

STATEMENT OF
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Chairman Harkin, Ranking Member Enzi, and members of the Committee, thank you for the invitation to testify today and for holding this series of hearings on the state of the American worker. There is no more important issue facing our country today than shoring up the embattled middle class. Senator Harkin, I absolutely agree with what you said in the first hearing in this series – we can't have a strong economy without a strong middle class, and we won't have a sustainable economic recovery without the recovery of our middle class.

This month's jobs numbers show that we have yet to see the kind of economic recovery that the middle class needs to get on firm ground. The payroll employment numbers reported for May and June by the Bureau of Labor Statistics showed a slowing economic recovery – job growth of 25,000 and 18,000 in each of the two months respectively—this growth is nowhere near enough to keep up with regular population growth in the labor force, let alone bring our unemployment rate down to pre-recession levels.

No one can deny that now is a difficult time for the American worker. We have all been focused on the terrible recession that began in 2007. This recession, the deepest since the Great Depression, destroyed almost 9 million jobs. But the precarious situation of the middle class has been developing for a long time. When the 2001 recession began in March 2001, 64.3 percent of Americans age 16 and over were working. Millions of Americans lost their jobs and the rate fell to 62 percent by September 2003. But more disturbingly, it hadn't recovered very much by the time the current recession started. In December 2007, only 62.7 percent of the working age population was employed. That means we were still short nearly 4 million jobs at the start the 2007 recession. Throughout the entire Bush Administration, total job growth averaged just 11,000 jobs per month, meaning that we lost jobs from a per capita perspective for 8 years.

The weak labor market has been particularly tough on young workers. The 17.3 percent unemployment rate for 16- to 24- year old workers in June 2011 is nearly 6 percentage points higher than at the start of the recession in December 2007. While the unemployment rate has declined by nearly one percent in the last year, the rate is still unacceptably high. Although young workers with a bachelor's degree have more labor market opportunities, they too face an extremely difficult job market and now confront

substantial hurdles into the middle class. For example, the unemployment rate for young college graduates was 12.1 percent in June 2011, far worse than the 4.4 percent unemployment rate of older college-educated workers.

With jobs disappearing, it's not surprising that we've also seen household income plummet. Real median household income fell by over four percent during the recession to its lowest level in more than a decade.

Looking ahead to how we rebuild the security and stability of the middle class, we first have to talk about sustaining the middle class at the most basic level. During this Great Recession, the very survival of the middle class was at risk. For millions of workers, their grasp on their position in the middle class for the first time in their lives became tenuous. As millions of pink slips went out, millions of workers who had never had to worry before about where the next paycheck was coming from faced their worst fears.

In an economic downturn, our unemployment insurance (UI) system is the most crucial part of the middle class safety net. This kind of backstop is critical. We know that once workers fall out of the middle class, there are enormous barriers for them to reenter it.

The Department of Labor helped 23 million unemployed workers receive \$150 billion in unemployment insurance benefits in 2010. That's 23 million people who had a shot at paying their rent, putting food on their tables, and providing the necessities of life for their families – that is, carrying out the basic economic activities of a middle class life – while looking for work. That is 23 million consumers keeping demand up for grocery stores and gas stations; keeping local small businesses afloat.

In the hearing that this Committee held last month, you heard from Amanda Greubel, a social worker from Iowa. She so eloquently described the cruelty of this Great Recession for so many middle class workers. There are millions of middle class workers who, like Amanda, have played by the rules for their entire working lives. They scrimped and saved to get a good education, got good jobs and saved a little money when possible for a rainy day. No one can blame them, however, for failing to anticipate just how hard and long the rain would fall during this recession.

Through no fault of their own, millions of unemployed workers just cannot find new jobs. There are still about 14 million unemployed Americans – 6.3 million of whom have been looking for work for over six months – and just 3 million job openings nationwide. In other words, there are almost five job seekers for every open job. Our recovery has resulted in a net increase of 2.2 million private sector jobs since February 2010, after a recession that saw us lose 8.8 million paying positions. Simply put, there are still over six million fewer paying positions open for a population that is larger than in 2007. Not all workers who held jobs in 2007 could get hired, and not all new workers who entered the labor force after 2007 can get hired.

That's why if we want at the very least to preserve the existing middle class, we have to continue to extend unemployment benefits. According to the Census Bureau, UI benefits

kept 3.3 million Americans – including 1 million children – from falling below the poverty line in 2009. UI benefits get spent right back into the economy and help local businesses: Every dollar spent on UI benefits adds two dollars to GDP. As you know, we fought a tough battle at the end of the last Congress to get unemployment benefits extended. Those extended benefits will expire again at the end of the year. We must renew those extensions when the time comes.

As important as providing a safety net for unemployed middle class workers is, it is clearly not enough. No middle class worker wants to be unemployed – no matter how long we extend the benefits. Senator Harkin, as you reminded us when you began this series of hearings, “Americans don’t expect to be rich or privileged, but they do expect to be treated fairly and they deserve to have the opportunity to build a better life for their children.” The middle class can build a better life for their children only on the foundation of good, safe jobs.

My goal as Secretary of Labor has been and will continue to be to help foster an economy in which good jobs are available for everyone and American workers are prepared with the skills necessary to be productive in these jobs throughout their lifetime. This means jobs that can support a family. Jobs that are sustainable. Jobs that are safe and secure. In short, my highest priority is to get Americans back to work as part of a stable, secure middle class. We must make these investments while also making difficult choices that will put our nation on a sustainable fiscal path.

As I described earlier, we are making progress. We have stabilized the economy, prevented a financial meltdown, started the economy growing again, and created more than 2.2 million private sector jobs in the past sixteen months. As the President said in his State of the Union address, however, if we are going to win the future and rebuild the middle class, we are going to have to out-educate, out-innovate, and out-build our global competitors. The whole Administration is committed to this vision and we are all doing our part.

I would like to share with you the principles that I see as essential to preserving and expanding the middle class in the 21st century American economy and the role that the Department of Labor can play in supporting that mission.

First, I agree wholeheartedly with President Obama that rebuilding our manufacturing sector is critical to rebuilding the middle class. The manufacturing sector has shown enormous resiliency and strength in our economic recovery so far, with over 250,000 jobs added since the beginning of 2010. Manufacturing jobs are the kinds of jobs that pay well and can serve as an anchor in communities across the country. After more than a decade of losing manufacturing jobs, it is a thrill for me to be part of the policies that are helping to rebuild our manufacturing base.

I saw an example of the rebirth that is possible in the manufacturing sector earlier this month when I visited Flint, Michigan. There, I toured the Diplomat Specialty Pharmacy, which is manufacturing medicine in the same building that once housed a General Motors

auto plant. I was there with Jay Williams, the Mayor of Youngstown, Ohio, who in a few days will be taking over our Office of Recovery for Auto Communities and Workers. I know that Mayor Williams will effectively lead the Department's efforts to help transform the manufacturing sector.

In June, the President announced the Advanced Manufacturing Partnership, an effort that brings industry, universities, and the federal government together to invest in emerging technologies that will create high quality manufacturing jobs and enhance our global competitiveness. This Administration initiative will leverage existing programs and proposals and invest more than \$500 million to build domestic manufacturing capabilities in critical industries. Supporting the development of new technologies can be particularly valuable in an economy that is just beginning to come out of recession and in which millions of jobs need to be added to return to full employment. Moreover, by helping to train workers for these positions we can help speed up a process in which many U.S. workers will need to acquire new skills before they can succeed in these industries. Just as U.S. investment in science and new technologies for NASA stimulated economic growth during the 1960s, I believe that the President's vision of economic growth due to our investments in technologically advanced, green industry can stimulate economic growth today.

To take advantage of the jobs created as a result of the Advanced Manufacturing Partnership and the other promising industries of the 21st century economy, we are going to have to ensure that workers have access to skills that will support a lifetime career path of productive middle class jobs. To maintain a secure spot in the middle class, it will not be enough for a worker to master a particular set of skills at the outset of his or her career. Instead, workers will have to be more flexible and adaptable to keep pace with a more fluid and dynamic economy than that of the past.

As technology continues to rapidly change and advance, the economy will continue to shift. Workers will have to have the skills to accommodate those shifts in technology and changes in the workforce overall. For example, the President has called for 80 percent of America's electricity to come from clean sources by 2035, including wind, solar, nuclear, clean coal, and natural gas. He has also put forward measures to ensure that the U.S. is the first country to put one million advanced technology vehicles on our roads. These commitments, coupled with private sector investments, will expand our clean energy economy, producing new green jobs in new green industries. Employers will need skilled workers to fill these jobs. The skills that workers will need are different than those they needed in the pre-recession economy and are likely to change again as these new industries continue to mature and expand.

To enable workers to adapt to these shifts in the skill sets that employers require, we will have to change how we think about education and job training. No longer will most Americans' participation in the world of education and work be strictly sequential – first going to school and then going to work. Instead, to maintain a good middle class job, workers will need life-long learning. Moreover, the skills they acquire will have to be portable to support moves within and between emerging industries.

This is why this Committee's work to reauthorize the Workforce Investment Act (WIA) is so important. I appreciate all your hard work, Mr. Chairman, as well as the work of Senators Enzi, Murray and Isakson to make WIA reauthorization a priority and to work together on this bipartisan initiative to modernize our job training system to meet the needs of employers and workers.

Let me share with you a couple of examples of workers who are living these principles, adapting and reinventing themselves as the economy shifts. A worker from Colorado lost his job in the traditional construction industry as a result of the recession. He attended a training program funded by the Recovery Act. The program trained him in energy efficiency, weatherization and energy auditing. Now he has a job as a program director for a local nonprofit that provides weatherization and retrofitting of low-income housing. One woman, from Herrin, Illinois, was a hard worker at a washing machine assembly plant. She and a thousand of her colleagues lost their jobs when they were laid off from the plant. She took advantage of dislocated worker funding and training assistance available through the Workforce Investment Act and Trade Adjustment Assistance programs and made a big change in her career plans. She went back to school to get a degree in applied sciences and a certificate in nursing. She now works for a doctor and is realizing her dream of working in the medical profession.

These stories point to another principle of preparing workers for a place in the middle class in the future. The world is more science and technology oriented than it has ever been before. Computational literacy is more important than ever. Workers will need higher skills training to maintain good-paying middle class jobs. I do not mean to say that every worker will need a four-year college degree for a middle class life, but they will need more than a high school degree. The Bureau of Labor Statistics (BLS) projects that two-thirds of the occupations that will grow the fastest between 2008 and 2018 will require postsecondary education.

In my travels throughout the country as Secretary of Labor, I have met workers of all ages who are accepting the challenge posed by the new higher skills future. When I was back home in California, I visited the American River College, where I met Rhonda Gage, a 54-year old medical assistant. Although it had been a long time since Rhonda had been in a classroom, with the help of WIA and Recovery Act funding, Rhonda went back to school to update her skills. Her enhanced skills led to a new job with a healthcare firm, making three times what she previously earned. Rhonda now has a more secure future and place in the middle class as a result of her enhanced skills.

The Department of Labor has an important role to play in preparing workers for the middle class jobs of the 21st century. First, we are focusing our training programs to prepare workers for the high growth industries, with particular attention to jobs in the green energy, advanced manufacturing, and healthcare sectors. As all of you probably know, I am a big believer in the promise of these sectors. I am proud of the investment that the Department has made in training workers across the country to take advantage of current and future opportunities.

The Department's investments in the clean energy economy have focused on three goals:

- 1) Enabling states to develop needed partnerships and plans to better align their workforce and state energy policies leading to employment;
- 2) Building the capacity of established job training providers to train workers for clean energy jobs; and
- 3) Directly supporting education and training services for a diverse community of American workers either seeking entry into or retraining for new and emerging jobs in the clean energy economy.

To advance these goals, we just announced \$38 million in Green Jobs Innovation Fund grants to serve workers in 19 states and the District of Columbia. These grants will equip workers with the necessary knowledge, skills and abilities to succeed in green energy industry jobs. They are smart investments in the green energy jobs of today and the green energy economy of the future. The funds will help organizations with existing career training programs leverage Registered Apprenticeships, pre-apprenticeship programs and community-based partnerships to build sustainable green career pathways.

For example, we recently awarded a Green Jobs Innovation Fund grant to the Finishing Trades Institute of the Mid-Atlantic Region, a non-profit organization located in Philadelphia, to further Registered Apprenticeship opportunities. The Institute will use the grant to create a partnership between employers, organized labor, and the public and private workforce development sectors to create training opportunities for incumbent workers, dislocated workers and unemployed people in the construction and building trades. The almost 2,000 participants in the program will be working towards green-related Associates degrees and Green Advantage credentials.

We also are working with the Department of Commerce and the Small Business Administration (SBA) to accept applications for \$33 million in grants available under our Jobs and Innovation Accelerator Challenge. This program is administered in partnership with Commerce and the SBA, and focuses on supporting what are called "industry clusters." Many of these clusters are designed to encourage investment in the high growth industries of the future, like the technology cluster in the Silicon Valley or the energy cluster in Houston. I recently traveled to Silicon Valley in April and met with business leaders to learn more about what they need to continue growing and innovating and creating jobs in the U.S. We are looking for innovation and collaboration to infuse these types of communities through our grants and, as a result, to create and retain higher-wage and sustainable jobs.

The Administration's Better Building Initiative is another innovative program working to bring green energy jobs to middle class workers. This initiative will lead to more energy efficient buildings across the nation, while at the same time boosting manufacturing of energy-efficient products and putting contractors and construction workers back to work.

We are having similar success in shifting our focus to training for the health care industry. As you may know, BLS projects that health care workers will experience the largest job growth of any industry over the next decade. Under the Recovery Act, we awarded 55 Health Care and Other High Growth Emerging Industries grants.

The Recovery Act also provided funding for other health care training programs, including a program in Maryland that helped Telmy Alfaro gain the skills and experience she needed to get a job at the Prince George's County Hospital Center. She participated in a program called the Knowledge Equals Youth Success at her local One-Stop Career Center. Telmy is now studying to become a registered nurse – a job that should provide a good middle class career for her.

In addition to identifying the industries that will provide the middle class jobs of the future, the Department is also identifying the types of training that workers will need in those industries and across the economy to succeed. We are focusing on a career pathways approach to ensuring that workers have the best chance to compete for good jobs. The term “career pathways” refers to a clear sequence of education and training that is aligned with the skill needs of employers, utilizes curriculum and instructional strategies, leads to the attainment of industry-recognized degree or credentials, and includes supportive services such as childcare and transportation services, and job placement services.

The Department's collaboration with the nation's community colleges is an important part of our efforts to ensure that workers have the advanced skills they need to obtain middle class jobs. We're bringing together the business community and community colleges to help provide the relevant training that industries are looking for, and will surely need more of, as we pave the way to recovery. DOL's support of community colleges is increasingly important during a time when state and local governments, as well as employers, continue to trim their budgets and cut spending. As a former trustee on a community college board, I know first hand the transformative power these institutions can have in the careers and lives of young and older students.

Many of the Department's largest job training grants, such as Community-Based Job Training Grants, Recovery Act green jobs training grants, and Health Care Sector and Other High Growth Emerging Industries job training grants, have invested hundreds of millions of dollars in community colleges and related organizations over the past few years. These grants have provided training to hundreds of thousands of individuals, many of whom are earning degrees or certificates through their training¹. And it is just as critical that employers who understand the needs and the skills desired in their specific

¹ Since 2005, the Department has invested over \$485 million in over 250 community colleges and related organizations through the Community-Based Job Training Grants. By the end of FY 2010, these grants provided training to over 171,000 individuals, of whom over 72,000 earned a degree or certificate. The green jobs training grants and Health Care Sector and Other High Growth Emerging Industries job training grants are still ongoing. \$750 million was invested through these ARRA grants and final numbers of people who have been trained through these ARRA grants will be available when the funding ends in 2013.

industries work directly with community college faculty to develop relevant curricula and coursework that prepare workers to succeed in good, safe jobs.

On January 20th, we announced the availability of \$500 million for the Trade Adjustment Assistance (TAA) Community College and Career Training Grants. These competitive grants will provide community colleges and other eligible institutions of higher education with funds to expand and improve education and career training programs suitable for workers who have lost their jobs or are threatened with job loss because of trade with other countries. These training programs must be completed in two years or less. The overarching goals of these grants are to increase attainment of degrees, certificates, and other industry-recognized credentials and better prepare beneficiaries for high-wage, high-skill middle class employment. The program will also encourage community colleges to develop innovative methods, use data, and replicate evidence-based practices to improve student outcomes and efficiency. For example, grants will support the delivery of online education that can allow students balancing the competing demands of work and family to acquire new skills at a time, place and pace that are convenient for them. We are working with our colleagues at the Department of Education as we prepare to award and administer these grants.

Last month, the President announced another important initiative to expand the opportunities for workers to enhance their skills at community colleges in order to compete for advanced manufacturing jobs. As part of the Skills for America's Future initiative, the President launched new commitments from businesses and universities to make it possible for 500,000 community college students to earn industry-accepted credentials for manufacturing jobs that companies across the country are looking to fill. This program will make it easier for workers to get retrained and move up into better, more secure middle class jobs.

I have a great example of how these collaborations between the Department of Labor, community colleges, and companies can work. Elizabeth Strader was bussing tables at a casino in Connecticut, but she wanted a better future. Through a job training grant awarded to the Eastern Connecticut Workforce Investment Board (WIB) that focused on science, technology, engineering and math (STEM) careers and a partnership between the WIB and the General Dynamics Electric Boat company, Elizabeth was able to participate in training that included technical drafting and math at her local community college. That investment by the Department, Elizabeth, and Electric Boat paid off. Elizabeth is now working for Electric Boat doing computer design on naval vessels and continuing to work towards her Associates degree in nuclear technology.

In Georgia, a worker was looking to upgrade her skills after she lost her job as a quality assurance technician at a Georgia bakery. But she took this challenge as an educational opportunity to reinvent herself thanks to the Workforce Investment Act Adult Program. With help from the Atlanta Regional Commission, a DOL funding recipient, she enrolled in a two-year technical college to study bioscience. When she earns her degree, she said her current contract job as a lab technician with an international food producer will

become a full-time employee position. She admitted she was "shocked and blindsided" when she first lost her job but looked at it as "an opportunity to go back to school."

Credentials are a key component of improving the skills and adaptability of workers who want to compete for middle class jobs in the 21st century. Credentials serve as documentation that workers have attained the specific skills they need to perform a job. The Department has an important role to play in encouraging a more focused effort on credentialing. Ensuring that workers attain the credentials needed for jobs in the new and growing sectors of the economy will help workers break into those good-paying fields and move between jobs as necessary.

The value of credentials to employers and workers cannot be overstated. For employers, credentials provide assurance of a potential employee's skills, giving them the security they need to take a leap of faith and hire a new worker. For workers, credentials improve their likelihood of landing a good middle class job and represent a portable manifestation of the skills they have attained. According to one recent study, workers with an associate's degree earned, on average, 33 percent more than workers with only a high school diploma or General Education Development credential.

Rubin Castneda from Juneau, Alaska is a good example of the wage advantage that credentials can provide. He was a 20-year-old single parent, who had dropped out of high school to work with his parents, immigrants from Mexico. His jobs never provided the kind of salary he needed to take care of his son. With help from the Workforce Investment Act Youth Program, Rubin got his GED and acquired the credentials he needed to get a better job, including a Commercial Drivers License and Basic Welding. He is driving a big rig in Juneau, making a good living and taking care of his son.

In December 2010, I announced, as part of the Department's 2011 Strategic Plan, a high priority performance goal to increase credential attainment by 10 percent among customers of the public workforce system by June 2012. To achieve this goal, we are working to refer more WIA and TAA participants into programs that result in credentials. We are also focusing on providing participants with resources to help them complete training. Finally, we are assisting our workforce agencies to ensure that the credentials that workers are pursuing are the ones that will lead to secure middle class jobs by encouraging them to assess the needs in their local labor markets and educate employers about the value and validity of credentials.

I have a great success story from Maryland. Lisa McDowell, a Baltimore resident, lacked the skills and confidence to get the good-paying job she desired. According to Lisa, the last time she had worked in an office, people used switchboards. To get her skills and confidence upgraded, she sought help from Baltimore Works at her local One Stop Career Center. There, she earned certifications in several areas of computer skills, including Computing Core Certification – a global, validated, standards-based training for basic computer hardware, software, and networks. Her success at her One Stop training courses has led to a \$45,000 a year job with the Maryland Board of Public

Works. She is thrilled with the doors that have opened to her and that the computer training she received can take her, in her own words, “anywhere and everywhere.”

A very special kind of credential comes with completion of a Registered Apprenticeship program. Last month, I celebrated 100 years of Registered Apprenticeships legislation in a great event on the National Mall. We had labor and industry leaders with us to recognize the contribution of Registered Apprenticeships to supporting entry into the middle class. Registered Apprenticeships continue to provide first-rate training and a path to good jobs with good pay and solid footing in the middle class. Last year, more than 100,000 workers entered into a Registered Apprenticeship program, over 400,000 active apprentices continued to earn and learn in over 20,000 apprenticeship programs nationwide, and more than 50,000 program participants completed their apprenticeships and received a nationally recognized, portable credential. I am especially proud of the fact that the Employment and Training Administration’s Office of Apprenticeship recently recognized Wind Turbine Technician as the first new green occupation to be added to the official list of apprenticeship occupations – another example of how we are working across the Department to prepare workers for the middle class jobs of the 21st century.

The training needs of incumbent workers are another important piece of the skills challenge facing middle class workers that the Department is addressing. In times of high unemployment and tight budgets, however, we struggle to find resources to address this need. If we want to ensure that workers have a long-term and not just short-term place in the middle class, it is critical to devote at least some resources to training incumbent workers. Without this training, workers are at risk of having their jobs leave them behind. Changing technology does not only bring out new industries, but it changes the way existing industries do their work. Without opportunities for life-long learning, workers have a hard time keeping up with those changes.

For example, a construction worker in Florida, previously at the top of his profession, found himself unqualified for his job when solar panel installation and renewable energy skills became a requirement. He participated in a DOL-funded program and now has an industry recognized Solar Photovoltaic (PV) degree and a firmer hold on a good-paying job. DOL also helped fund training for Marat Olfir. He is a residential building superintendent in New York. He took courses provided by the 32BJ Thomas Shortman Training Fund, a joint labor-management partnership. He earned the fund’s Green Diploma after taking courses in green building maintenance and management. He feels he is now better prepared for the future of building maintenance and has advanced his career.

The role of the Department in supporting incumbent worker training is critical. Some employers may be disinclined to provide this kind of portable skills upgrade for fear that their workers will take those skills to another employer, possibly a competitor. Some workers don’t have the resources they need to invest in their own training. That leaves a gap that is best filled by publicly supported training and public-private partnerships.

I am also extremely proud of the work the Department is doing to help our nation's Veterans gain and retain their rightful place in the middle class. Our Veterans' employment and training programs are part of a larger effort to provide a smooth transition process for Veterans, transitioning Service Members, and their spouses as they seek to identify and secure productive middle class civilian opportunities. By promoting priority of service for Veterans in the One-Stop Career Center system, we ensure that over 1.8 million Veterans a year receive the training and employment assistance they need to obtain good jobs.

Our work with homeless Veterans is especially important. Clearly, being homeless is a serious obstacle to moving into the middle class. Our homeless programs help nearly 20,000 Veterans a year in their efforts to reintegrate into the workforce. I am proud to share with you, Senator Harkin, a success story from Iowa. A Goodwill Industries of Central Iowa caseworker, Jan Broers, learned of a homeless Army Veteran in her community who was battling substance abuse. With help from a grant to the program from the Department's Homeless Veterans Reintegration Program, she was able to get the veteran a place to live, medical attention and training. Eventually, she was able to find a job for the Veteran at a convenience store. The Veteran has since been promoted to a management position. Ms. Broers has seen more than 100 homeless veterans get help as a result of the Department's \$200,000 grant to the program. That's 100 Iowa Veterans who have served their country and deserve our support, who now have a better chance at a middle class life.

Having a job is essential to being a part of the middle class, but many people with disabilities are not a part of the U.S. labor force. The most recent BLS report issued in June 2011 shows that only 32.8 percent of working age people (16-64) with disabilities are actually in the American workforce, while the participation rate for people without disabilities is 77.2 percent. On this date, which happens to be the twenty-first anniversary of the Americans with Disabilities Act, DOL's Office of Disability Employment Policy (ODEP) is working hard to reduce this disparity. We believe that by making the Federal Government a model employer of persons with disabilities, promoting integrated employment of people with significant disabilities through customized employment and Employment First strategies, capitalizing on workforce flexibility strategies to retain aging workers and assist workers in returning to work, and ensuring that youth with disabilities have the skills they need for today's workplace, we can bring the middle class within reach of many people with disabilities. Because ODEP's policy work focuses primarily on universal strategies and good business practices, it also holds great potential to help millions of other workers with complex needs to find good jobs in the private sector. We owe so much to you Senator Harkin for your leadership in both shepherding passage of the ADA and in continuing to be a champion for the employment of people with disabilities.

Job training is a big piece of the Department's contribution to supporting the middle class, but it is not the whole story. I believe that one of the most important contributions that the Administration and the Department have made to the future security of the middle class is the implementation of health care reform. The Affordable Care Act and

the implementation of regulations to make it a reality are making a huge difference in the lives of Americans across the country.

Access to affordable health care coverage means that middle class workers are no longer one injury or illness away from financial ruin and descent into poverty. Without the Affordable Care Act, middle class families were facing multiple health-care related challenges, including an increasing percentage of their income spent on out of pocket health care costs and increasing difficulty in obtaining health care coverage. With the Affordable Care Act, middle class families can look forward to lower costs and better coverage. In fact, a recent report by the Department of Health and Human Services predicts that middle-class families purchasing private insurance in the new state-based health insurance exchanges could save as much as \$2,300 per year in 2014. And independent research on Medicaid released just this month by the National Bureau of Economic Research showed that those with access to health insurance through Medicaid reported they were in significantly better health and were more financially stable as a result of the insurance coverage.

The Department's worker protection programs also play a key role in providing the security and stability that workers need to sustain their place in the middle class. Without rigorous enforcement of our wage and hour laws and occupational safety protections, we run the risk of a race to the bottom in terms of pay and safety practices. It is simply unfair and bad policy to require good employers to compete against employers who are willing to flout the law, cut corners on safety, and pay workers less than they are owed.

Over 4,000 workers are killed in workplace accidents on the job in this country each year, and thousands of others continue to die from occupational disease. These tragic numbers are well known. Less well known is the fact that every year well over 3 million workers are seriously injured on the job. With so many family budgets already pushed to the breaking point and so many families with little or no savings, living paycheck-to-paycheck, a workplace fatality or even a serious injury may be the blow that keeps a struggling family from entering the middle class or knocks a family out of the middle class. We know how to prevent these tragedies and our worker enforcement agencies are crucial to ensuring that American workplaces are safe workplaces.

The Department's effort to combat misclassification of employees is an excellent example of how our worker protection programs are central to sustaining the middle class. We know that the vast majority of employers play by the rules. Unfortunately, these high road employers are forced to compete with employers who misclassify their employees as something other than employees, such as independent contractors, in order to avoid minimum wage and overtime obligations, paying workers compensation premiums and payroll taxes, and investing in required safety practices. Work as a misclassified independent contractor is less likely to support a middle class lifestyle than work as an employee, which comes with all the protections that Congress intended employees to have. Enforcing the laws that Congress has passed ensures that firms can count on a level playing field and don't lose profits and opportunities to firms that cheat.

And workers can focus on doing their jobs, knowing that they can count on the protections that Congress intended them to have.

Our concern for the middle class extends not only to those actively in the workforce, but also to those who have put their time in and expect to live out their retirement in dignity and security. The Department's Employee Benefits Security Administration (EBSA) works to protect the security of retirement and other employee benefits for America's workers, retirees, and their families and to support the growth of our private benefits system. In fulfilling that role, EBSA oversees approximately 718,000 private sector retirement plans, approximately 2.6 million health plans and similar number of other welfare benefits plans covering approximately 150 million Americans. These plans hold over \$6 trillion in assets. Most middle class workers and retirees cannot afford to lose retirement savings to mismanagement or theft.

I also believe that the issues facing defined benefit plans are central to the conversation about the security of middle class retirees. I intend to continue to look at proposals to help these plans keep their commitments to workers and retirees. Defined benefits plans play a critical role in the retirement security of millions of Americans. The President's budget proposes to strengthen the defined benefit system by shoring up the solvency of the Federal agency that acts as a backstop to protect pension payments for workers whose companies have failed. Moreover, the trends that I described earlier in my testimony about the increasing fluidity in workers' careers clearly have significant implications for planning for a secure retirement. I commend the Committee for holding a recent hearing on these issues and I look forward to working with you on innovative solutions.

Finally, I think any discussion about finding solutions to the challenges facing the middle class would be deficient if it did not include a discussion of the importance of collective bargaining rights. I know that the recent actions of the National Labor Relations Board (NLRB) have been discussed in earlier hearings in this series. I do not mean to take our conversation in that direction. As you know, the NLRB is an independent agency and I cannot comment on either the Boeing complaint or the recently proposed union election rules.

I can comment, however, on the centrality of the relationship between the health of the labor movement and the health of the middle class in our nation. I have lived that connection. My father was a Teamsters shop steward in a battery recycling plant. When I was a child, I would sit at our kitchen table and help translate the workers' grievances from Spanish to English. They wanted safer working conditions and livable wages and benefits. The union helped them get what they earned and deserved – a shot at a middle class life for themselves and their families.

The statistics bear this out. From the 1940's to the 1960's, when union density was at its height, the middle class in our country thrived. Wages and productivity rose together during that time and we experienced robust growth throughout the economy. Union members with good, secure jobs could afford to buy good American products so

American companies could succeed. That's why this Administration supports the right of workers to collectively bargain if they so choose.

We at the Department of Labor come to work every day to do our best to create economic opportunities for the American people. Last month's jobs report just underscores that more work needs to be done to stimulate new employment opportunities in the private sector and to support workers striving to achieve the skills needed in the new economy. Again, I appreciate your invitation to be a part of this incredibly important examination of how we can come up with the best solutions for the security of the middle class. I look forward to working with all of you to ensure good jobs for American workers. I am happy to answer your questions.