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KENNEDY IN SUPPORT OF HARD- WORKING AMERICAN FAMILIES

Speaks on state of the nation's economy

(As Prepared for Delivery)

In an address in Virginia the day before Thanksgiving, President Bush described America as “a nation of great prosperity” with a “strong and growing economy” where it is possible for “people of all backgrounds to rise in society and realize their dreams.” As we return from Thanksgiving and look to the Christmas season, we’d all like to believe that vision. We all want to live in a land of opportunity where – with hard work and sacrifice – we can make our dreams come true.

But for too many, this vision of the American Dream is nothing but a holiday fairy tale. Working families across the nation are facing a very different picture – rising gasoline prices, high health care costs, and skyrocketing mortgage payments. Parents are losing sleep at night wondering how they will pay for their youngest child’s asthma treatment, or how to tell their oldest that they can’t afford to send her back to college next year. For these families, Christmas presents and holiday travel must be sacrificed to pay winter heating bills and send children to the doctor. The holidays will be about struggling to balance the family budget, not celebrating the season.

This is not just the usual holiday stress. American families are truly frightened about the future. They’re scared about their jobs, their health, their kids, and their elderly parents. There is a deep and pervasive anxiety spreading across the country. According to a recent Gallup poll, 78% of Americans think the economy is getting worse. Only 13% say it’s getting better. Parents are increasingly worried about their children’s economic futures – only 23% of American parents think their children will be better off than they are.

We have entered a new age of economic insecurity. Middle class families are struggling in quiet desperation – living on credit card debt, watching their high-risk mortgages balloon out of control, and wondering what they will do if their children become ill, or their jobs are sent overseas. Too many families feel like they are walking on a tightrope and losing their balance, with nothing to catch them if they fall. All they can do is keep struggling and sacrificing, and pray for better days ahead.

But we can do more. The American people elected us to make their lives, and their children’s lives better. There is a looming crisis facing tens of millions of American families, and they can’t wait any longer for our help. It’s time to embrace new ideas and take bold steps to build a stronger foundation for working families.

The new insecurity is affecting every Main Street in America. Families are strapped for cash, and crunched for time. For a middle class family trying to live on a budget, the numbers don't add up. Since President Bush took office, the cost of health insurance has risen 38%. Housing prices are up 39%. It costs 43% more to send a child to college. Even everyday items have seen substantial inflation –the price of a tank of gas has gone up 66%. A gallon of milk costs 12% more, a pound of ground beef is up 13%, and a dozen eggs costs almost 50% more.

People's paychecks aren't close to keeping up with these spiraling costs. Wages have increased only 5% – not nearly enough to keep pace with a family's essential expenses. As a result, Americans are forced to work longer and harder to try to make up the difference.

They work more hours, and take fewer days off, than employees in almost any other industrialized country. 39 million Americans—28 percent of the workforce—work more than 40 hours a week. Almost 8 million people work more than one job. It's exhausting, and it's unhealthy, but it's the only way to make ends meet.

These longer hours at work mean less time for family. Parents can't attend a parent-teacher conference or take their child to the doctor when they're out looking for a second job. They can't help with homework or read a bedtime story when they're working a double shift. Working parents in the "sandwich generation" are particularly under pressure –putting in long hours at work, and struggling to care for their children and elderly relatives as well. They're stressed to the breaking point trying to balance the jobs they need and the families they love.

Despite their best efforts, working families can't get ahead. The average American family has about \$3800 in the bank and about \$2200 in credit card debt. They have a mortgage to pay or rent past due, and there is just nothing to fall back on if there's an accident, a job loss, or a serious illness.

Families on the brink too often fall off. Over the last year, the number of families facing home foreclosure nearly doubled. There have been almost 225,000 foreclosure filings in the last month alone – 225,000 in a single month. That's not just a number. That's hundreds of thousands of families that are losing their grip on the American Dream, and that's just the tip of the iceberg. The number of families facing bankruptcy has risen 40%. That's thousands more families facing the shame of spiraling debt, who will need years to get their financial futures back on track.

It's not just the heavy squeeze on their time and their budgets that is making Americans so anxious. It's the breakdown of the fundamental promise of opportunity that should be the hallmark of this great nation.

It used to be that if you had a good job, you had genuine security. You could support a family, put your children through college, and plan your retirement. You could count on a stable middle class lifestyle, and provide even better opportunities for your children.

In today's economy, you can do everything right – go to college, earn your degree, get a good, professional job – and still not have real security. Even successful companies are cutting back or eliminating health insurance and pension benefits. Even “good” jobs can be offshored or outsourced. Loyal workers can be replaced with temps, or reclassified as “independent contractors” with no benefits. In the new economy, uncertainty and instability is the rule, not the exception. Any American can go to work in the morning and find their world turned upside-down, through no fault of their own.

This new economic turmoil is shaking the foundations of our economy and our society.

It's becoming harder and harder to achieve permanent membership in the middle class. Incomes are volatile. More and more solidly middle-class families face the very real possibility of suffering a major financial crisis at any time. Half of American families will see their income drop in the next two years. One in five see their income drop by more than half from one year to the next.

It is also increasingly difficult for parents to build a stable future for their children. Most parents want to provide better opportunities for them, but it's far more difficult to do so, particularly in minority communities. Children of middle-income African-American families are falling out of the middle class at an alarming rate. Nearly half these children end up in poverty – falling to the bottom 20% of the economic ladder. That's shocking – that in the 21st century people of color still face huge system-wide barriers that prevent them from passing their economic advantages on to their children.

Perhaps most alarming of all, economic opportunity seems to be bypassing the poorest Americans altogether. This country is supposed to be a place where the rags-to-riches story can come true. That's what we tell our children so they will work hard and strive to achieve. But in today's insecure economy, if you find yourself at the bottom, it's almost impossible to move up. 42 percent of today's adults who were born to poor parents remain poor. If you start at the bottom, you're likely to stay there.

It didn't used to be this way. We used to be a nation of shared prosperity, where economic growth benefited all working families, and a stable middle class was the firm foundation of our economy. This past era of prosperity was not the result of chance – it was the product of responsible choices by both government leaders and the private sector.

In those years, our goal in public policy was to spread wealth and opportunity across the economic spectrum, and to have a strong safety net in place to catch families who met roadblocks on the road to prosperity. If we were sick, we had health insurance. If we were laid off, we had unemployment insurance and decent savings to fall back on, and another good job was just around the corner.

But in recent years, we've made different choices. Employers are abandoning their commitment to workers. Government security programs are inadequate and under-

funded. The gaps in our economic safety net have widened, and too many families are falling through the cracks.

- More than 80 million adults and children – one out of every three non-elderly Americans – spent some part of the last two years without health insurance. 85 percent of them were working adults or the children of working parents.
- Half of American workers don't have a pension at all. Only 20 percent have a defined-benefit plan that will give them a secure future.
- In an era when more and more families have no stay-at-home parent to care for children, half of American workers have no paid sick days to care for a child who gets sick.
- Only one-third of unemployed workers receive unemployment benefits, and those benefits are often totally inadequate.
- Only 14% of eligible children have access to government-assisted child care, because the funds and the programs aren't there.
- Opportunities are limited for workers to improve their skills. In Massachusetts alone, for every available slot in a job training program, there are 21 workers on a waiting list.

It's time for a new approach to economic security that will give hope to the hardworking families struggling to stay afloat. We can't reclaim the American dream by tinkering at the margins – we need to ask the tough questions, and embrace the new ideas capable of restoring the vitality of the American middle class and renewing the promise of economic opportunity for working families.

As we look to the future, we need to start now to address our economic challenges head-on, so that we can strengthen the safety net for working families, and create real opportunities for workers to move up the economic ladder.

First, we need to safeguard working families from the turbulence of the modern economy by providing stronger and better support for families in crisis.

Our country is going through profound economic shifts, and too many workers are losing their jobs in the wake of these changes. I've already introduced vital, bipartisan legislation – the Unemployment Insurance Modernization Act – to make sure that those who have worked hard and paid into the system get the benefits they deserve.

I hope we'll see progress on that bill soon, but there is much more that needs to be done to assist Americans struggling to find a job.

We also need an aggressive agenda to help families facing a health crisis. A troubling diagnosis should not be a ticket to bankruptcy. Too many working families can't afford health coverage, while others can't get it at any cost because they are not in perfect health or because they work in a job that the insurance industry has decided is too risky. Massachusetts has taken the lead in making sure all our residents have access to quality health care. We need to do the same at the national level to make sure that all Americans share this fundamental right.

We must enhance retirement security for our workers, so that everyone has the opportunity and the ability to save for a secure future. Much more needs to be done to ensure that all Americans have both the means and opportunity to retire in dignity and good health.

We also need to increase our support for caregivers, so that working men and women can cope with the relentless pressures of everyday life. For too many Americans, even a minor illness means a cruel choice between losing their job, or neglecting their sick child or sick spouse at home. We need to make paid sick days a basic economic right, like a fair minimum wage or a safe workplace. We need to give workers greater flexibility on the job, so they can spend more time with their families, more time at their children's schools, and more time volunteering in their communities.

But strengthening the safety net alone is not enough. We need to redouble our efforts to restore economic opportunity for working families.

Americans are working harder than ever, but they are not reaping the benefits. More and more of our economic growth is going to those at the very top of the economic ladder, leaving middle class families and low-wage workers struggling to get by.

We need to make work pay fairly again – by restoring the promise that working hard will provide security and opportunities for the future. The obvious way to help workers obtain their fair share is to give them a stronger voice on the job. We need labor law reforms like the Employee Free Choice Act to protect the right to organize so that employees can stand up and fight for what's fair on the job.

But that's just a first step. We need to encourage companies to provide good jobs with good wages and benefits, and deter them from shipping jobs overseas. We need to stop the illegal misclassification of workers as independent contractors, and protect workers' overtime rights. We must reform our upside-down tax laws so they will reward work instead of wealth. We should expand the Earned Income Tax Credit to help those at the bottom of the economic ladder who work hard and play by the rules. And we need to build on this year's major victory for minimum wage workers by making sure that these hardworking Americans never again have to wait ten years for a raise!

It's long past time to put working families back on the national agenda, and to restore the hope and opportunity they deserve.

As the late, great Barbara Jordan once said – “What the people want is very simple. They want an America as good as its promise.” The promise of America is that it is truly a land of opportunity – where every working family can share in the nation’s prosperity – where we all rise together, and we can be confident that our children have a bright future.

For decades we enjoyed that vision of shared prosperity. I’m confident we can make that promise a reality for American families again. We owe it to all the workers that have seen their bills go up, while their paychecks go down. We owe it to all the parents that can’t sleep at night because they’re worried about their children’s future. We owe it to all the families that are struggling, and need a reason to celebrate this holiday season. We owe the American people our best efforts, and I look forward to working with my colleagues on both sides of the aisle in the weeks and months ahead to put working families back on track.

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