

TALKING POINTS: HOW WILL THE GOP EXPLAIN THEIR DISMAL ECONOMIC RECORD?

This week, the Republican leadership will hold a press conference announcing their new “Hire Our Workers” initiative (HOW), a new public relations offensive to repackage their special interest agenda as a plan to create jobs. But with 2.8 million manufacturing jobs lost in 48 states and a \$3 trillion national deficit, the Republicans have a lot of work to do to explain HOW they have helped middle class Americans.

Democrats will be out on the floor this week – and beyond – to ask the Republicans the questions that are really on Americans’ minds:

- **HOW will this special interest agenda help American workers?**
- **HOW can Republicans explain 2.8 million manufacturing jobs lost over the past three years?**
- **HOW do Republicans justify sending over a million jobs overseas?**

Republicans are desperate to hide the reality that their economic policies have permitted job losses at levels not seen since the Great Depression. But Democrats have a plan to jumpstart America’s economy and put people back to work:

Democrats are working to create manufacturing jobs. Manufacturing job losses continue to mount and Republicans have done nothing to stop it. Democrats are pushing a bipartisan solution to cut taxes for domestic manufacturers and help them create good paying jobs here in the United States. We want to eliminate unfair tax rules that allow corporations to keep their money and their workers overseas.

Democrats are fighting to return to fiscal responsibility. Democrats support responsible “pay as you go” provisions that require tax cuts to be paid for, just like new spending. This means that Republicans will have to make the hard choices and defend their priorities, rather than simply hiding the cost, increasing the deficit, and piling debt on our children.

Democrats support common sense measures to create jobs. Democrats want to extend tax cuts for middle class working families, help small businesses provide health care for their employees, invest in job training for workers in transition, pass a strong six year highway bill, and extend unemployment benefits for 2.9 million unemployed workers. Democrats also want to close corporate tax loopholes that let big corporations get away with not paying their fair share.





HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. # Ranking Democratic Member

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May 27, 2004

Agencies Facing Cuts in 2006 Compared with the President's 2005 Budget

The Office of Management and Budget memorandum cited in the May 27 *Washington Post* article directs each agency to abide by its 2006 total contained in the President's 2005 budget. An agency can increase individual accounts or programs above their specific 2006 levels, but then has to offset those increases by equal cuts in other programs within the agency.

The President's 2005 budget included discretionary cuts in 2006 for the following agencies (and most of these agencies do not see their funding return to 2004 levels within the five-year window of the President's budget):

Agencies Cut in 2006, According to President's 2005 Budget

(discretionary funding in billions of dollars)

	2005	2006	\$ cut	% cut
Education	57.339	55.864	1.475	2.6%
Veterans Affairs	29.654	28.744	0.910	3.1%
EPA	7.777	7.616	0.161	2.1%
State	10.259	10.003	0.256	2.5%
Interior	10.835	10.605	0.230	2.1%
Social Security Administration	7.562	7.358	0.204	2.7%
National Science Foundation	5.745	5.628	0.117	2.0%
Commerce	5.697	5.643	0.054	0.9%
Small Business Administration	0.678	0.662	0.016	2.4%
Health and Human Services	68.229	68.048	0.181	0.3%
Labor	11.88	11.676	0.204	1.7%

Summary/Talking Points Against H.R. 4444 -- Personal Reemployment Accounts

Summary

H.R. 4444 would establish a program to allow unemployed workers to receive up to \$3,000 in a job training vouchers, termed “Personal Reemployment Accounts” (PRAs). The Department of Labor would make grants to States or local workforce boards to administer these programs. The actual amount of the PRAs would be determined by the State or local workforce board. The bill would bar individuals from receiving other Federal job training assistance once the individual receives their PRA. If an individual gains employment, they would be able to keep the balance of their PRA.

Analysis

This bill fundamentally fails to respond to the needs of American workers and the needs of our economy as a whole. Under President Bush’s watch, we have lost over 2 million jobs and wages continue to stagnate, growing at the slowest rate in a decade. Over eight million workers are presently unemployed. This bill fails the American worker in the following ways:

- **Fails to Extend Unemployment benefits to OVER 1.5 million workers who have exhausted their benefits** - The Bush Administration and the Congressional Republican leadership have further abandoned workers who have exhausted their unemployment benefits by failing to guarantee extended benefits.
- **Does Nothing To Create Jobs** - The U.S. is experiencing record levels of unemployment. Despite some recent job growth, the nation has lost over 2 million jobs since President Bush took office. Rather than provide inadequate assistance to workers through PRAs, the Bush Administration should be creating jobs. This bill establishes a risky untested program of job training vouchers that does nothing to create job opportunities.
- **Demeans Workers by Implying they Need an Incentive to Work** – The Republican bill allows workers who become reemployed within 13 weeks to keep the remaining amount in their PRA as a bonus. The Republican press materials on this legislation state that this is an “incentive for recipients to return to work.”¹ This Republican rhetoric implies that American workers need an incentive to stay employed. This couldn’t be farther from the truth. American workers are not looking for handouts, they are looking for jobs.
- **Freezes workers out of job training opportunities** - The Republican bill would effectively bar PRA recipients from receiving job training services for one year, other than through the severely limited allocation provided in the PRA account. This would deny these workers out of important training opportunities, cutting them off from the very training and skills that may make them employable.
- **Provides No New Resources for the PRA scheme** – The Republican bill provides no new resources for their risky PRA scheme. To the extent these PRAs are funded, other job training resources would be used, reducing the funds available for proven, successful job training methods.
- **Voucherizes workforce training system/Undermines critical accountability** - Rather than have comprehensive one-stop service centers to provide training to our nation’s workforce, the Republican bill is the beginning of an effort to dismantle our job training infrastructure. Without dedicated one-stop services centers providing needed training and education, workers will be left to seek services with inadequate resources and questionable providers.

¹ May 20, 2004, Committee on Education and the Workforce “Worker Reemployment Accounts Act: Helping More Americans Return to Work Quickly”

FACT SHEET:

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Manufacturing job losses mount, but Republicans refuse to pass bipartisan reform. States like Michigan (136,000 manufacturing jobs lost), Pennsylvania (159,100 manufacturing jobs lost), and Wisconsin (79,600 manufacturing jobs lost) are bearing the brunt of the economic downturn, but Republicans still refuse to pass bipartisan reform that would help revitalize our manufacturing sector. The bipartisan Rangel-Crane-Manzullo-Levin bill would bring America into compliance with recent WTO rulings, and lower tax rates on US manufacturers to keep good jobs at home. It is fully paid for, and would not increase the deficit. But because Republicans refuse to pass this bill, farmers, ranchers, and manufacturers could pay hundreds of millions in tariffs on their goods, making their products harder to sell.

Irresponsible tax breaks created record deficits that are slowing growth. The Bush Administration’s irresponsible tax breaks for the wealthy turned a \$5.6 trillion surplus into a \$3 trillion deficit. Half the benefits of the new tax bill go to the wealthiest 5 percent of tax filers. In 2005, 74 percent of Americans will get less than \$100 from the Bush tax breaks, while all of our families will have to pay a mounting “debt tax” caused by record budget deficits.

Republicans refuse to support a strong highway bill that will create over 1.8 million jobs. The GOP reliance on short-term extensions and the failure to compromise on a real highway bill has cost America almost 100,000 jobs already.

Bush Administration slashes funding for programs designed to help manufacturers. The Bush budget cuts the Manufacturing Extension Partnership (MEP), which helps U.S. manufacturers with everything from plant modernization to employee training, by nearly two-thirds, meaning that 11,000 small manufacturers will not receive services and 28,000 workers will either be laid off or not hired. It also proposes to eliminate the Advanced Technology Program, which spurs cutting-edge research to solve manufacturing problems.

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