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COMMITTEE ON EDUCATION
AND THE WORKFORCE
U.S. HOUSE OF REPRESENTATIVES

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October 13, 2011

The Honorable Patty Murray, Co-Chair
The Honorable Jeb Hensarling, Co-Chair
Joint Select Committee on Deficit Reduction
825B Hart Senate Office Building
Washington, D.C. 20515

Dear Senator Murray and Representative Hensarling:

The U.S. House Committee on Education and Workforce Democrats submit the following recommendations to create jobs, to revitalize our economy, reduce our budget deficit, and pay down our national debt.

Our nation is experiencing the worst economic crisis since the Great Depression. Nearly 25 million Americans are unemployed or underemployed, and the jobs shortfall in our labor market is estimated to exceed 11 million jobs. Minority communities have been hit especially hard. To address this shortfall within the next three years, 400,000 jobs would need to be created each month. However, over the last six months, the economy has added an average of only 144,000 jobs each month. At that rate, it will take 15 years to get back to the pre-recession unemployment rate. This is unacceptable, especially when you consider that the Congressional Budget Office (CBO) recently estimated that a third of the budget deficit is attributable to the decline in economic activity and its effects on individuals, employers, and government.

Only by putting people back to work and spurring economic growth can we restore the nation's fiscal health. Solving the jobs crisis is integral to your work on deficit reduction.

On that front, President Obama laid out a plan for wide-ranging job creation. We asked our Committee's Chairman to hold immediate hearings on those portions of the President's proposal within our jurisdiction. None have been scheduled.

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Consequently, Committee Democrats have sought to collect evidence via other means. We recently held an eForum to ask Americans to tell their stories of how the economic crisis has been impacting their families. We received more than 700 submissions, from voices rarely heard on the Hill, which lay bare the realities of our broken economy and the suffering faced by millions of Americans. Their stories confirm what many experts have been telling us: persistently high unemployment is imposing a devastating and long-term toll on American families and our national economic future. A compendium of these stories is available at <http://democrats.edworkforce.house.gov/eforum>.

Our nation's fiscal house will not be in order until America gets back to work. Accordingly, we strongly recommend the Joint Select Committee include significant job creation and reemployment initiatives in its final package. Significant items from the President's proposal related to our Committee's jurisdiction include school repair and modernization funding, education jobs funding, and Pathways to Work workforce investment initiatives, including expanding the role that our community college infrastructure can play in worker training. School modernization will benefit 35,000 public schools and community colleges, create construction jobs, upgrade science labs, and make classrooms internet-ready. These initiatives will provide new business opportunities to small contractors struggling with lack of demand. Education jobs funding will stop the layoffs of 280,000 teachers and support the hiring of thousands of needed teachers. Pathways to Work will partner employers and community leaders to provide worker training and recognized job credentials, subsidized employment and summer jobs to hundreds of thousands of unemployed and low-income Americans.

At the same time that your Committee and the Congress consider job creation, we can have a full and thoughtful debate on our country's short-term and long-term fiscal priorities. We should always be willing to pay for our national priorities either in the short-term or the long-term. We must do so while protecting critical investments in our nation's future, such as in education, ensuring all children, including our most disadvantaged populations, are college and career-ready, and in families' health and retirement security.

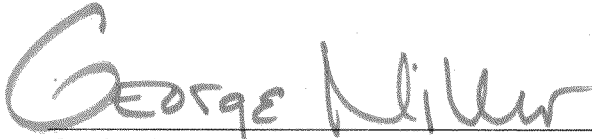
Within our jurisdiction, we recommend the adoption of reforms like the Employee Misclassification Prevention Act for immediate deficit reduction. Tens of thousands of workers are illegally misclassified as independent contractors instead of employees. Misclassification deprives federal and state governments of unemployment insurance contributions, workers compensation premiums, and other employment taxes. It gives law-breakers an unfair advantage over employers who follow the law. The Employee Misclassification Prevention Act is one approach to tightening enforcement, resulting in significant revenue savings. For example, in 2010, the Treasury Inspector General for Tax Administration estimated the federal tax gap for employment underreporting to be \$54 billion per year.

In sum, we urge the Joint Select Committee to take a balanced approach to deficit reduction and recognize the overwhelming evidence that solving the fiscal crisis must begin by solving the jobs

crisis. We must act now to spur job creation, re-invigorate economic demand, and adopt fiscal reforms that strengthen our future.

Thank you for considering these recommendations.

Sincerely,



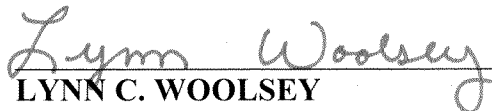
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ROBERT E. ANDREWS
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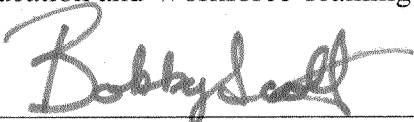
LYNN C. WOOLSEY
Ranking Member, Subcommittee on Workforce
Protections



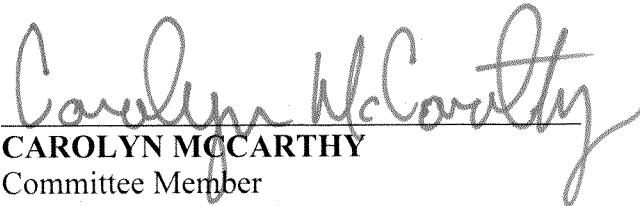
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Education and Workforce Training



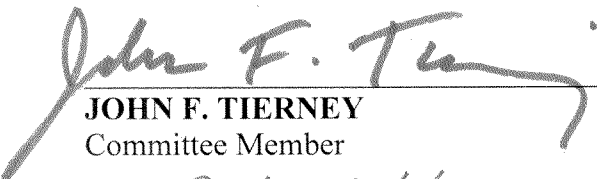
DONALD M. PAYNE
Committee Member



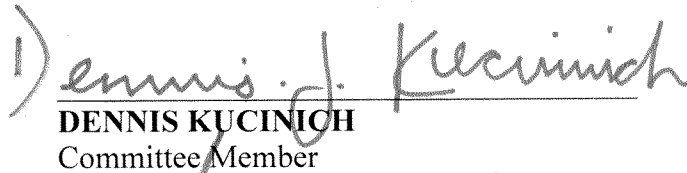
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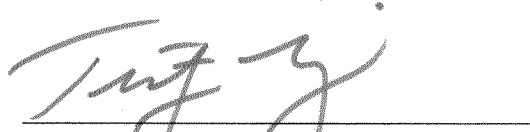
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SUSAN A. DAVIS
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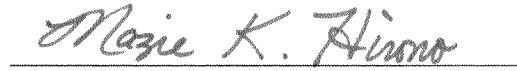
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cc: Committee Members