



For Immediate Release

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Thursday, July 9, 2009

**Low-Income, Minority Workers and Small Business
Hit Hardest By HELP Democrats' Job-Killing, Wage-Cutting Tax**

Washington, D.C. – Lower-income workers, including high school dropouts, minorities and women, would bear the brunt of the job-killing, wage-cutting tax in the health bill offered by Democrats on the Senate Health, Education, Labor and Pensions (HELP) Committee, a Harvard University study shows. Small businesses would have the most difficulty retaining employees and creating new jobs, according to the Congressional Budget Office (CBO).

“This new job-killing tax is going to force employers, especially small businesses, to reduce wages and cut jobs. Low-income workers, including women, minorities and high school dropouts are going to get hit hardest,” said Senator Mike Enzi (R-Wyo.), Ranking Member of the HELP Committee.

“Under this bill, those with the least education and fewest opportunities will face the highest risk of losing their jobs.”

The HELP Committee Democrats' bill would impose new financial penalties on employers who cannot offer health insurance. According to Harvard professor Dr. Katherine Baicker, the job-killing tax on employers contained in the bill would disproportionately impact low-income, minority workers.

The study concludes “Workers who would lose their jobs are disproportionately likely to be high school dropouts, minority, and female . . . Thus, among the uninsured, those with the least education face the highest risk of losing their jobs under employer mandates.”

The study is available at: <http://www.nber.org/papers/w13528.pdf>.

Small businesses, which employ more than half of American workers, would have the most difficulty absorbing the costs of the HELP Committee Democrats' tax, representatives from CBO stated in a public meeting with the HELP Committee yesterday. The job-killing tax would force small businesses to eliminate and outsource jobs, or move full-time workers to part-time.

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PREPARED REMARKS OF SENATOR MIKE ENZI
HELP COMMITTEE MARK UP
July 9, 2009

Today, we are going to discuss several amendments that will address how this bill will impact our nation's economy. Several of my Democratic colleagues have argued that health care costs are spiraling out of control and we need to pass this bill to reduce these costs to improve our economy.

My colleagues are at least half right. Health care and specifically health care costs are negatively affecting every American. Rising costs mean that millions of families are struggling to pay their insurance premiums, and many firms can no longer afford to provide coverage to their employees in these difficult economic times.

The problem with their arguments are that this bill actually does very little to reduce health care costs. The bill manages to spend a trillion dollars that will increase what we spend on health care, but contains hardly any provisions that the Congressional Budget Office says will actually reduce health care costs.

In fact, many of the provisions in this bill will actually drive up costs and cause significant harm to our economy. My colleagues and I will offer several amendments today that will attempt to remove some of the most harmful provisions in the bill.

One of the provisions that will do the most harm to our nation's economy is the provision known euphemistically as the shared responsibility payment. We should make no mistake though about what the employer pay or play provision really is – it is a **JOB KILLING EMPLOYER TAX**.

The national unemployment rate is currently 9.6 percent. In states like Michigan, the unemployment rate is now almost 14 percent. Over 14 million Americans are out of work. These are the highest unemployment numbers in 26 years.

I am not trying to assign blame for our countries economic condition. I am not arguing that the current recession is due solely to the failure of the President's \$787 billion economic stimulus bill. Our economic problems were not created overnight, and they will not be resolved tomorrow.

It is imperative though that we not make this situation worse. Unfortunately, that is exactly what we are doing with this new job killing employer tax.

This bill will impose new financial penalties on employers who do not offer health insurance. While we all wish that every employer could offer their employees health insurance, do any of us have any doubts about what will happen in response to this new employer tax?

When confronting this new tax on top of the worst economic downturn in a generation, employers are going to reduce wages and cut back jobs. In a recent letter to me, the

American Benefits Council noted that a Job Killing Employer Tax would ultimately, if unintentionally, result in a net reduction in employer-sponsored coverage.

It is also important to note whose wages will be cut and jobs eliminated. According to Harvard Professor Kate Baiker, a job killing employer tax will disproportionately impact high school dropouts, minorities, and women. That means that under this bill, those with the least education and fewest opportunities will face the highest risk of losing their jobs.

According to the Small Business Administration, small businesses employ more than half of the employees in our nation's workforce. CBO yesterday stated that the Kennedy bill will hit these businesses the hardest.

CBO told us yesterday that if we include the costs of expanding Medicaid, this bill will spend more than \$1 trillion and contains no real offsets to pay for all of this new spending. I know my colleagues like to suggest that the Finance Committee will take care of paying for all of this new spending, but anyone who can read a newspaper knows the significant problems that the Finance Committee is encountering.

Rather than just assuming the Finance Committee will take of our problems, we should at least attempt to address items that we know will lower health care costs.

As much as some of my colleagues want to deny it, we all know that medical liability abuses drive up health care costs. The evidence is clear and unequivocal. We will again offer amendments to address the issue of medical liability reform, in the hope that the majority might be willing to consider proposals that will actually lower health care costs for millions of Americans.

The deficit is now approaching \$1.7 trillion dollars this year. Our national debt is close to \$11 trillion dollars. This bill's failure to address how we will pay for the \$1 trillion in new spending is grossly irresponsible. We can and should do better, so that we don't drive our nation deeper into debt and cause even more Americans to lose their jobs or see their wages cut.

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