

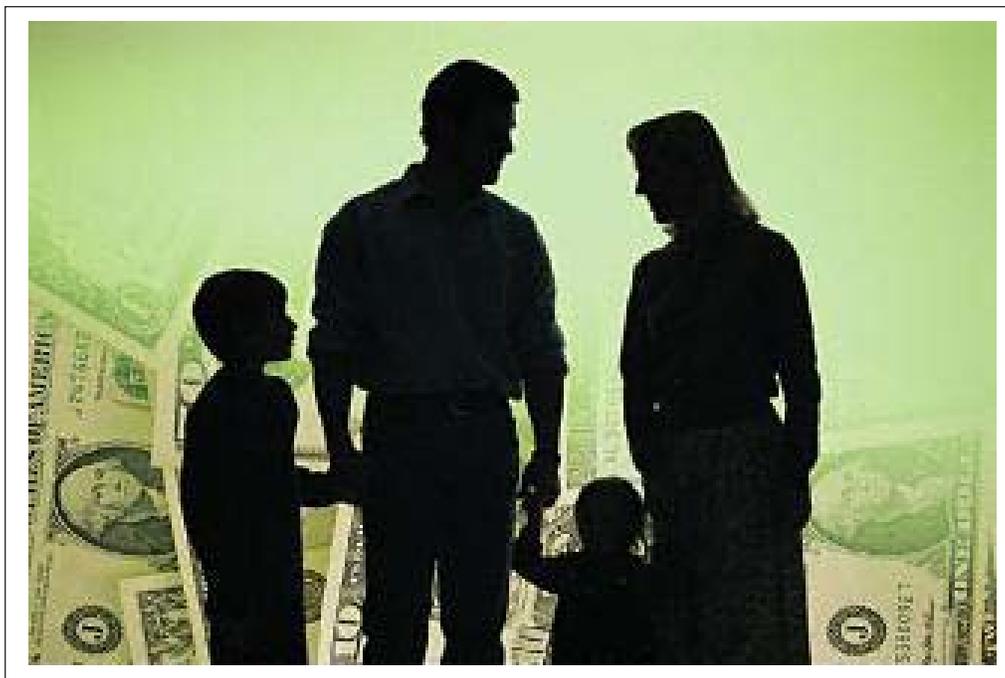
THE BUSH ADMINISTRATION AND REPUBLICANS: *Neglecting Working Families*

“The Bush White House claims its gargantuan tax cut helps everybody who pays taxes. But that’s just not so. While President Bush and supporters in the Senate and House concentrated on



helping their well-heeled friends, they either sold out, or ignored altogether, lower-income taxpayers who needed tax cuts badly.”

-Editorial, The Atlanta Journal-Constitution



DEMOCRATIC REPORT

UPDATED



JUNE 2003

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HOUSE EDUCATION AND THE WORKFORCE COMMITTEE
CHAIR, DEMOCRATIC POLICY COMMITTEE

<http://edworkforce.house.gov/democrats/>

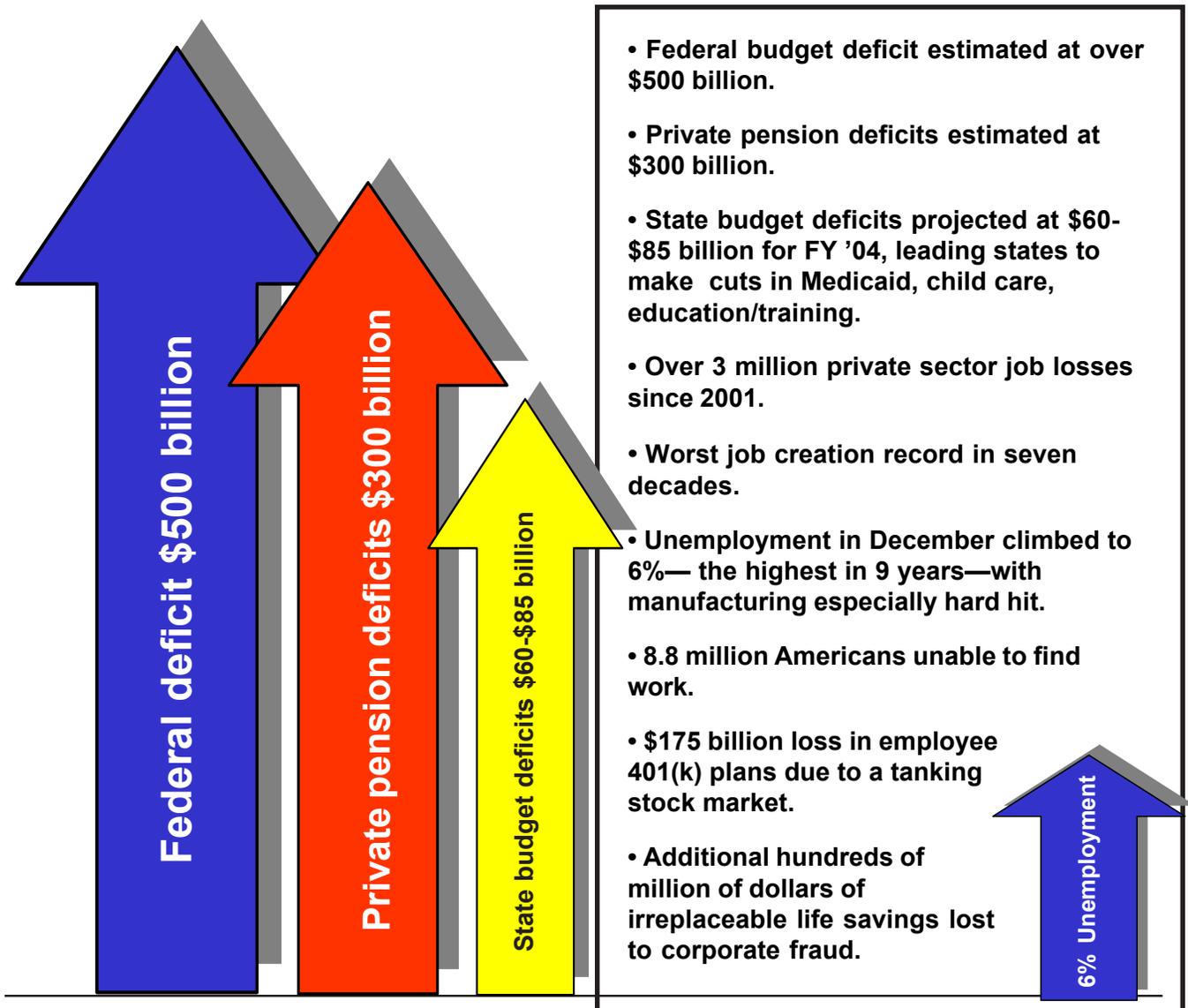
The Bush Administration and Republicans - Neglecting Working Families

June 2003

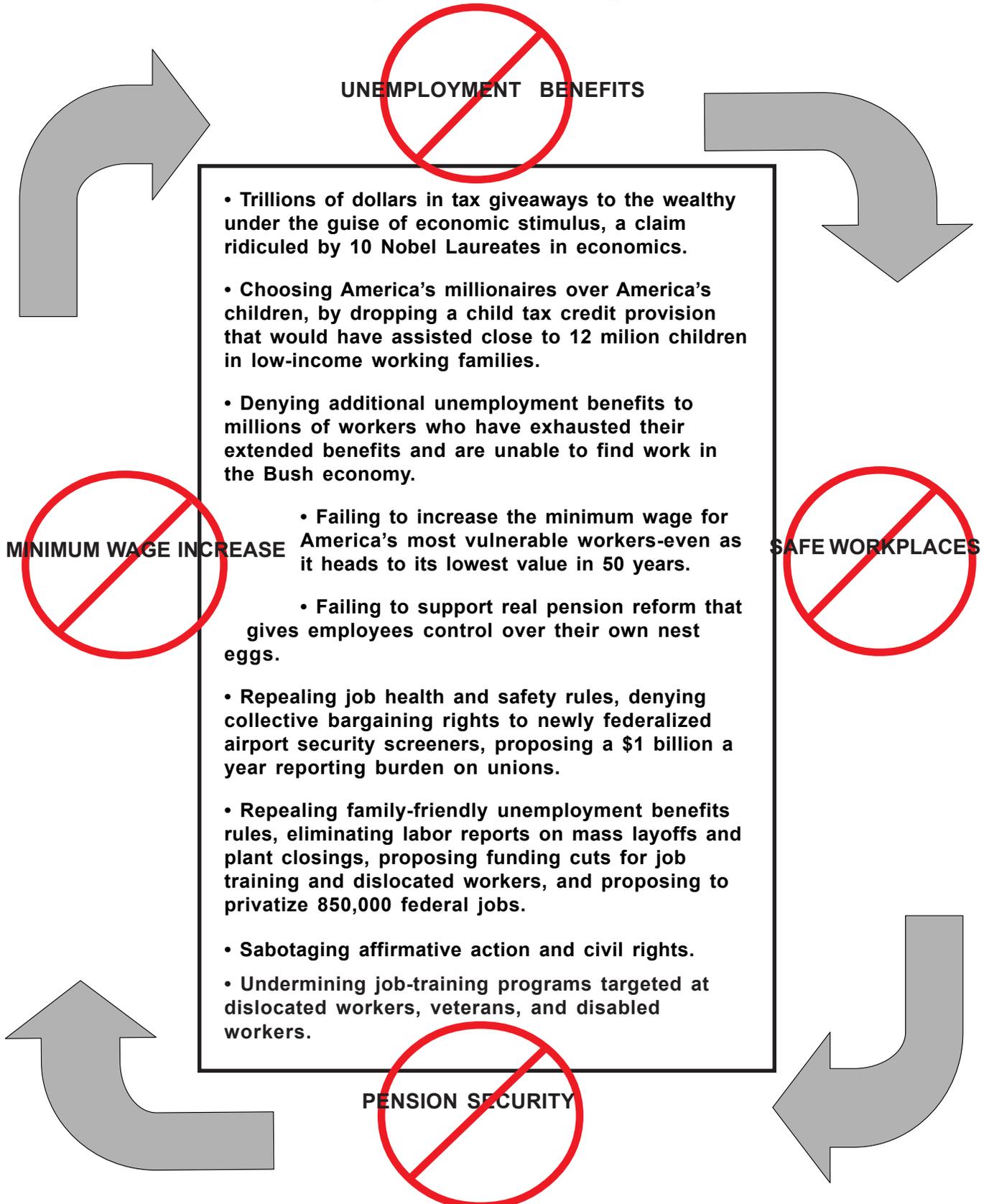
Report by Rep. George Miller
Senior Democrat, Committee on Education & the Workforce

*In a weak economy wracked by job insecurity, unemployment, corporate malfeasance, and battered retirement savings, the President and the Republican Congress have failed to take bold and decisive action on behalf of average Americans. Here is the **real** record of the Bush Administration's failed economic and worker policies.*

The Bush Presidency Has Been Devastating To The Nation's Economy



The Bush Administration Policies Have Been Devastating To Working Families



Republicans Undermine the Wages of Average Working Families

Despite the huge national economic gains of the 1990s, millions of America's workers and their families have been left behind, especially as a recession and continuing job losses have created devastation across the country. Americans work longer hours, earn less disposable income, rely on smaller pensions, carry less health insurance, have the shortest vacation time and the worst maternity leave policies of any Western industrial nation. The distribution of wealth in the United States – a critical barometer of the health of a democracy – is more unequal now than at any time since the Great Depression of the 1930s!

• Republicans Push Fake “Comp Time” Measure That Destroys Overtime Pay

House Republicans are aggressively supporting legislation that falsely claims to allow parents to spend more time with their families, attend teacher conferences, or care for an ill relative. In reality, H.R. 1119, which was opposed by all Democrats on the House Education and Workforce Committee, undermines the basic protections of the 40-hour workweek and would result in a real pay cut for the millions of workers and their families who depend on overtime pay to meet their housing, food, and healthcare needs.

Under this bill, no worker has a right to ask for compensatory time off - the employer must offer it. An employer may arbitrarily decide to offer comp time only to some workers while denying it to others; or an employer may arbitrarily deny compensatory time to a worker on some occasions, while offering it to the same worker on others. And while the bill prohibits employers from threatening or coercing workers to take comp time, employers could only offer overtime work to a worker who agrees to accept comp time in lieu of overtime pay, although millions of workers rely on their overtime wages to earn a salary that supports their families.

Also under this bill, an employer may deny the worker the right to use “earned” comp time if it would “unduly disrupt” the employer’s operation. Workers do not have the right to use the comp time when the worker needs it.

H.R. 1119 permits an employer to defer paying anything, for up to a year and a month, for overtime work. And this legislation makes overtime cheaper for employers and weakens the longstanding disincentive against excessive hours.

- **The Bush Administration Moves to Deny Millions of Workers Overtime Pay**

At a time when working families are working longer hours for less, the Bush Administration is attempting to repeal the right of millions of workers to receive overtime pay. Overtime pay is a lifeline to millions of workers, for which overtime constitutes one-fourth of their compensation needed to make ends meet.

On March 31, 2003, the Bush Administration released a proposed rule to undercut the regulations protecting employees who work more than 40 hours in a week. The Republicans want to make it easier for employers to exempt workers from overtime pay. Even the Bush Administration admits it will end overtime pay for almost a quarter of a million workers. In truth, the regulations will cut 5 to 6 million employees out of overtime pay and out of the wages they need to support their families.

- **Republicans Refuse to Consider An Increase in the Minimum Wage to Benefit America's Most Vulnerable Workers.**

House Republicans continue to block the House from even holding hearings on legislation proposed by Democrats to increase the minimum wage, which would improve the standard of living for 11 million workers, many with children to support. Not only have they denied a much needed increase in the minimum wage, Republicans recently dropped out of their \$350 billion dollar plus tax giveaway to the wealthy, a child tax credit provision that would have assisted close to 12 million children in low-income working families.

Rather than rewarding work for the hard-working families struggling to make ends meet, the Republicans chose to help millionaires instead. It is shameful that the real value of today's minimum wage is 30 percent below its value in 1968, and 24 percent below its value in 1979. Without action by the Congress, the value of the minimum wage will soon be at its lowest value in 50 years.

The Bush Administration Fails to Protect the Retirement Accounts of Millions of Americans

The Bush Administration and the congressional Republicans refuse to protect the pensions and retirement accounts of millions of Americans. The President's tax hikes for the wealthy have run up staggering deficits that threaten the future solvency of our Social Security and Medicare funds. Republican proposals to privatize Social Security jeopardize our Nation's commitment to our senior citizens.

Today, only half of the nation's workers have a pension at all and only 20 percent of workers earning under \$20,000 have pension coverage despite federal tax incentives of over \$100 billion a year for employers to maintain pension plans. The Bush Administration and its congressional allies have failed to take any meaningful action to address the growing failures in pension security:

- **Slashing Pension Benefits for Older Workers.** The Bush Administration will let companies unilaterally slash the pension benefits of millions of workers by switching to "cash balance" pension plans that offer employees up to 50 percent less than their expected retirement pension. House Republicans have repeatedly voted to reject Democratic amendments to give employees the choice to stay in their traditional plan or convert to a cash balance plan, whichever is better for their retirement needs.
- **Blocking Critical Pension Reforms in the Wake of Enron/World Com/Global Crossing Scandals.** The Bush Administration opposes, and congressional Republicans would not even allow individual votes on, reforms to give employees more control over their own retirement savings, to give them greater protection against corporate fraud and abuse, and to eliminate rules that give executives special treatment when a company fails. House Republicans wouldn't even let Democrats offer amendments to their weak bill that will open up over a trillion dollars in employee investments to conflicts of interests.
- **Failure to Win 401(k) Recoveries for Victims of Corporate Fraud and Abuse.** The Bush Labor Department has let the Enron investigation drag on for over a year and a half. Thousands of Enron employees, whose nest eggs were decimated by corporate fraud and abuse, have yet to get any relief. The Secretary of Labor has failed to win one cent on behalf of the millions of employees who were swindled out of their 401(k) nest egg.
- **Failure to Address the \$300 Billion Deficit in Private Pensions.** The Bush Administration has failed to address a staggering *\$300 billion private pension deficit* that threatens the retirement security of millions of Americans and is draining the federal pension insurance fund. The deficit has doubled in the last year, and is 10 times the average underfunding in the previous two decades.
- **Ignoring the Urgent Warnings of the DOL Inspector General on Faulty Pension Audits and Inadequate Reporting of Fraud and Abuse.** The Bush Administration refuses to support recommendations of the U.S. Department of Labor Inspector General to require accountants to immediately notify law enforcement if there is fraud and abuse at a pension plan, and to require full audits of pension investments.

"Business executives call their dodge the 'cash-balance' pension. It works something like this: They get the cash, and we get the balance."

-- John Balzar,
Los Angeles Times,
December 18, 2002

Instead, Republicans have twice rammed through their own “pension” bill that —

- **Silences Workers Voices on Pension Boards.** Pension plan funds belong to the employees; **it’s their money!** But most employees are denied a seat on pension boards that manage their own money, seats that are filled by company executives who often have substantial conflicts of interest.

- **Opens a Giant Loophole to Permit Conflicted Investment Advice.** The Republicans reverse current law and allow employers to offer “conflicted advice” where consultants profit from the very investment decisions they suggest. Independent analysts have compared such a change to turning over pension management to an ice skating judge!

- **Lets Executives Play by Different Rules.** Companies have exploited pension law loopholes by allowing their executives to squirrel away hundreds of millions of dollars for themselves while employees must wait at the end of the line in bankruptcy court to recover their losses.

- **Locks Employees Into Bad Investments While They Protect Executives’ Nest Egg.** Employees should have the right to rescue their own retirement savings when things go bad, instead of waiting years to have control over their funds. The Republican bill ties employees’ hands and forces them to keep their money in company stock for years.

- **Fails to Alert Employees When Executives are Dumping Company Stock** Employees deserve to know when executives are dumping their own company stock. Enron executives not only failed to notify their own employees of their massive sell-off of stock, but even encouraged employees to “Buy” or “Hold” the rapidly depreciating stock that the executives were selling.

The Bush Administration Continues to Undermine Worker Protections

- **Undermining Worker Safety.** In addition to sabotaging protections designed to prevent the country’s leading workplace hazard-ergonomic injuries, the Bush Administration has stopped action on 30 safety initiatives, and canceled workplace safety and health grants. And the Bush administration has “advanced very few significant health, safety and environmental protections over the last two years - much fewer than the two previous administrations - and is quietly scuttling work on a host of protective standards in the regulatory pipeline,” according to OMB Watch.

“Clearly, this bill puts the interests of Wall Street firms far ahead of the interests of millions of working Americans who simply want a fair shake in making sound decisions about their retirement investments.”

*-- NY Attorney
General Eliot Spitzer
on GOP pension bill
May 14, 2003*

- **Cutting Health Benefits for Millions of Workers.** The Republicans are promoting the creation of Associated Health Plans (AHPs), a business-inspired scheme to cut health benefits and repeal consumer protections for millions of workers. The AHP proposal would allow health plans to override existing state consumer protection laws that ensure that plan participants have direct access to OB/GYN and pediatricians, screening for cervical, colorectal, mammography and prostate cancer, state maternity benefits and well child care services, coverage for diabetes prompt payment of claims. Although Republicans tout AHPs as expanding coverage for employees in small business, the Congressional Budget Office concluded the opposite: that AHPs would actually result in 4-5 million people losing the health benefits they now enjoy, while health care costs would rise. **The Republican AHP plan is opposed by over 500 organizations** including the National Governors Association, Republican Governors Association, Democratic Governors Association, Attorneys General representing 41 states, National Association of Insurance Commissioners, National Conference of State Legislatures, Blue Cross and Blue Shield Association, the Health Insurance Association of America, and hundreds of labor, consumer, and business organizations across the country.

- **Cutting Federal Jobs to Reward Private Contractor Friends/Undermining Basic Worker Rights** The Bush Administration is planning to eliminate 850,000 federal jobs in order to contract out the work to private companies. It recently revised rules to give private companies the advantage over federal workers in the private-public competition process to accomplish its goal. Last year, President Bush forced legislation that allowed the unilateral cancellation of collective bargaining rights in creating the Homeland Security Department. Under the guise of national security, the Bush Administration denied 60,000 airport screeners the right to join a union. Now they are planning to withdraw collective bargaining and other labor rights from tens of thousands of employees of the Department of Defense, and are even talking of contracting out the jobs of National Park rangers and scientists who protect the environment.

- **Allowing Bonuses for Political Appointees-Giving the Shaft to Average Federal Workers.** 2,100 political appointees will now be eligible to receive up to \$25,000 in bonuses thanks to a Bush Administration decision to lift the ban on cash bonuses. That decision came just days after the Administration decided to impose tough limits on pay increases to rank-and-file federal employees.

- **Canceling Mass Layoffs and Plant Closing Reports.** In an obvious attempt to hide the effects of its failed economic policies, the Bush Administration terminated the Bureau of Labor Statistics monthly report on layoffs and plant closings, claiming it was not a priority. At the same time, it launched a new statistical report on volunteers. This anti-worker action by the Bush Administration was strongly repudiated when the Senate voted in May 2003 to force the Administration to continue the report.

- **Proposing Onerous, New Reporting Requirements To Harass Unions.** The Bush Administration is proposing new reporting and disclosure requirements that will cost national and local unions an estimated \$1 billion a year in compliance costs. Republicans on the Education and Workforce Committee voted during the 107th Congress to require more disclosure by labor organizations, but rejected any similar financial disclosures for companies, such as disclosure of hefty stock options or disclosure for executives when they are dumping company stock.
- **Undermining corporate responsibility.** The Bush Administration repealed rules promulgated by the Clinton Administration that required companies doing business with the federal government to have a solid track record on worker health and safety, the environment, civil rights, and responsible corporate practices. In the recent wave of corporate scandals, the reality of these regulations has proven to be irresponsible and reckless.
- **Selling out American Workers.** The Bush Administration and Republicans in Congress continue to support international trade agreements like NAFTA that fail to protect American jobs, and fail to provide minimal worker and environmental protections. These trade agreements cost hundreds of thousands of American jobs and erode the bargaining power of workers. Free trade has also led to wholesale destruction of the environment in many developing countries and widened the income gap between the world's richest and poorest citizens.

Republicans Deny Extended Unemployment Benefits to Over 1 Million Workers

- After denying extended unemployment benefits to millions of workers during the Christmas-New Year holiday season, Republicans in Congress bowed to Democratic pressure and approved legislation extending benefits to some. But they still denied assistance to over 1 million workers who have exhausted their federal extended benefits and still cannot find work.
 - As unemployment benefits were scheduled to expire in May again, Republicans repeatedly voted against Democratic amendments to extend unemployment benefits, including those who had exhausted their federal unemployment benefits. Not until hours before the Memorial Day recess, did they agree to extend the program, but once again leaving out over a million workers who have exhausted their unemployment benefits.
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- The extended unemployment benefits provided in this downturn are considerably less generous than the benefits created in the last downturn where recipients received at least 20 weeks compared to a maximum of 13 weeks under the current program.
- According to the Center on Budget and Policy Priorities, there are an estimated 1.1 million workers whose benefits have run out and who remain unemployed. From the start of the TEUC program in March 2002 through the end of this May, an estimated 3.2 million workers will have exhausted their TEUC benefits before finding work. Also, the Center reports that 70 percent more workers have exhausted their federal benefits than during the recession of the early 1990s. (See chart below by the Center illustrating the gigantic leap in workers who have exhausted extended unemployment benefits.)

