby right now. I bought a week’s worth of medication for a child when a gap in medical insurance came at a bad time, and parents didn’t have the money to continue his medication.

I have listened to a coworker tell about how her spouse lost his job several months ago and was slipping into a deep depression. He had finally stopped looking for work. He quit helping around the house, and he stopped parenting their child. So not only had she become the sole breadwinner, she had become a single parent as well.

And I have worked with parents who lay awake at night, trying to figure out how to tell their children that Santa wasn’t coming this Christmas because mommy lost her job.

Even though economic experts use their nebulous measures to say that the current recession is over, there is an entire class of people who were lost before it even started and are still lost today. And when families are under financial strain, we see kids struggle in school. They have trouble focusing, and sometimes they develop behavior concerns that are really just an outward manifestation of their fear.

Kids don’t necessarily tell their parents when they are afraid because they see that their parents are stressed out enough already, and they don’t want to make it worse. Sometimes their clothing becomes more tattered, and we see parents cut the toes off of tennis shoes to accommodate a few more months’ worth of growth and let those shoes last just a little bit longer.

When kids don’t have enough to eat or they worry about losing their homes, they cannot concentrate on learning their math facts or their reading strategies. And in some cases, financial concerns lead to or exacerbate issues such as domestic violence, child abuse, substance abuse, and physical or mental health conditions. All of the things that are ailing our families right now are so interconnected.

When we turn on our TVs, our radios, or pick up our newspapers, we read about what is going on in our Federal and State Governments, and we start to believe that you don’t care about us. We hear that corporate welfare continues and that CEOs get six-figure bonuses at taxpayer expense, and we wonder who you are working for. And we look across the kitchen table at our families eating ramen noodles for the third time this week and wonder how that is fair.

We read that the wealthy get bigger tax breaks in hopes that their money will trickle down to us, and then we turn the page and

read about how our school districts are forced to cut staff again. We know that money talks around here, and that means you don't hear us.

I hold out great hope that today's hearing is not the end of this conversation, that you will return to your States and you will ask other everyday Americans like me what they really need. I may have been called on to be the voice of struggling families today, but there are millions more out there who want and need to be heard by you.

And I would ask that you not only listen, but that you then come back here and do something. Because it was your commitment and your passion for public service that brought you here in the first place. Please listen to them and listen to us.

Thank you for the opportunity to be here today, and I look forward to any questions you have.

[The prepared statement of Ms. Greubel follows:]

PREPARED STATEMENT OF AMANDA GREUBEL

Good morning Chairman Harkin, Ranking Member Enzi, and members of the committee. Thank you for inviting me to speak with you today. My name is Amanda Greubel. I am 32 years old, born and raised in Iowa. I received my Bachelor's degree in Social Work from Wartburg College in 2001, and my Master's degree in Social Work from St. Ambrose University in 2007. I have been a social worker for 10 years and have had the privilege of working with people of all ages, races, and socio-economic circumstances.

I am currently employed as the Family Resource Center Director for Central Community Schools in DeWitt, IA. The purpose of the Family Resource position is to work with families to meet students' needs outside of the classroom so that they can enjoy more success in the classroom. I coordinate an elementary mentoring program, summer enrichment programming, a grant program for children with disabilities, a Thanksgiving Food Basket program, and an "Adopt A Family" program at Christmas. I make referrals for health care, mental health care, utility assistance, housing, domestic violence services, clothing, health insurance, food assistance, and childcare assistance. And thanks to the generosity of my community, I have a donations account to help families in need with some concrete assistance such as school supplies, winter coats, gas vouchers, medication co-pays, electric bills, and emergency food baskets. I love my job; it's an honor to be able to assist so many of our local families in so many different ways.

I have been married for 10 years to my high school sweetheart, Josh Greubel. Josh and I have known each other for most of our lives. We began dating in high school, continued through college, and got married a month after I graduated in 2001. Josh has both Bachelor's and Master's degrees in Music Education and is the High School Band Instructor in the same school district where I work. We have a 5-year-old son Benen and our second child is due in December. Like many American families we have a mortgage, two cars, and (with two Master's degrees in the household) a lot of student loan debt.

I have been invited here today to speak to you about my family and the families I work with every day who have been profoundly affected by the long-term changes in our economy. Until spring of 2010, Josh and I were both accustomed to working full-time jobs. As the economy began to slide, we knew that our jobs could be in danger as States brought in less revenue and cut spending on education to balance the budget. During the 2009-10 school year, the State of Iowa cut education funding mid-year, which forced our district to make some difficult decisions. We collectively held our breath as the administration met behind closed doors. In the first round of proposed cuts, my position would have been reduced to half-time. My husband would have lost portions of his contract as well. Combined, this meant a loss of almost \$30,000 annually in our household. We were distraught, and in those few weeks a lot of tears were shed in our home. In the end when the district finally figured out where they stood financially, my husband's entire contract was restored, and mine was partially restored to $\frac{3}{4}$ time. As a result our family lost \$10,000 per year in income; we considered ourselves lucky.

Though \$10,000 might not seem like much to some people, the loss of that income required a complete financial, emotional and spiritual overhaul in our family. Every-

thing about how we managed our money changed. Before the reduction, we followed a loose budget to ensure that all our bills were paid, and spent what was leftover as we pleased. We had just started a college account for our son and were looking at options for retirement savings in addition to our public employee retirement accounts. After my job was reduced, we examined our budget and reduced or cut all unnecessary spending. We cut back our cable, Internet, and phone service. We cut back on spending for restaurants, entertainment, clothing, gas, and groceries. We set up a new budget and new financial goals. In the new budget, every penny we make and spend is accounted for on paper. We realized that living with so much debt is a liability in an unstable world so we set a goal to pay off both vehicles and all student loans in 5 years, or at least as soon as possible. Every bit of income we have that is not needed for bills or necessities is used as extra payment on those debts.

These are pretty general descriptions, so let me give you some examples of what all of this means in real life, on a day-to-day basis. It means that even though I don't like WalMart and would rather support local grocers, I buy groceries at WalMart because the prices are lower there. Sometimes the grocery money runs out before payday, and then we have to be creative with what we have in the cupboards until we get paid again. At first this was sort of a fun challenge, but the novelty wears off after a while. Anyone who has been pregnant or spent time around pregnant women knows that our appetites are random and changeable, and that the nausea can strike at any moment. I don't feel like cooking much these days and the smell of raw meat is unbearable, but if my husband is working late and the restaurant money is gone we are out of luck. My son ends up eating more cold cereal at dinnertime than I care to admit. He thinks it's wonderful fun, but I know I'm not doing my best for him.

It means that most of our clothing now comes from Goodwill, garage sales, or clearance racks. We try not to pay full-price for much of anything anymore. It means that when my son brought me the snack calendar for his classroom last year, I cringed when I saw that it was his turn to bring snacks for a week for his 15 classmates. I knew that it would further stretch the grocery budget. There were no roast beef or pork chops at our house that month. It means that the only way we were able to have much of a vacation this year is through the generosity of a friend allowing us 4 days at his lake house for free.

This past spring our son was hospitalized for 3 days, resulting in \$1,000 in out-of-pocket medical expenses. This month a problem with our roof required \$1,500 in repairs. Even though we'd been setting aside a little money each month for medical expenses and home repairs, we weren't prepared enough and have spent the last few months catching up. And finally, this change in our finances meant giving very serious consideration to whether having another child was really the best choice for our family. Can we afford daycare, diapers, medical expenses, and all the other costs of an infant now? Thankfully our son's brief illness and hospitalization reminded us that some things are more important than money and that we would find a way to make it work.

It means that every penny spent requires thought and planning and every decision made must be carefully considered in terms of its financial implications. Do we have money set aside for this? If we spend it now, will we have what we need for later? Could we get it for less somewhere else or at a later time? Is this really something we need? And if we have an unexpected expense, where can we pull that money from? College and retirement savings aren't even on the radar at this point, though hopefully that will change for us someday. Quite honestly, it's exhausting physically and emotionally to live this way. My husband and I didn't have dreams of great wealth. We never expected to have summer homes or expensive cars or vacations on the Riviera. We chose careers that inspire us, knowing that we would never make six figure salaries. All we have ever wanted is security and a little comfort: to know that our bills are paid, our needs are met, that we can have a real getaway every now and then, that our children can pursue higher education without the burden of student loan debt, and that someday we can retire and enjoy our final years together in the way we choose.

When I think back over our adult lives, it strikes me that we did everything we were always told to do in order to have the American dream. We finished high school, went to college, and got married after graduation. We work hard, pay our bills, and have no credit card debt. We waited to have children until we believed that we were emotionally and financially able to do so. We both got graduate degrees to be better at our jobs, make ourselves more marketable, and increase our worth as employees. We volunteer, donate to help those in need, and vote. We did everything that all the experts said we should do, and yet still we're struggling.

When you work as hard as we have and still sometimes scrape for the necessities, it really gets you down.

I've given you a picture of how my own family has been affected by the economic downturn and explained some of the difficulties we have had. However, MY family is not the reason I am here today. Circumstances beyond our control led to some tough times, but from this situation we were able to make some positive changes—better money management, clear financial goals, and a shift in priorities that put our family back at the top of the list. We have health insurance coverage and paid sick time through work. My family has been fortunate—we are still able to meet our needs and have a few extras from time to time along the way. We don't have to choose between food and medicine or whether to pay the electric bill or put gas in the car.

I am here today on behalf of the families who truly need your help, the families who have lost their jobs, their health insurance, their homes, and their hope for things to get better. If my family with two Master's degrees is struggling, you can imagine how difficult things are for many others. The past few years our school district has seen the percentage of students on free or reduced lunch increase steadily. Over 30 percent of our elementary-level students qualified for the program this year. This is in a community with a reputation of being well-off. I've sat with parents as they completed the eligibility application, held their hands as they've shed tears of shame. They say things like, "I've never needed any help like this before" and "I never thought I'd have to do this." They worry that their neighbors will find out and that their kids will be embarrassed. I reassure them that there is no shame in asking for help when you need it. I help parents apply for the State Children's Health Insurance program for their kids and cringe when I have to explain that there is no comparable program for them, the parents who are equally in need of coverage. I've held women's hands through pregnancy terminations because they can't afford another child right now. I've bought a week's worth of medication for a child when a gap in insurance came at a bad time and his parents didn't have the \$172 to pay for his medicine. I've listened to a coworker tell how her spouse who lost his job several months before was slipping into a deep depression and had finally stopped looking for work, helping around the house, or parenting their child. Not only had my coworker become the sole breadwinner, but she had essentially become a single parent as well. I've felt lucky to offer a temporary solution for parents who, following a job loss, stayed up at night worrying about how to explain to their kids that Santa wasn't coming this year because Mommy lost her job.

Even though economic experts use their nebulous measures to say that the current recession is over, there is an entire class of people who were lost before it officially started and are still lost today. They're used to working for everything they have and being self-sufficient. For their entire adult lives they've taken care of their families themselves, and we all know that there is pride in being able to do that. These people continue to be proud even as their circumstances change, which makes asking for help difficult or even impossible. And based on my experience, the children are generally a reflection of what is happening in the family despite parents' best efforts to hide their worry. When the stability of the family is compromised due to financial strain, we see kids struggle in school, have trouble focusing, and develop "behavior concerns" that are really an outward manifestation of their fear. Kids don't necessarily tell their parents that they're afraid, because they know their parents are stressed out already and they don't want to add to the strain. Clothing becomes more tattered and sometimes parents cut off the toes of a child's tennis shoes to accommodate a few more months of growing feet. When kids don't have enough to eat or worry about losing their homes they can't be expected to concentrate on learning math facts. In some cases financial concerns lead to or exacerbate issues such as domestic violence, substance abuse, and physical or mental health conditions. So many of the things ailing our families are interconnected.

In addition to job loss there are many factors that are further squeezing families. Health care costs are high for those who have insurance coverage and impossible for those who don't. Gas prices eat up a large percentage of income for people who have to drive several miles to work in rural areas like mine. Grocery prices mean that families choose between eating what's healthy and eating what's affordable. And to add insult to injury, families who are scraping by every day see no real relief in sight. When we turn on our TV's, our radios, or pick up our newspapers and read about what is going on in our State and Federal Governments, we start to believe that you don't care about us. We ask ourselves who our government is truly serving? We hear that corporate welfare continues and CEO's get six-figure bonuses at taxpayer expense, and we look across the kitchen table at our families eating Ramen noodles for the third time this week. We read that the wealthy get bigger tax breaks in hopes that their money will "trickle down" to us, then turn the page and read

about how our school districts are forced to cut staff—again. We hear about the scandals and the arguing and the backroom deals. We know that money talks around here, and that means you don't hear us.

I appreciate this committee's interest in these issues and willingness to listen to me today. I hold out great hope that this is not the end of this discussion, that you will return to your offices and your States and you will continue to ask everyday Americans like me what they *really* need. And then I hope you will act on what you hear and remember your passion for service that brought you to our Nation's Capitol in the first place. I may have been called on to be the voice of struggling families today, but there are millions more out there who want and need to be heard by you. Please listen.

Thank you for the opportunity to be here today and I look forward to any questions you may have.

The CHAIRMAN. Thank you very much for a most moving and eloquent statement.

Ms. GREUBEL. Thank you.

The CHAIRMAN. Very, very eloquent.

Now we turn to Mr. Clements. Mr. Clements, welcome to the committee, please proceed.

**STATEMENT OF THOMAS CLEMENTS, FOUNDER, OILFIELD
CNC MACHINING LLC, BROUSSARD, LA**

Mr. CLEMENTS. Thank you, Chairman Harkin, for this hearing. And thank you, Senator Enzi, for the invite to share my story.

I would hope my story shows the passion and dedication my wife and I have in our pursuit of the American dream and of life, liberty, and the pursuit of happiness. These were all at our reach before the moratorium.

We had projected plans and future goals within our reach. We were successful business owners. We were living our American dream. We enjoyed freedom as a result of the fruits of our hard labor. We felt like we could change the history of our family lives forever. Those were our hopes and our lives before the moratorium.

Today, after the moratorium, we are only in pursuit of survival. There is no future plans whatsoever of any kind. Our revenue dropped last year 55 percent from 2009 revenues, just like many other companies all across the Gulf States. And this year, our revenues are down 85 percent from 2009, 85 percent.

We lost all the employees we had and are running the business ourselves as husband and wife, a two-person shop. We have lost 2 years of time and productivity due to the moratorium and the continuation of the "permitorium." We ask ourselves today are we to trust our Federal Government anymore to partner with us in our pursuit of life, liberty, and happiness? We ask why has the Government become a player, not a partner in our business?

We don't want or need political answers to these questions. We want and need action from the Federal Government to put American energy workers like me and thousands of others back to work.

We are running out of hope. You, the members of this committee, offer us hope. Maybe one of you can convince the Administration to take action. Perhaps it takes the entire committee. Or maybe the Senate could take action to put American energy workers back to work.

Immediately putting the American energy workers back to work should be one of the easiest tasks before Congress. It is one of the

most important. But we need action. The words and hollow promises will no longer work.

Frankly, I was appalled with the President's speech in Brazil. I don't understand how anyone can consider it good policy to borrow money to loan to Brazil so that country can drill offshore and provide good-paying jobs for their people. Even more disheartening was the part where the President says he wants America to be their best customer.

If the energy industry is good enough for Brazil, why isn't it good enough for America and its workers? The President disappointed every single energy worker with that comment, and I expect many of you were concerned as well.

I wish he were more positive about our energy industry and the great things that are happening in our industry. For instance, Exxon just discovered a huge reserve of oil in the Gulf of Mexico, just waiting for American energy workers to extract. And the industry just produced a state-of-the-art cap that would ensure that a spill that happened in the Gulf never happens again.

These are great news stories, but we have heard nothing from the President. So today I am asking you, the U.S. Senate, to pass the three bills from last month—H.R. 1229, 1230, and 1231—previously passed by the House, which would ensure the American energy workers return to work in the Gulf. Putting the Gulf Back to Work Act, which ends the Administration's *de facto* moratorium in the Gulf of Mexico in a responsible, transparent manner by reforming current law to improve safety and setting firm timelines for considering permits to drill.

Recently, I heard of a new bill that was just passed, H.R. 2021, Jobs in Energy Permitting Act. I believe Senator Murkowski introduced a similar bill in the Senate. Yes, the President may veto these plans, but your override would send a strong message. A strong message that Congress supports America's energy industry and its workers.

I am ready to go back to work now, but I need your help.

Thank you.

[The prepared statement of Mr. Clements follows:]

PREPARED STATEMENT OF THOMAS CLEMENTS

My name is Thomas Clements. I live in Youngsville, LA, with my wife, Melissa. We are owners of Oilfield CNC Machining LLC., a machine shop in Broussard, LA. We have been married for over 6½ years and have three grown children.

CNC stands for "Computer Pneumatic Controls." I have been a skilled CNC machinist for 24 years. And for the past 24 years, I've always worked long hours and, for the most part, lived paycheck to paycheck.

My wife, Melissa, has spent the past 23 years working in the accounting field. Before we married in 2005, she was a single mother who had gone through Chapter 11 bankruptcy. She was working full-time, and her income was supplemented by rental properties she retained after the bankruptcy. But she worked very hard to keep up with the payment schedule from the bankruptcy in order to eventually pay off her debts.

I am sharing this with you so that you can better understand how it is that we became small business owners. Neither of us was born with silver spoons in our mouths; both of us worked long hours, and together we invested an enormous amount of sweat equity into finally becoming small business owners.

Over a period of 3 years, we carefully planned our finances to the dollar. My wife was successfully discharged from Chapter 11 bankruptcy. We paid off our cars and we saved everything we could in the hope that someday soon we could own our own business.

One day 4 years ago, a customer at the machine shop where I was employed approached me about a need he had for an additional machine shop. He was looking for someone with my skill set to take on a significant amount of new work.

My wife and I saw this as an opportunity to build our own business and live the American Dream, and we took the chance of a lifetime. We only had one customer, but that customer had as much work for us as we could handle.

We put in a bid for a \$320,000 job and won, and we immediately went out and leased a building and began purchasing the tools and supplies that we needed to open our shop. We sold most of our assets, and we re-financed our house in order to come up with the down payment on a critical piece of machinery that we needed to get off the ground.

We didn't have enough cash to purchase the tools and supplies we needed to open, but our customer agreed to give us an advance payment of \$80,000, and that was enough to get us off the ground.

We took enormous risks, but we felt confident that as long as America had a demand for energy, we could make a living in the development of America's energy resources.

So on December 3, 2008, we opened our doors for business.

Our first year, 2009, was a very successful year. We put all of our profits back into our business and caught up on all of our debts. We still couldn't afford to hire any help at that time, so I worked approximately 18–20 hours a day. I even slept on the couch in the shop in order to keep the machine working around the clock.

After 6 months, our customer offered to lease a machine to us that they owned. It was an opportunity for us to grow and expand, so we agreed to take another risk and leased the machine. When we could afford it, I hired someone to work on the weekends and someone to work with me during the week. Eventually we hired a cleaning lady and a yard maintenance worker.

The following year, 2010, started out the same as 2009 did—we were very busy, and we were excited as we planned for another successful year. As our business grew, we drew up plans to purchase our own building, more machines and hire more workers. We had purchase orders for work through the first week of June and verbal commitment for orders for the rest of the year.

But in April 2010, the BP oil spill happened, and 11 oil rig workers lost their lives very tragically. We have the deepest sympathies for their families and loved ones. We know that they were hardworking people just like us, and some bad decisions unnecessarily cut their lives short.

For us, everything changed. That's the first time I heard the President utter the word "moratorium." On May 27, the President spoke of a moratorium that would last 6 months. That shocked us all. Two days later, I received an email stating that "all of our orders for the remainder of the year were cancelled." By the first week of June, we were out of work, and everyone we knew in the industry was also out of work.

At that time we had approximately \$80,000 in the bank and \$12,000 in expenses each month—monthly notes, insurance and utilities. We unwillingly had to lay off all of our employees and began making plans to stretch our income through the 6-month moratorium. We went 5 months without a penny of income and no work orders.

In October 2010 the President announced that the moratorium was lifted. We were relieved, to say the least, and we were eager to go back to work.

But no work orders came in.

Later we learned that the Interior Department stopped issuing drilling permits without any explanation. They claimed that it was because of a safety issue. And we couldn't understand why, after 50 years of safe drilling, an entire industry had to be shut down because of the actions of one bad actor. That doesn't happen in the airline industry, or the rail industry, or the automotive industry.

The oil spill was caused by bad decisions made by BP's top executives. A Federal court found the Interior Department in contempt of court, but still there was no action by the Interior Department. No new permits were being issued.

This country has borrowed money from other countries to loan Brazil \$2 billion to drill offshore and the President says that "we will be their best customer."

Since the 2010 elections, the House of Representatives has at least tried to do something to get the oil field industry working. I have seen nothing pass the Senate as far as pushing to get permits issued and getting the offshore industry back up and working in full speed. Congress must act quickly to help our industry get back to work. We are tired of watching the work and the skilled workers move overseas, while untapped resources are right here in our own waters. We have even considered moving our business to Brazil, but we do not want to do that.

In the past 6 months, we've received a few small jobs, which were enough to barely keep our business from shutting down. But that status quo is unsustainable. We will be forced to shut our doors permanently unless American energy production resumes in the Gulf. And there are many, many more small businesses in the Gulf that are in the exact same situation as us.

Owning our own business and working to produce American-made energy in the oil field industry is our American Dream.

We believe that the government's role is to protect our country and encourage American workers to develop our natural resources. But instead, our government seem to be doing more to support foreign workers develop energy sources abroad.

I'm here today because our Nation needs energy, and thousands of energy workers like me are willing and able to help produce that energy right here at home. Mr. Chairman and members of this committee, please let us go back to work.

Thank you.

The CHAIRMAN. Thank you very much, Mr. Clements.

And thank you all for your very moving testimonies.

We will start a round of 5-minute questions.

First, Ms. Greubel, thank you very much for your very moving statement. With no slight to anyone else who is here or other previous witnesses we have had, I think that is one of the most eloquent statements about the plight of the middle class and what really is happening to families out there that I have ever heard.

Ms. GREUBEL. Thank you.

The CHAIRMAN. I am also told, today is your wedding anniversary—

Ms. GREUBEL. Yes.

The CHAIRMAN [continuing]. So thank you for being here today. I hope you make it home in time tonight. So happy anniversary.

Ms. GREUBEL. Thank you.

The CHAIRMAN. I understand your 10th?

Ms. GREUBEL. Yes.

The CHAIRMAN. Congratulations.

One of the points you made in your testimony is that you did everything you were supposed to do to reach the American dream, yet you say—and you said it in your statement and also verbally that, “When you work as hard as we have and still sometimes scrape for the necessities, it really gets you down.”

I am also aware of studies that have been done by the Centers for Disease Control and Prevention and other entities about the rising incidence of depression in the United States and how it does in many ways track the recession that we have had and people out of work. It is the kind of depression that just slows people down because in many ways they have tried to find jobs. They can't find them. You mentioned that yourself.

I just wonder if you could elaborate on that. Now, you deal with a Family Resource Center. You deal with people that, as you say, a lot of them don't have jobs, or they had them and they don't have them now.

Ms. GREUBEL. Right.

The CHAIRMAN. And they are really at the end of their rope. Do you see much depression, and do you see this kind of working on families?

Ms. GREUBEL. I think access to mental healthcare is one of the biggest barriers that families face. I think depression, a lot of times, is triggered by, No. 1, not feeling like you have any worth or you have any use to your society. And that happens when you

don't work. You don't feel like there is anything worthwhile that you are able to do to contribute.

And in addition to that, I think anyone who has kids knows that not being able to take care of your children on your own, not being able to provide for them, not being able to meet their needs is terribly, terribly distressing as a parent. And especially as this goes on for long periods of time, parents start to lose sight of the reasons that they can't do that, and they start to feel like failures.

And so, I absolutely think that we see a lot of mental health concerns—depression, anxiety, all of those things that are tied to financial issues.

The CHAIRMAN. How does that affect the children? What happens—you mentioned that kids don't study very well. They start falling behind. Do you see that happening?

Ms. GREUBEL. Yes. Children, like I said, a lot of times, they see their parents very worried about what is going on. They know that their parents are concerned about keeping the house. They know their parents are concerned about putting food on the table. And even at a very young age, they know that if they are worried that adds stress to their parents. So they don't want to tell their parents that they are worried.

I have kids coming into my office who just break out and cry in the middle of class, and the teacher brings them to me and says, "I don't know what is going on, and they won't tell me." And sometimes I have a little bit different insight into what is going on with the family than the teacher does. And so, sometimes I can ask some of those questions to bring that out.

But I ask, "Have you talked to your parents that you are scared?" "No, because they are already stressed out, and I don't want to make things worse."

But we see kids have trouble concentrating. We see kids start to act out because they just don't know how to handle those very adult issues that are going on. And I certainly don't blame the parents for not addressing that with their kids because they are trying to handle it on their own, too.

The CHAIRMAN. One of the topics we deal with regularly in this committee is pensions. I have been having some hearings. We are going to have more on pensions. Unfortunately, what we know is that the majority of Americans are woefully unprepared for retirement.

In your testimony, you talk about how difficult it is to save for retirement, save for your kids' education, putting food on the table, gas in the car. You are a public employee in Iowa. So you are in the Iowa Public Employees Retirement System, I assume.

Can you give us a sense of how important earning that pension benefit is to you? Where would you be if you did not have that kind of a pension program out there for you?

Ms. GREUBEL. Kind of a safety net. Well, I can tell you that college savings and retirement savings for my family aren't even on the radar right now. And knowing that we have IPERS, our public employees retirement system, that gives us a little bit of sense of hope that we will have something when we are ready to retire, but there have also been a lot of talk about making changes to that and reducing the percentage of income that that will provide to people.

Even that isn't secure, and we know that. And we know, most of the employees know that you have to have something else.

The CHAIRMAN. My time has run out. Thank you very much, Ms. Greubel.

I have more questions for Mr. Bernstein and Ms. Sipprelle and Mr. Clements. I will do that on the next round.

Ms. GREUBEL. Thank you.

Senator ENZI. Thank you, Mr. Chairman.

Mr. Clements, I want to thank you for testifying today. I know that you had to close your shop for 2 days to make this trip, and I know that that is tough in any business. But I really appreciate you going to that effort to do it.

Your business and your work doesn't involve directly drilling for oil, but it has still been decimated by the drilling ban and the refusal to grant permits. What other types of businesses in your area have been negatively affected by this collapse of the industry?

Mr. CLEMENTS. Senator Enzi, there has been several. We have supply companies that we buy our supplies through. Truck drivers that actually bring it to you. You know, you have your local restaurants where people are scaling back on their cost-of-living and stuff. Insurance, people are not buying life insurance anymore.

There has been a number of different businesses all throughout the area, and it is just incredible.

Senator ENZI. How did you obtain the skills and the knowledge to become a computer pneumatic controls machinist?

Mr. CLEMENTS. It was something that I started 25 years ago, started out with a manual lathe. The passion and the excitement that I have for being a machinist is something that you take a blueprint, and you make parts. And then there are other machinists involved, and it is kind of like putting together an engine.

You machine all these parts, and it had to be perfect. You put this engine together, and then you watch it start up and run. And for some reason, it is an excitement to see that, and it is also a camaraderie because engineers spend so much time putting these blueprints together.

Sometimes they spend a year or two designing and building parts, and then you become part of that process. And for me, that is where the passion comes from and the excitement. So it is a great trade.

Senator ENZI. From your testimony, I can see that you have been involved in the manufacturing world for 24 years now.

Mr. CLEMENTS. Yes.

Senator ENZI. Would you recommend that field to young people that are just starting out?

Mr. CLEMENTS. Absolutely. Absolutely. Especially young guys that are in high school that are in wood shop and stuff like that, mechanic shop, stuff like this. This would be a field for them that they can get into. There is journeyman's program where you can actually be certified as a journeyman and go on to have a good paying job.

So, yes, I do recommend it.

Senator ENZI. What is going to happen to your business and to you and your wife if the drilling in the Gulf doesn't return to what it was before? I heard you say that you had an 85 percent loss of

revenue—and I know you can't operate on 85 percent loss in any business. So what is going to happen to your business and similar businesses?

Mr. CLEMENTS. Well, what would happen, we would eventually have to close our doors. I mean, it is tragic. Maybe we need to learn Portuguese or learn Spanish and go to another country. I mean, that is where some of the money, our money is going into work and stuff.

That is what would happen. Our American dream would go down, and we would have to go back to living paycheck to paycheck and try to learn to survive all over again and try to find the will and the courage to go after an American dream again and with some kind of hope. You can't give up.

I guess that is why I am here. Because you just can't give up. I know there are other small businesses out there that are struggling, and you just can't give up. You have got to keep after this. Things are going to turn around. And so, we are just trying to keep the faith, and we are doing the best we can.

Senator ENZI. Well, I appreciate the courage of anybody that goes into small business. My wife and I started a shoe store, and there are a lot of decisions that people would see as being very normal. But the life of the business depends on them, and those decisions have to be made daily.

Of course, I don't think a person has really been in business until they have had that wake up in the middle of the night, sit bolt upright, and say, "How do I pay the bills tomorrow?"

Mr. CLEMENTS. Absolutely.

Senator ENZI. So thank you for taking that risk, and we hope that you get back to a point where you can not only have the American dream, but have a number of employees.

I see that my time has run out, too, and I have questions for the other three. So I am glad we are going to do another round.

The CHAIRMAN. Thank you, Senator Enzi.

In order of appearance, Senator Franken, Senator Whitehouse, Senator Blumenthal, and Senator Bennet.

Senator Franken.

STATEMENT OF SENATOR FRANKEN

Senator FRANKEN. Yes, thank you, Mr. Chairman, for this hearing.

And thank you all, all of you, for testifying. I have been a small businessman myself and have sat bolt upright in the middle of the night. Usually, it was to think of a joke or something.

[Laughter.]

"Yes, that will work." But I hired people, and I like to think I was a successful small businessman.

Unfortunately, a number of us had to go to a Judiciary executive meeting. So I missed some of the testimony, and I missed the Ranking Member's opening statement. But as I understand it, in it, he mentions polling that over one half of Americans believe that the stimulus did nothing or hurt the economy.

Mr. Bernstein, if a majority of Americans believe something—for example, I know at one point, 75 percent of Republican-likely voters believed that the President was not born in the United States

or may not have been born in the United States—does that make it true? Does it make it true when the majority of people believe something?

Mr. BERNSTEIN. No, of course, it doesn't, Senator. And I was caught up by that same statistic. I think there are certainly ways in which polling data can inform our thinking about how impressions are formed. But when it comes down to the basic facts of the case, as in the case of the Recovery Act, that is probably the least informative statistic I can think of.

Much better would be to look at the evidence, empirical evidence, and probably the best way to do that would not be to look at the Administration's own evidence because one could argue there is a thumb on the scale there and look at, for example, the Congressional Budget Office. I think widely regarded in these halls as being an arbiter of such things, the Congressional Budget Office has found time and again in numerous reports that the American Recovery and Reinvestment Act created up to about 3.5 million jobs and shaved a couple of percent off the unemployment rate and helped essentially move forward the economic recovery.

That is, the great recession would have been longer and deeper in the absence of it. None of that is to imply that we are back to where we need to be, but the evidence is very strong in that regard.

Senator FRANKEN. Sometimes the American people are subject to some misinformation. I have heard colleagues of mine on the floor, some of my friends from the other side of the aisle say that no jobs were created other than for Federal bureaucrats.

In my State, a lot of roads were built, water towers, and those things. Do Federal bureaucrats come from Washington to run heavy machinery in Minnesota?

Mr. BERNSTEIN. Thankfully, no. I, myself, was struck by some of those comments, having traveled with the Vice President, the implementer-in-chief of the Recovery Act, to job sites across this country, including in States of many of the Senators who are represented here today. And saw with my own eyes precisely what you are talking about, a great deal of work in progress.

Senator FRANKEN. A large part, actually, of the Recovery Act were tax cuts, were they not?

Mr. BERNSTEIN. About a third.

Senator FRANKEN. About a third. I hear a lot about tax cuts now. I hear a lot of my colleagues on the other side say that tax cuts always increase revenues. And I am a little bit confused about that.

I hear that tax cuts always increase revenues, but then I hear a complete contradictory thing, which is the reason to have tax cuts is to starve the beast. As President Reagan once said, "you can't cut taxes unless you cut spending first." If you tell a child that buys too much, if you cut off his allowance, then he will stop buying stuff.

And so, this seems to me contradictory that on the one hand, tax cuts do two mutually exclusive and contradictory things. They always increase revenue, but on the other hand, they decrease revenue. Can you tell me which it is?

Mr. BERNSTEIN. Sure.

Senator FRANKEN. Because I am confused.

Mr. BERNSTEIN. Generally, tax cuts are going to decrease revenue. There are cases where tax cuts can stimulate economic growth that otherwise wouldn't occur, and some of that growth spins off revenue. But one has to be careful of overestimating that effect and going to the kind of a Laffer curve idea, which, by the way, serious supply-side economists don't even believe that, that it is a dollar-for-dollar tradeoff.

I mean, if you look at—and here is the punch line, sir. If you look at the factors that are mostly responsible for the long-term increase in the budget deficit policy wise—I am not talking about healthcare costs, which have been an ongoing structural problem. And the Center on Budget and Policy Priorities has very good graphics on this that I would be happy to share with you. You will find that the largest contributor to the growth in the budget deficit are the Bush tax cuts, hands down, no competition.

The Bush tax cuts are way, way, way swamp any effect from, say, the Recovery Act. The second-largest factor, by the way, in terms of policy changes in recent years in contributing to the growth of the deficit would be the wars. But the Bush tax cuts are a very large revenue loser in the sense that you were asking about.

Senator FRANKEN. Thank you for clarifying those questions that I had.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Franken.
Senator Whitehouse.

STATEMENT OF SENATOR WHITEHOUSE

Senator WHITEHOUSE. Thank you, Chairman.

Ms. Sippelle, I understand you grew up in Rhode Island?

Ms. SIPPRELLE. Yes, I did.

Senator WHITEHOUSE. Wonderful. I congratulate you on your excellent work on the "Over 50 and Out of Work" project. I am always glad to see Rhode Islanders doing great things, even if they have moved to other places.

I was happy to see that your project included five of our fellow Rhode Islanders, some of whom I have had the pleasure of meeting. One of those is George Dys, from Forestdale. He was not in your presentation today, but I would like to add his story.

George was laid off from his career as a design engineer over 3 years ago and still hasn't been able to fully get back into the job market. Not for lack of trying. He has gotten training in other industries and is willing to do just about anything. But as you know, we are at 10.9 percent unemployment in Rhode Island, and that makes the job market very difficult.

I think it is safe to assume that George and probably most of the people that you interviewed never thought they would be collecting unemployment benefits. That was not something that was on their horizon at all. And yet the recession came. The disaster on Wall Street created this cascade of misery across the country that knocked down people in Rhode Island and other places, and we have had to fight very hard to try to keep unemployment benefits going.

As you will recall, we were only allowed to increase unemployment benefits, you know, a month and a quarter at a time, and

each time there was a price to be paid for it. Basically, the people in Mr. Dys's situation were held ransom for other political demands that people had here in Washington.

Just react for me to the people who are the so-called 99ers now, for whom 99 weeks have gone by, and even though we extend unemployment benefits within that period, once you are at the end of the 99 weeks, you are just done. And for a lot of those people, they never imagined they would be on unemployment at all, let alone on unemployment for 99 weeks.

So they spent down. They used a lot of their resources waiting for the day when they would be back on their feet again, and now they find themselves in real trouble. What are you seeing for that group of folks?

Ms. SIPPRELLE. If I answer specifically about George Dys, he is driving a bus or a van part time, and he also got a real estate license, and he is trying to sell homes, which is also a difficult proposition. But that is all he can find. He is a good example of many of our interviewees who have put out hundreds of resumes and have been unable to find employment.

I think what it comes down to, Senator Whitehouse, is a lot of people are then forced to take jobs, as maybe we have heard a little bit about today, that are severely under their skill level, or they accept a rate of pay that is much lower than they received previously. Or they take a job without benefits. Or they work fewer hours. So even though they get—

Senator WHITEHOUSE. And in some cases, they can't move to find a better job because they are under water in their home mortgage.

Ms. SIPPRELLE. Exactly. And sometimes, even though this is not an economic effect, people in my generation—because I am 53—are taking care of elderly parents, and they are unable to move because they are caring for a father or a mother in their hometown. And you would be surprised how often that comes up in our interviews.

But underemployment is just a huge issue, and I can give you so many examples of our interviewees because since our project has been going on for 16 months, many of our interviewees have run out of unemployment benefits over that period of time. And they are really—

Senator WHITEHOUSE. That is pretty harsh.

Ms. SIPPRELLE [continuing]. Really struggling, and they are accepting jobs that pay 25 percent or 33 percent of what they received previously. Or they are forced into becoming independent contractors or consultants.

I am not saying that that is necessarily a bad thing. But as Senator Enzi said, becoming a businessperson takes a whole basket of skills, and not every person who has worked 30 years as an engineer is suddenly equipped to become a marketer for his or her own services and to be constantly promoting him or herself.

I am definitely not saying that people can't acquire those skills, and many of our interviewees have proven to be remarkably resourceful and determined and find ways to get back to work. But I can tell you for sure they are not getting back to work at salaries comparable to what they received previously, nor with benefits.

Senator WHITEHOUSE. I have just a few seconds left. So I will wait for the second round.

But, I did want to mention to Mr. Clements and Ms. Greubel that in my second round, I would like to discuss the IRS information that shows the top 400 income earners in the country who earned over a quarter of a billion dollars each actually paid taxes of 18.2 percent.

When you have the chance in the next round, I will ask you to think about if you put your withholding and your income together, whether you pay more than 18.2 percent. So that is a preview of coming attractions, but my time has expired.

The CHAIRMAN. Thank you very much, Senator Whitehouse.
Senator Blumenthal.

STATEMENT OF SENATOR BLUMENTHAL

Senator BLUMENTHAL. Thank you, Mr. Chairman.

And like others who are here today, I want to thank you for having this hearing focusing on such a critically and profoundly important issue in American society today and thank the witnesses who are here for taking time from your schedules, which I know are demanding.

Since we are on the topic of local connections, I notice, Mr. Bernstein, that you went to Ridgefield High School in Ridgefield, CT, which no doubt has contributed substantially to your success. I want to focus on a really very fundamental point in your testimony and I'll begin with you. And if others have any comments on it, I would welcome them.

You note, and it is substantiated by Table 3, the very different experience of middle-income married women as opposed to single mothers, particularly low-income single mothers, in the economic downturn. And note that single-income mothers, and I am quoting, "lost considerable ground" and say that the different experiences are worthy of further study.

I wonder if you could offer some potential explanations or hypotheses that might account for those differences, which I think in the bare statistics really reflect a very, very significant impact on children as well as those single mothers.

Mr. BERNSTEIN. Thank you very much for raising that. And yes, a former Ridgefield Tiger. But I have to go back a lot of years to remember that.

I appreciate your raising that because too often when we are focusing on middle-income families, we can ignore the fact that single mom families in particular have one breadwinner, one sole breadwinner. So they don't have the ability to fall back on another earner kicking up their hours or work in a downturn.

And as you point out, in my Table 3, I show that these moms on average earned about \$18,500. You have heard from folks on the panel today about what life must be like on that kind of an income. That was in 2007. By 2009, they were down \$1,500, a huge loss off that low a base.

You mentioned their hours of work fell by 100 hours on average. That is over 2 weeks of full-time work. My sense is that when the economy contracted, places where those women found work were subject to large layoffs. One of the things that tells you is that probably not enough of them are in healthcare because, actually,

healthcare is a sector that continued adding jobs even throughout the worst jobs recession any of us have ever seen every month.

So I suspect many of these women—this is fodder for further research—worked in the public sector in some way. Maybe childcare aides, maybe aides in the school. And that is where we have seen 350,000 jobs laid off in State and local employment over the past year and a half.

Even as private sector growth begins to come back and employment in the private sector is up, 350,000 jobs cut from the State and local sector because of those budget constraints. And I suspect there is a connection there, Senator.

Senator BLUMENTHAL. Any of the other witnesses have any comments on that? And I might just say also in the spirit of coming attractions, I would be interested in what you, as members of the panel, would recommend be done with regard to that particular segment of the population.

Ms. GREUBEL. I would like to say that in addition to women working, tending to work more in sectors that get cut and also have lower pay, the single moms especially are limited in the types of jobs that they can take. If they have school-age children, they need to work during the school day because, otherwise, No. 1, finding childcare at night is a disaster and a nightmare. And No. 2, they don't have someone else at home to be there when the kids get home and make them supper.

If they don't have school-age children, if they are looking at childcare, a lot of times childcare takes up a majority of the income that they bring home. And so, we see these families who have been on public assistance for years. Because if you think about it, if you are on public assistance, you can get your health insurance. You get a little bit of income, even though it is not hardly anything, and you can take care of your kids.

And sometimes you can get childcare assistance if you go back to work. But you don't want to work too much because you can only work like 28 hours and still get that. So it is sort of creating a vicious cycle here with these families that we tell you, "Go to work, go to work, go to work," and the only jobs that they can find that fit with what their family needs are jobs that don't pay enough to provide them those same benefits of healthcare and that assistance.

Senator BLUMENTHAL. Thank you for those comments.

My time is up. But I might just comment that your explanation, at least in part, I think is substantiated by Mr. Bernstein's findings, I think in footnote 4, that low-income married women had work and earning patterns over the recession that looked more like middle-income wives than single mothers. So the fact of being married, of having someone at home, in effect, a means of childcare, is an important factor here.

Thank you, Mr. Chairman.

The CHAIRMAN. Thank you, Senator Blumenthal.
Senator Bennet.

STATEMENT OF SENATOR BENNET

Senator BENNET. Thank you, Mr. Chairman.

Thank you so much for holding the hearing. I am sorry I wasn't here earlier. I was on the floor, imploring people to stop screaming at each other over our debt and our deficit.

While we were screaming at each other over the last couple of years, I spent a lot of time in town halls in Colorado. And if I had to pick one economic fact out of the mix that worries me the most, it is the decline of median family income in this country.

People never thought that they would be displaced in an economic downturn or thought that they would be working for less at the end of the 10-year period than they were at the beginning. And they are coming to my town halls and saying, "I have done everything I was supposed to do. I am making less. I sent my first kid to the fancy school, and I am not going to be able to send my second kid there," or "I can't send my child to the best school they got into."

This is an important issue, and I don't believe we really have a theory, a working theory about how we are going to change the arc of that curve. But I wanted to ask Mr. Bernstein a couple of questions.

First, I have seen some data recently that shows that the unemployment rate among people with a college degree is about 4.5 percent in this country. It is far, far higher if you have only a high school degree or no degree at all. I wonder if you could talk a little bit about the importance of educational attainment for driving the middle class in this country and the flip side, the economic disparities that are caused by educational disparity in this country?

Mr. BERNSTEIN. The unemployment rate for college-educated workers, as you said, is about 4.5 percent. That is actually a couple percent higher than it typically is in an economy that is percolating along at its potential. But even so, 4.5 percent is about half the overall rate.

Unquestionably the case that a college education, to some extent, insulates working people from many of the difficulties that we have heard about in today's panel and that I document in my piece. The unemployment rate among high school dropouts is almost always in the double digits. And if you look at minority high school, even high school completion or particularly high school dropouts, you will see a permanent recession, if not depression level unemployment rate.

So there is a very steep gradient to higher education being associated with lower unemployment rates. That said, as one of my colleagues mentioned, even college-educated workers find themselves often underemployed or experiencing declining real wages right now, but from a much higher level than folks with less education.

Senator BENNET. People would argue a little with the statistics sometimes, but rough justice. If you are born into a low-income neighborhood in this country, your chances of graduating with a college degree are around 9 in 100, which means 91 out of 100 will not have the benefit of a college degree.

How should we think about the chances of people in that situation attaining a middle-class dream?

Mr. BERNSTEIN. That is a great question, and it is something that I have tried to focus on in my research. In fact, I think one

of the themes that comes out of the panel today is the importance of economic mobility, which is really what you are talking about.

The idea that embedded in the middle-class dream is the idea that if you work hard and you play by the rules, you will be able to get ahead. And one of the main ways that parents help their children get ahead is through access to higher education.

In that regard, as I pointed out in my testimony, the increase in the sticker price of college tuition is one of the factors behind the immobility problem that you documented. And in that regard, the significant extensions of Pell grants under this Congress has been instrumental in helping to offset the increase in those sticker prices, and I see attacks on those Pell grants coming. And I think they are exactly wrong in the sense that we are discussing.

Senator BENNET. I am glad you raised that. My time is up, but I would say on that point that the two groups of people in the town halls that are worried the most and that I worry about the most are people in their 50's that are finding themselves out of work and untrained and our young people, who are graduating into an economy that just has no place for them.

At least we have got a theory of action for them, which is take refuge at a college campus, because that investment in the long run is going to pay off mightily for them and for our country. So I agree completely with you.

Now we have got to figure out, though, what we do with the people in their 50's that find themselves in a place where they need to be retrained or need to move someplace to do their work.

So thank you to all of you. I am sorry that I didn't get a chance to ask everybody questions.

But, Mr. Chairman, thank you for holding the hearing.

The CHAIRMAN. Thank you, Senator Bennet.

And we will start another round, keeping in mind that we have two votes starting at noon. So we will try to adhere to our 5-minute rounds.

Mr. Clements, I read your testimony last evening and listened to you today. And quite frankly, you and your family obviously have our sympathy about what happened. And hopefully, things are getting better.

I understand that permitting is underway. Here is what I was told—that shallow water drilling has continued. Deepwater permitting seems to be back up to approximately its pre-moratorium level that we had before.

So I guess what we are seeing is even though you got hit pretty hard, do you see things coming back now?

Mr. CLEMENTS. Quite frankly, no, Senator. I don't see any of that. The permits that were issued, these were deepwater rigs that were already operating before the oil spill, to my understanding. I believe there is only one or two new exploration drills, permits for drilling.

You know, the permits are not being issued like they were back before the oil spill, and that is what needs to happen for our business to get back accelerating like it was before and to create the jobs and keep the revenues coming in here for the Federal Government as well.

The CHAIRMAN. I will check this out. But I am told that 56 new shallow water well permits have been issued since June 2010. Permits have averaged more than 6 per month over the past 8 months, compared to an average of 8 permits per month in 2009.

And deep water, 88 permits have been approved since last October. Eighty-eight permits have been approved. There are 28 pending. Twenty-four were returned to the operator with requests for additional information, particularly information regarding containment. And overall, the United States has more drilling rigs in operation now than at any time in history.

Mr. CLEMENTS. Right.

The CHAIRMAN. I see this. I hear you. I am thinking, well, maybe we had a hit, but maybe we are——

Mr. CLEMENTS. I am sure your resources are better than mine. So the only resources I get is from customers that I do work for.

The CHAIRMAN. And I understand that.

Mr. CLEMENTS. And they tell me that the work that I am doing is for international work, for out of the country. We don't even do work for the rigs that are out here in the Gulf of Mexico. So, I mean, that is the information that I get personally from customers that are dealing with customers overseas.

The CHAIRMAN. And the reason I have sympathy with you is I have a nephew——

Mr. CLEMENTS. OK.

The CHAIRMAN [continuing]. Who has a machine shop in Rock Springs, WY, and has had it for some years. His father had it and since passed away. My brother-in-law since passed away. And he has operated that. And boy, I have seen his ups and downs.

Of course, we had the oil patch in Wyoming. It went up, and he had a lot of work. Then it went down. Then it went back up.

But like you, he just toughed it out. There were times when he was doing a lot of work, then at times less just because of what was happening with oil in that area around Rock Springs. But it had to do just basically with the vagaries of what was happening with the oil patch at that time.

And so, I have seen what happened to him, and it sounds a little similar to yours.

Mr. CLEMENTS. With all due respect, when the moratorium happened, we got our email. We had verbally committed for 6 months of work, and we got our email, and all our orders are canceled because of a moratorium that was put in place by the President——

The CHAIRMAN. Yes.

Mr. CLEMENTS [continuing]. Without any kind of economic data or any recommendation from anybody, for the way I understand it.

The CHAIRMAN. Yes.

Mr. CLEMENTS. And so, we are very shell-shocked over that. There was no economic data done in the revenues being lost and all this. And then, I honestly believed that after the moratorium was done, that permits would start being issued again, and we would go back to work. You kind of have that belief. And then, suddenly, we find out that they are just not giving out permits.

So this continues on for months later. And then, of course, back in February and March, they start handing out a few permits before, I guess, the stories start getting hot or heated or something.

So maybe they are giving out some more permits. Maybe that just happened recently, and I haven't found any data about any of it, or there is really no press releases being issued about it anymore.

But like I said, your resources are better than mine.

The CHAIRMAN. I hope it is going back up.

Mr. CLEMENTS. I appreciate it.

The CHAIRMAN. One question of Mr. Bernstein, my last question. You said in your statement why low-income single mothers lost more ground in the recession compared to middle-income wives is worthy of further study. Putting aside child support, single mothers are, by definition, the sole breadwinners of their families, and these families are economically more vulnerable than most two-parent families.

Could you elaborate on this finding? Low-income single mothers lost more ground in the recession compared to middle-income wives?

Mr. BERNSTEIN. Right.

The CHAIRMAN. What is that about?

Mr. BERNSTEIN. I think that has to do with the sectors that they work in and the basic time constraints that a single mom faces, particularly regarding childcare. By dint of having a two-parent family, as was noted earlier, the ability to have more flexibility in the jobs you accept, schedule wise, is greatly enhanced.

And when you are talking about an income, as I show an average income in the \$18,000 range, I looked at single moms in the bottom three-fifths of the income scale. So I looked at the majority of single moms, and that average income is as I just mentioned. You simply don't have the resources to go out and buy "Cadillac flexible" childcare. So you are very constrained on your schedule.

I think it probably—and I have to do more research on this. As I suggested, this is a finding that came up as I was preparing for this testimony. I think it may well have—I wonder if it has to do with all of the deep cuts that have been occurring lately in State and local jobs.

Maybe these are home health aides. Maybe they are some childcare workers themselves. Maybe they are folks who work for the education system. And in that sense, that is where you see really very significant layoffs over the past couple of years.

Even as the private sector employment is growing, the State budget cuts are leading to a very solid layoff. And yet we sometimes disparage the public sector workers. They are on the dole or whatever. These are teachers. These are childcare workers. These are firefighters. These are folks like we have heard from today.

The CHAIRMAN. Exactly. Thank you very much. I ran over my time. I apologize.

Senator Enzi.

Senator ENZI. Thank you, Mr. Chairman.

I would like to comment a little bit on the supply of domestic oil. Because if it was back to normal, the President would not have had to tap the SPR this morning, and that is the first time that has happened since Hurricane Katrina. So we are short of oil.

You mentioned the number of permits that are being given out, it doesn't matter how many permits you give out if there are no

rigs available. Eight rigs have already gone international, and six more are being marketed internationally.

What you lose along with the rig are the employees that are skilled and trained in that as well. And so, the number of permits, if they come late and all the rigs are gone, which has happened two other times in U.S. history that have driven up gas prices, we are kind of in that crisis again.

But to move on before I use up my round on something that I am very passionate on, another topic that I am very passionate on and have worked on with Senator Akaka is financial literacy. There are a lot of people that are going through some real crises on it now. Ms. Greubel, I really appreciate your comments about the way that you are having to budget and the situation that you are in.

You mentioned that you are accounting for every penny. Did you take a course in this, how did you get onto the budgeting part? Because that is critical to people in America right now.

Ms. GREUBEL. Thankfully, I have several friends who, when I put out a call and said I need to figure this out and how to cut some money, I have several friends who recommended Dave Ramsey's "Total Money Makeover." I checked that book out from the library, and it is just very common-sense and really resonated, and I thought, "I can do this."

And I am not a real math-minded person. You get past the basics, and it is sort of beyond me. So the fact that Mr. Ramsey had everything, all these things laid out. This is how you do it. That was very easy for me to follow. Not easy to put into practice, necessarily. But easy to figure out how to follow.

And one of the things that I am hoping to do this next school year is to have a parent get-together, invite any parents who want to come in, and sort of talk about, OK, what does it mean to have a budget? How are some ways you can save money on groceries and some of these basic expenses?

And have people—because I think, collectively, we have a lot of wealth of knowledge about how to do this. It is just that we have to talk about it and share our ideas amongst people who need that help.

I feel very fortunate that I discovered that resource, and I know a lot of families who financial literacy is the key to helping them sort of manage their circumstances.

Senator ENZI. Thank you. You made some comments that kind of tipped me off that maybe author Dave Ramsey had been involved.

Ms. GREUBEL. Yes.

Senator ENZI. One of them was that you had your credit cards paid off.

Ms. GREUBEL. Yes.

Senator ENZI. I have had some experience with people in Wyoming that have gone through that kind of a process, too, and are now spreading the word. In fact, I mentioned it at one of my staff meetings, and several people on my staff picked up a copy of his book and put that into operation and have taken courses since. And it has had a very positive effect in their life.

It is about the only way you can get through a crisis that you have explained. But it goes beyond that, and once the crisis is over, it helps to put a person in a good financial position, hopefully, to have that American dream. So I really appreciate the fact that you are spreading this message of financial literacy.

Ms. GREUBEL. Thank you.

Senator ENZI. We probably ought to come up with a more friendly name than that, to get people inspired to get themselves out of debt. So I really thank you for your testimony today and the opportunity to mention that, too.

Mr. Bernstein, in your June 12th article, you talked about direct job creation and you discount the benefit of private sector job creation. You seem to suggest that we need a second larger stimulus bill. You acknowledge, however, that the problem with large public work projects is the hoops the Federal Government makes a contractor take before construction begins. I am not so sure that isn't where the President's comment came from that the shovel-ready projects weren't as shovel-ready as he expected.

But I would agree that there are too many rules and regulations from the Federal Government. Do you have any specific rules or regulations you think should be repealed to help move projects forward?

Mr. BERNSTEIN. I don't have any specific rules and regulations, and in fact, when I have looked at this, I may view this slightly different than you, though I think we probably share the basic core of your idea in that it—I don't know that the problem is with the rules and regulations. In my view, the problem is how long it takes for those rules and regulations to get approved.

What I would like to see happen is the decision from contract approval to contract implementation happens much, much quicker. And having looked at the regulatory process, I believe it could be done.

I think rather than—and there are rules. And by the way, the acronym is OIRA. In the OMB, Cass Sunstein's division over there have been looking at clearing out some of the regulations that are antiquated, and I fully support that work.

Senator ENZI. So far, I don't think any of those have happened. They should happen.

Mr. BERNSTEIN. They should happen. I agree with you. They should happen and soon.

Senator ENZI. My time is limited. I am actually out of time, and I do need to mention that we have the Workforce Investment Act bill coming up for markup. That is a job training bill that could help to train 900,000 people a year to higher skill jobs that are available in their area. I am hoping we can get that through this committee and through the Senate.

I have been working on it for 5 years. Job training is important. We ought to be able to get it done.

The CHAIRMAN. And I want to publicly thank you, Senator Enzi and Senator Murray, both, for your diligence in working on this, at least since I have been chairman over the last year. You have been on it longer than that, and I thank you for all your hard work in getting it to the point where I hope we are going to get it done.

Senator ENZI. Thanks for your work and Senator Isakson's, too.

The CHAIRMAN. I hope we get it done before we get out of here next week.

Senator FRANKEN.

Senator FRANKEN. I want to thank the Ranking Member for his work on WIA. We also had a nice discussion about the ESEA reauthorization and his hard work on that.

I haven't read Dave Ramsey's book, but I guess I will go out and get it.

[Laughter.]

Mr. Clements, thank you for your testimony. I share the chairman's sympathy, and I think all of us do, with what happened to you. I liked what you said about your business. You are a manufacturer, and you are machinist.

Mr. CLEMENTS. Yes, sir.

Senator FRANKEN. I liked what you said about young men and women who are in high school and are looking for something. We have in Alexandria, MN, one of the best 2-year schools in the country that does basically industrial arts education. And the community of Alexandria does an incredible amount of machining, and actually, they are sort of the Silicon Valley of packaging machines.

I thank you for being a manufacturer and manufacturing in the United States. So I want to thank you for that.

Mr. CLEMENTS. Thank you, Senator. I appreciate that.

Senator FRANKEN. Now, and I understand your gripe here, which is that this moratorium was put on. I don't know the state of the permits exactly, and I don't think that is maybe even exactly the point right now. Because, obviously, you are on the ground. You are there. You are experiencing the orders you are not getting.

Mr. CLEMENTS. Right, Senator. I hear a lot of numbers about how many permits are, you know, shallow water, deep water, and stuff like that. But the number I don't hear is how many permits are being held. You know, how many permits are being held up for whatever obvious reason.

To me, there is no excuse whatsoever, when they have a state-of-the-art cap—

Senator FRANKEN. Let me ask you about that.

Mr. CLEMENTS [continuing]. And there is even more safety involved in the industry that has had a fairly good record.

Senator FRANKEN. Fairly good record. But I think we all know what happened with the Deepwater Horizon, and I don't think that anyone anticipated that that would happen.

I don't think anyone was saying BP is a bad actor, and they are bound to have one blow and kill 11 people and cause about—according to BP, total estimates of their costs in cleanup and capping the well, compensating the injured parties, fines, and the injured parties included a lot of other people who lost their livelihood are going to be \$40 billion.

Mr. CLEMENTS. Wow. Yes.

Senator FRANKEN. OK?

Mr. CLEMENTS. They said they would make it right. I mean, they solely took responsibility for their accident that I look at as completely their incident. It is not a whole offshore industry, as far as I am concerned.

Senator FRANKEN. Right. But I think you would agree that you are a victim of it as well?

Mr. CLEMENTS. Absolutely. But under the Oil Pollution Act, we didn't qualify for any kind of claim or anything. And after the moratorium was lifted and we thought we would go back to work, and then we find out no permits are being issued. So we immediately tried to get a BP claim because our funds are running down. You know, we have done—

Senator FRANKEN. Right.

Mr. CLEMENTS [continuing]. Depleted our savings, retirement, everything, capital. It is gone. And so, we tried to get emergency claim. We were denied. Tried to get a final claim. That was denied.

Senator FRANKEN. So this was through the Gulf Coast claims facility?

Mr. CLEMENTS. Yes.

Senator FRANKEN. OK. Well, I am sorry you didn't qualify for that.

Mr. CLEMENTS. Even the rig workers had a fund set up. We didn't qualify for that. I mean, we really got left out in the cold in all this, and we are just one of many, many businesses. There are other machine shops in my area, all across this country, everything. There are a lot of people that didn't qualify for it.

Senator FRANKEN. I guess what I am just saying is because that was a \$40 billion hit to the area, I think that we can all agree that someone had to make a call one way or the other on the moratorium. And that probably nothing would have been worse for the Gulf area and for the economy than another one of these oil spills.

And again, I think no one anticipated what was going to happen with the Deepwater Horizon. So I think there had to be a period there where—and one can argue, and obviously, you are—

Mr. CLEMENTS. Absolutely. I will argue this point because—

Senator FRANKEN. [continuing]. That it was too long.

Mr. CLEMENTS [continuing]. You know, who recommended it? The way I understand it, there was nobody that recommended it. There was no economic data done, as far as to my knowledge, of a moratorium being in place.

Senator FRANKEN. Well, of course, I—

Mr. CLEMENTS. I mean, did they realize the impact of what a moratorium would do? I mean, based on one person's incident, and then you take a whole industry and shut it down? I don't think that has ever happened in U.S. history of shutting down an entire offshore industry?

I mean—

Senator FRANKEN. Well, what I am saying this was probably the worst environmental disaster in the history of our country and cost the Gulf area region at least \$40 billion in the economy. And all I am saying is, is that a call had to be made one way or the other. Do we take the—

Mr. CLEMENTS. There sure have been a lot of calls before, especially when the oil spills did happen.

Senator FRANKEN. I just want to say that I admire what you do. I admire your testimony about people going and making things in America again. I think manufacturing in America is what we need, and I am over my time.

So thank you for testifying.

Mr. CLEMENTS. Thank you, Senator.

The CHAIRMAN. Thank you, Senator Franken.

Senator Whitehouse.

Senator WHITEHOUSE. So, to follow up on my last round, I suspect that—I know you have had a horrible period since the Deepwater Horizon disaster. I suspect that before then, you were making probably more than \$40,000 a year. I don't know about you, Ms. Greubel.

But what the information is from the Internal Revenue Service is that the top 400 income earners in America for the last year that they have actually gone back and looked at the filings and added them all up and averaged them all together and disclosed factual data, these income earners each made more than a quarter of a billion dollars. That is with a "B." And the actual taxes they paid amounted to a grand total of 18.2 percent of their income.

I am from Rhode Island, and I wanted a comparison in Rhode Island. Well, turns out that the average wage, according to the Bureau of Labor Statistics, for a Rhode Island truck driver is about \$40,000.

And if you do the math and look at what a single payer pays. You know, you pay a little bit more as your income goes up. And the point whereas your income goes up, you hit paying 18.2 percent of your income in taxes, both withholding and income taxes, is a little over \$39,000.

If you put those two data points side by side, you have the Rhode Island truck driver paying actually a little bit more in terms of his Federal tax rate than those 400 people who averaged a quarter of a billion dollars each.

So I guess my concern is that as we talk about taxes in the discussion that we are having, it is really important that I think people should pay their fair share, and it concerns me when you have people making—I don't know how you spend a quarter of a billion dollars.

I mean, I know people do it, and good on them. That is the American way. But why they should be paying lower taxes than a truck driver pulling down \$40,000, if they are a single filer, doesn't make sense to me. And if I could have your reflection on that, I would appreciate it.

Mr. CLEMENTS. Start with me?

Senator WHITEHOUSE. Sure.

Mr. CLEMENTS. Sure. I don't know much about the IRS tax code. My wife does all the accounting now. So I don't know how much we actually make each year, but all our money goes back into our business. And so, we are trying to create jobs.

But as far as the tax code goes, I would like lower taxes, obviously. I mean, it certainly would help us financially and help us business-wise in creating jobs and stuff like that. My understanding, maybe just have one flat tax code all the way down to the bottom, whether rich, poor, or whatever.

Senator WHITEHOUSE. At least they wouldn't be paying less than you, anyway, at the richest levels.

Mr. CLEMENTS. Well, you know, rich or poor, I mean, they got there somehow. But I keep hearing that Congress here has no

problem, no revenue problem. So maybe that is why there is a spending problem. But it would be nice to see that if you have so much revenue, why don't you give some back, you know?

So it would be nice to see every American get a raise and put a flat code out there or whatever, and take some of that IRS tax code and thousands of pages and get rid of them. That is my opinion.

It seems like there are just too many IRS tax codes going on against businesses, too, you know? I haven't even got to experience when I get to make more in a business how much my taxes are going to be.

Senator WHITEHOUSE. Let me give Ms. Greubel a chance to answer, too. By the way, I think I got the number right. Six billion American person-hours of work go into complying with our tax code. So if you made it simpler, you set 6 billion hours that could go to do a lot of other—America can build a lot and design a lot and invent a lot and do a lot of help with 6 billion hours of people's work.

Ms. Greubel.

Ms. GREUBEL. I would like to say that I don't want lower taxes. I don't want my tax money back. I want my tax money to be used for what it is intended for, which would be education and helping people in need and health insurance and all those sorts of programs that support our families and our kids.

And I agree with you that I think everyone should pay their fair share. I don't think it is fair that we have to cut public service programs and cut programs that are a part of our rights, I guess, living here in the United States just so that somebody who has more money than they could ever spend in a lifetime doesn't have to pay as much.

That doesn't seem fair to me at all. I just want tax money used to help support our citizens like it is supposed to be.

Senator WHITEHOUSE. My time has expired.

The CHAIRMAN. Thank you very much, Senator Whitehouse.

And I thank the panel very much. Our time has run out. We have two votes starting at noon.

Again, I want to thank all of you for being here today. I thank you for focusing your attentions on this crucial issue of what is happening to the middle class in America, whether it is public servants, people who are involved in educating our kids or starting small businesses.

You are a small businessperson, too, Ms. Sippelle, because you have started this. And of course, Mr. Bernstein, I thank you for all the work you have done in analyzing and looking at this issue.

This committee will have another hearing on the plight of the middle class in July, as we continue to bring out more and more information about what is happening here in America.

So, with that, I thank you all very much. The committee will stand adjourned.

[Additional material follows.]

ADDITIONAL MATERIAL

RESPONSE TO QUESTIONS OF SENATOR ENZI BY JARED BERNSTEIN

Question 1. In your testimony you suggest a number of policies that could help the middle class. Do you agree with me that the No. 1 change that would help the middle class is an improving job market?

Answer 1. I do, though obviously this is most relevant for working-age families. For retirees, protecting retirement security would likely be the most important economic policy goal.

Question 2. As executive director of the White House Task Force on the Middle Class, I am sure you looked at many ways to address the economic problems that they have faced over the last 3 years of this jobless recovery. What ideas do you have that do not cost either taxpayers or employers money? Would you support increasing off-shore drilling in the Gulf of Mexico?

Answer 2. One idea that would not invoke budgetary costs would be to try to get other countries to cease managing their currency values in foreign exchange markets in order to make their exports cheaper and ours more expensive.

This could involve the “bully-pulpit,” behind-the-scenes negotiations with economic officials, and even legislation, such as H.R. 2378 from the last Congress, the *Currency Reform for Fair Trade Act*.

President Obama has recently mentioned patent reform and the passage of trade deals as ways to help small businesses, including startups, and to boost exports.

Given my expertise, I cannot speak to the question of off-shore drilling in the Gulf of Mexico specifically, but I do support an increase in the domestic supply of oil, as long as exploration and extraction are carried out in ways that are safe for both our environment and our workers.

Question 3. Do you agree with the complaint filed by the Acting General Counsel at the National Labor Relations Board against Boeing, for its new 787 Dreamliner plant in South Carolina?

Answer 3. My current employer, the Center on Budget and Policy Priorities, conducts research and analysis to help shape public debates over proposed budget and tax policies and to help ensure that policymakers consider the needs of low-income families and individuals in these debates. We also develop policy options to alleviate poverty. In addition, the Center examines the short- and long-term impacts of proposed policies on the health of the economy and the soundness of Federal and State budgets. Accordingly, since this is the focus of our expertise, we do not work on or address issues such as this one.

Question 4. In your testimony, you talk about the middle-class squeeze. In South Carolina, you have a well-respected, major airplane manufacturer helping American workers earn a good living, without taking away any jobs in the Puget Sound area. As you may know, the remedy proposed by the complaint would move all of the jobs from the South Carolina production line to the Puget Sound. What would this do to the South Carolina economy and middle class there?

Answer 4. To answer this question accurately, I would need to know more about the supply and demand for labor in this part of South Carolina, as well as the dynamics of growth in the relevant community (i.e., rates of employer and employee turnover, business “birth” and “death” rates).

Question 5. What happened to the unemployment rate after the American Recovery and Reinvestment Act (ARRA, or “stimulus bill”) became law?

Answer 5. The unemployment rate rose about 3 percentage points in the year prior to enactment of the Recovery Act (from 5.0 percent in December 2007 to 8.2 percent in February 2009). Job losses began to slow significantly following the passage of the act, though the unemployment rate reached a peak of 10.1 percent in October 2009. Since then the jobless rate has come down 1 percentage point (to 9.1 percent in July 2011).

The Congressional Budget Office estimated that without the Recovery Act, the unemployment rate would have been 0.3 to 0.5 percentage points higher in 2009 than it was. They estimate even larger effects in 2010 and 2011: the unemployment rate would have been up to 1.8 percentage points higher in 2010, and up to 1.4 percentage points higher in 2011 without the Recovery Act.

CBO also estimated the effect of the Recovery Act on payroll employment. Without the Recovery Act, there would have been up to 900,000 fewer jobs in 2009, up to 3.3 million fewer jobs in 2010 and up to 2.6 million fewer jobs in 2011.

Question 6. Do you believe that the stimulus would have worked better had it been larger? If so, how much larger should it have been?

Answer 6. The stimulus worked as expected—CBO estimates that it added as much as 4.6 percent to GDP at its peak of effectiveness in mid-2010 and held down the increase in the unemployment rate by as much as 1.8 percentage points. The problem is that underlying economic conditions were deteriorating faster than was understood at the time the stimulus was enacted, so even with the positive impact from the stimulus the economy experienced a sharp decline in GDP and rise in unemployment.

Given the ultimate depth of the recent recession, a larger stimulus package would likely have helped to offset even more of the contraction in aggregate demand. However, it is worth recognizing that a larger package would have posed a greater challenge to the high accountability and transparency standards insisted on by the President.

Question 7. Until 2 months ago, you worked in the White House for Vice President Biden. While you were working as his appointee, did you take any actions that he did not agree with? If you had, would you have been asked to leave?

Answer 7. Vice President Biden is open to new ideas and I have no personal knowledge of the rationale behind any personnel decisions in the office of the Vice President.

Question 8. Do you believe that the President is responsible for the actions taken by those he has appointed to Federal, second-branch positions?

Answer 8. As I am unsure as to what exact actions this question refers to, I do not have an opinion on this matter.

Question 9. Do [you] agree with the statement made by the President at a June 29 press conference: “Companies need to have the freedom to relocate, and if they are choosing to relocate here in the United States, that’s a good thing.”

Answer 9. In general, I fully support firm mobility, assuming, of course, that firms follow the letter of the law in their location choices.

Question 10. Do you agree with the President’s decision to extend the Bush tax cuts for 2 additional years in December 2010?

Answer 10. One guiding principle for the current Administration, of which I was until recently a member, is that the burden of bringing our budget into long-term balance should be shared—including by those who have benefited most from the economic growth of recent years. Consistent with this principle is, in my view, the policy of allowing the Bush tax cuts—initially enacted when the Federal budget was in balance and surpluses were projected over the coming decade—to expire as scheduled for families earning above \$250,000 a year.

Last December—in the spirit of compromise, and mindful of the need to improve demand in a still-struggling economy—the Administration agreed to temporarily extend all of the Bush tax cuts, including for high-earners. This was done in exchange for the extension of a range of temporary provisions that put more money in the hands of those most likely to spend it immediately, providing a very important stimulus and reducing economic hardship for millions of American families. Given the economic and political circumstances, I believe that this was the correct decision for that time.

Going forward, however, even with unemployment still elevated, I believe that fiscal discipline requires policymakers to allow the upper-income Bush tax cuts to expire on schedule at the end of 2012.

[Whereupon, at 11:51 a.m., the hearing was adjourned.]