

TESTIMONY OF REPRESENTATIVE DAVE LOEBSACK (IA-02)

**Senate Health, Education, Labor and Pension Committee
Field Hearing on “Rebuilding the Middle Class: What Washington can learn from Iowa”
Eastern Iowa Community College, Blong Technology Center
Davenport, Iowa**

January 27, 2012

Good afternoon, I’m happy to be here today to provide my thoughts on the state of the middle class and how we can get back to an economy that works for everyone.

I am Representative Dave Loeb sack and I represent the Eastern and Southeastern portion of our state. I have lived, worked, and raised a family in Iowa for nearly all my life and am proud to call this state home.

I grew up in poverty in Sioux City and was raised by a single parent. We often had to make the same difficult choices around the kitchen table that many families are faced with today. I am living proof of how hard work and community support can make a difference in people’s lives and how the community in Iowa is strong.

I faced many challenges growing up but with hard work and help from teachers, friends and education and social safety net programs I was able to achieve and as a result, I’ve dedicated my adult life to helping other Iowans find opportunity through hard work and community support. I’m proud to be a member of the Education and the Workforce Committee as it has allowed me to fight for the rights, wages, and benefits of hard-working Iowans.

I know Senator Harkin has been able to do the same during his time serving Iowa in the Senate and the state truly has a leader in him. We have proof of this dedication right here today with the Chairman holding this hearing in one of the hubs of labor, business, and manufacturing in Iowa.

The Quad Cities, comprised of Davenport and Bettendorf in Iowa, and Moline and Rock Island in Illinois, is home to many economic drivers like the Rock Island Arsenal, Alcoa, and John Deere, for example. It is also surrounded by two other cities that contribute to the regional economy, the cities of Clinton to the north and Muscatine to the south – both of which have strong manufacturing and industrial bases.

The Rock Island Arsenal is the largest employer in the Quad Cities. It is not only a National Historic Landmark that has contributed to our national security and helped to equip our troops for over a century, it is the Army’s largest arsenal and the Army’s only remaining foundry. It is also the only multi-purpose, vertically integrated metal manufacturer in the Department of Defense. It’s highly skilled workforce at the Joint Manufacturing Technology Center have played a central role in equipping our troops fighting in Iraq and Afghanistan.

The good-paying jobs at the Arsenal are emblematic of the types of manufacturing jobs that have long helped to make our country a leader in innovation and manufacturing. Maintaining the

Arsenal's workforce and the type of manufacturing jobs they hold is central not just to the Quad Cities, but to our national security. That is why I worked on a bipartisan, bicameral basis with the Chairman of this Committee and the rest of the Iowa and Illinois Congressional Delegations representing the Quad Cities to allow the Arsenal to enter into public-private partnerships with area employers.

At no cost to the taxpayer, the Quad Cities will benefit from the economic development for the region; area businesses will benefit from exciting opportunities to advance their products through collaboration with the Arsenal and access to its state of the art equipment and workforce; and good, middle-class jobs will be supported. The Arsenal will benefit by bringing in revenue that can be used to reduce the price of its work for the taxpayer, making it more competitive for Army work. It will also benefit from advancing critical skill sets that only Rock Island Arsenal has, which will protect its future and the future economy of the Quad Cities.

Another one of the unique characteristics of the Quad Cities comes from the regional collaboration that occurs and the community is certainly proud of. I'm also proud that there is a strong labor presence here, and I think it's necessary to highlight the importance organized labor has played in building a strong community of highly skilled, highly dedicated workers.

That said, the State of Iowa is still trying to recover from the worst economic recession since the Great Depression. Iowa's unemployment rate sits at 5.6 percent and while that is lower than before, it is more unacceptable than ever. Iowa's unemployment rate does not tell the whole picture of our communities. One county I represent has a rate of 9.1 percent, the second highest in the state; many others are around 7-8 percent.

Even if every available job in the country were filled right now, there would still be around 10 million unemployed. Addressing these issues and getting back to an economy that works for all Iowans must be one of our highest priorities.

According to a study released last week by the US Conference of Mayors, by the end of the year the Quad-Cities will have regained only about half the jobs it lost from its pre-recession peak. The mayors, who see these problems firsthand, are also disappointed in Congress' lack of action on job creation and economic development initiatives for hard hit communities and folks out of work.

Making the situation worse, the wealth and income gap in America keeps growing. According to the non-partisan Congressional Budget Office, since 1979, the wealthiest 1% of Americans have more than tripled their income while the middle and working class have seen their incomes stagnate. Wage growth has been stagnant while productivity and executive pay have increased. It will be hard to get back to an economy that is growing, which requires that businesses have customers that can buy their products, when those customers can barely afford to keep up.

We need to focus on job creation. The middle class has been eroded for years and I know from talking to people when I am home working every weekend, there is a fear that the opportunities and quality of life we used to enjoy are slipping away for too many families. I share Iowans' very real concerns not just about what the future holds for our children and grandchildren, but

about what the day to day holds for middle-class families that just can't catch a break in this economy.

They feel those who have done the right thing and worked hard are suffering because of the actions of those who did the wrong thing but continue to make financial gains as a result of a political and economic system badly in need of strong reform and oversight. Unfortunately, at the same time, our education and workforce development systems have not had the support needed to keep up with the changing nature of this new work and economic environment making this overall an extremely difficult problem to tackle, but one that we need to start working on immediately.

In order to get our country back on track, we need to start building things in America again and support our country's students, workers, and businesses. We need to make investments in key areas of our economy in order to lay the groundwork for growth like ensuring we have the best education system, the best research and innovation system, and the best infrastructure, transportation, and manufacturing systems in the world.

Over the past few years, I have helped push forward and develop a "Make it in America Agenda" with my colleagues that includes key pieces of legislation to move our economy forward for every Iowan. It includes bills that would require the creation of a national manufacturing strategy, address China's use of currency manipulation, improve our infrastructure and reauthorize the Workforce Investment Act – the Act that guides the workforce and economic development system in the US.

I am proud the first bill passed as part of that "Make it in America Agenda" was my SECTORS Act. The bill passed with unanimous bipartisan support last Congress. I have reintroduced the bipartisan SECTORS Act which will revamp our workforce development system by bringing together businesses, unions, educators, and the public workforce development system to improve job training and help workers get jobs in the industries hiring or growing in their areas and help grow and even create new industries.

These types of sector-based approaches have proven highly effective in numerous states where they have been tried. According to a multi-year study conducted by Public/Private Ventures, participants in sector-based training programs earned an average of 18.3 percent more than a control group over the 24-month period of the study and were more likely to work in jobs with benefits and find consistent work.

Specifically, the SECTORS Act will spread sector partnerships nationwide in order to coordinate the training needs of multiple businesses, especially skill gaps critical to competitiveness; encourage creation and obtaining of portable, industry-recognized credentials for recruitment, screening, or hiring purposes; and help community colleges and other colleges, training institutions, apprenticeship, and all other training programs align their programs to industry and employee needs.

Additionally, sector partnerships will help businesses and industries recruit new workers and retrain dislocated and current workers; adopt new and more advanced technologies; develop and

strengthen career ladders within and across companies to enable dislocated, existing and entry-level workers to improve skills and advance to higher-wage jobs; improve job quality through improving wages, benefits, and working conditions; and strengthen connections among businesses in the targeted industries.

The SECTORS Act is supported by groups such as the National Skills Coalition, the Aspen Institute, the Alliance for American Manufacturing, and the National Council for Advanced Manufacturing. The National Association of Manufacturers also said “The SECTORS Act represents a good, bipartisan effort to tackle one of the major issues affecting manufacturers, the shortage of skilled workers.”

We’ve also been seeing support from the President and his Administration on moving more toward sector-based approaches to workforce development. The Department of Labor recently released their criteria for the \$98 million Workforce Innovation Fund grant program – which I would encourage the workforce folks in Iowa and the Quad Cities to apply for – and I’m happy to say that sector-based strategies will be a strong focus.

The Secretary of Labor has also referenced the benefits of sector-based approaches in grants, in the department’s priorities for a Workforce Investment Act Reauthorization, and during testimony before the Education and Labor Committee on the department’s budget proposal.

I also know that the Chairman has heard testimony before his committee on the benefits of sector-based approaches to workforce and economic development as well. Sector strategies are also a priority for the AFL-CIO in Workforce Investment Act Reauthorization.

In addition, last year in the House, we had a hearing during which all of the workforce development professional witnesses, Republican and Democrat witnesses alike expressed their support for sector-based approaches to workforce and economic development.

The President is also pushing new ideas to ensure students and workers get the education and training they need to take on the jobs of today and tomorrow. During his State of the Union on Tuesday, this was one of the major themes and he featured sector-based training programs in his American Jobs Act proposal last year.

I know workforce and economic development have also been a major focus of this Committee over the past year, Mr. Chairman, and I applaud you for bringing the state of the middle class and our economy into focus. I also want to thank you for your work in moving forward a reauthorization of the Workforce Investment Act in the Senate in a bipartisan fashion.

There is also movement in the House on reauthorizing WIA and I urge the Republican Majority to ensure the process is a bipartisan one to ensure all good ideas can be considered. I am happy to report the SECTORS Act will be included in the reauthorization bill Democrats are working on and hope that we will all be able to fully move forward this important reauthorization for the betterment of our workforce development system, the education system, and the millions of unemployed American workers.

The SECTORS Act and this type of workforce development initiative fit perfectly with the types of collaborations and innovative programs taking place here in the Quad Cities and also across Iowa. Places like the Eastern Iowa Community College, Kirkwood Community College, and other community colleges have been on the frontlines of the intersection of work and learning and have led the way in connecting the often disparate dots between the two.

We need to look at how we can make the workforce system, employers, employees, teachers and schools talk more, collaborate more, and coalesce around making the system work better and be more in tune with the needs of the community at large. We must think about how to make it attractive for someone who has been working their whole life and probably has a family to go “back to school” or get the extra training they need to find jobs in growing industries. We really must demonstrate there is a future in these fields, there is a connection to these fields with the education they can receive, and these fields will grow and will be able to provide a good enough living to support a family and be part of the middle class.

It’s pretty clear that job one needs to be creating an environment for new and existing industries to flourish in the US and here in the Quad Cities and for workers to get the training they need to compete. Of course this is just one part of the deep-rooted problems we need to start focusing on in order to get our economy working again and to grow the middle class.

Unfortunately too many in Washington are focused on political games and brinksmanship and not the best interest of the country, only their political party. We have a political, economic, and long-term deficit situation badly in need of strong reform and oversight. Iowans I talk to want Congress to get to work, to act on legislation that helps the country and work in a bipartisan nature to get things done.

I thank you for the opportunity to provide my thoughts on these vitally important issues and thank you for helping to bring these issues more to light. I look forward to working with you to make sure that we have an economy that works for every Iowan so that we can start to rebuild the middle class in this country.