



Joint Economic Committee

Representative Kevin Brady • Chairman

**CHAIRMAN KEVIN BRADY
JOINT ECONOMIC COMMITTEE
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Empowerment in the Workplace

Vice Chair Klobuchar, Members, and distinguished witnesses:

On May 21st, the Joint Economic Committee held a hearing on “Women’s Retirement Security.” Today, we turn our focus to the workplace—which policies help to empower or harm American workers, and especially women, in their quest to attain their vision of the American Dream. This has been a major focus of Congresswoman Cathy McMorris Rogers, chairman of the House GOP Conference.

The disappointing economic recovery led by the Obama White House remains the most significant obstacle preventing American men and women from achieving economic empowerment. Although the current recession actually ended five years ago this month, almost three out of every four Americans believe we are still in a recession.

That’s because the economic policies pursued by President Obama and congressional Democrats have produced the weakest recovery in more than 50 years, and a troubling “Growth Gap” between this recovery and other recoveries since 1960, robbing over \$1,000 a month from a family of four’s real disposable income.

Because of this Growth Gap, we are missing \$1.5 trillion of real GDP and 5.8 million private-sector jobs. Merely to catch up with an average recovery before President Obama leaves office, our economy would have to expand at an annual rate of 6.2 percent every quarter and add 371,000 new private jobs every month. Neither figure has been achieved once during the Obama recovery. Catching up will be hard to do, especially as the President continues to throw further roadblocks in front of this struggling recovery.

Next month this Committee will examine this Administration's macroeconomic policy failures at a hearing marking the fifth anniversary of this recovery. For now though, let us focus on the workplace.

One of the best means of empowering workers is to provide choice and flexibility in the workplace. Flexibility is especially important to the many women who are caregivers to their children and elderly parents.

Yet in March, President Obama directed the Department of Labor to extend overtime regulations to several million workers, who are currently exempt. This regulation would harm working women who need the flexibility and choice between taking overtime pay, and banking those extra hours for time off in their later work schedule.

A much better approach is *The Working Families Flexibility Act of 2013*, which passed the House over a year ago, but has stalled in the Democrat-controlled Senate. JEC Member, Senator Mike Lee, is sponsoring the companion bill in the Senate.

The bill would allow private-sector companies to offer hourly workers, who put in more than 40 hours a week the choice between taking overtime pay or time-off. This is a choice that is currently available to Federal, state, and local government workers, but is denied to private-sector workers. It's a highly-valued benefit for government workers, but not for workers along Main Street. Why do the President and Congressional Democrats fight so hard to deny women in the workforce this important choice?

The House passed the *Working Families Flexibility Act* in May 2013. It is past time for Senate Majority Leader Reid to bring this bill to the Senate for a vote.

There are other ways this White House has made the workplace less family friendly, especially for women. Economist Casey Mulligan argues the President's *Affordable Care Act* will push more young women out of the full-time work, making them "29ers"—referring to the maximum number of hours that an hourly employee can work and still be considered part-time under the new health care law. Mr. Mulligan expects 2 percent of workers to become "29ers," an increase by more than a factor of 10.

Moreover, at the urging of special interests, the Environmental Protection Agency recently introduced new sweeping global warming regulations on carbon emissions. A study by the U.S. Chamber of Commerce's Institute for 21st Century Energy found that through the year 2030 these regulations would lower America's economy by an average of \$51 billion each year, reduce jobs by 224,000 every year, increase electricity payments from American families by \$289 billion, and lower disposable income for U.S. households by \$586 billion.

So thanks to President Obama, women will compete for fewer jobs in a slower economy, paying higher electricity bills with less money in their family's budget. Thank you, Mr. President.

America's broken tax code and extremely progressive income tax system penalize two-income households—which are the norm today among married, working-age couples. Although Congress lessened this penalty in the last decade, it still exists and should be eliminated. It's hard enough to make ends meet as it is, especially with college costs, gasoline, utilities and food costs all rising.

Washington makes it harder to climb out of poverty, especially for young women and single moms with limited skills. While unintended, the conflict between the phase-outs of many means-tested Federal benefit programs like food stamps and the tax system means that working families struggling to leave poverty face an effective marginal tax rate as high as 80 percent, by one study's estimate. This interaction creates poverty traps that discourage work and climbing the economic ladder.

Moreover, the Cato Institute's Michael Tanner and Charles Hughes found that welfare can pay more than the minimum wage in 35 states, even after accounting for the Earned Income Tax Credit, and in 13 of those states, welfare can pay more than \$15 per hour. The President should work with Congress to correct these perverse policies.

Occupational licensing is another problem facing poor families, especially those headed by women, who are seeking to work their way into the middle class. Representative Hanna held a hearing on the occupational licensing issue at the Small Business Committee.

Over the last several decades, the number of workers required to have occupational licenses has risen steadily. In many cases, occupational licensing goes far beyond what is necessary to protect public health and safety. It has been a means for incumbent workers to raise their wages, by an estimated 15 percent, at the expense of new entrants who have fewer jobs, and consumers who pay higher prices.

Although occupational licensing is primarily a state issue, Congress should use its investigative powers to shed light on how licensing abuse harms ordinary Americans, both as workers and consumers. Catching up will be hard to do, especially as the President continues to throw further roadblocks in front of this struggling recovery.

Empowering workers, especially women, should be a common goal of both Democrats and Republicans. "Staying the course" with the same old federal traps and obstacles is not an option.

With that, I look forward to hearing from today's witnesses.